CENTRAL OHIO COMMUNITY
IMPROVEMENT CORPORATION
FRANKLIN COUNTY

REPORT ON AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Central Ohio Community Improvement Corporation, Franklin County, prepared by Parms & Company, LLC, for the audit period January 1, 2012 through December 31, 2012. 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.

Dave Yost
Auditor of State

July 5, 2013

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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 financial statements of Central Ohio Community Improvement Corporation, Franklin County (COCIC), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the 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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of COCIC as of December 31, 2012 and 2011, and the respective 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 6 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 April 30, 2013, on our consideration of the 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 the COCIC's internal control over financial reporting and compliance.

Parms & Company, LLC

April 30, 2013
Columbus, Ohio

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 – 2012

The total assets of COCIC at the end of 2012 were $3,902,428, which is a 2% decrease from the end of 2011. The cash position of COCIC decreased from $184,521 at the end of 2011 to $164,572 at the end of 2012 because of a reduction in income from 2011. Operating activities yielded a net decrease in cash flow of $173,571, which was predominantly due to payments against related landfill closure costs during the year that totaled $187,279. Though this was offset by non-operating cash flows of $50,000 in subsidies and a net increase in capital related financing cash flows of $101,652 during the year. COCIC drew down more money on the VRG loans in FY12 and the other long-term debt items started having payments due during the year. Operating revenues increased by $63,364 while non-operating revenues decreased by $103,742 from 2011.

FINANCIAL HIGHLIGHTS – 2011

The total assets of COCIC at the end of 2011 were $3,983,160, a 1% increase over the end of 2010. The cash position of COCIC declined from $419,304 at the end of 2010 to $184,521 at the end of 2011 due to purchase of an 11% equity interest, payments on the post closure care liability and accounts payable, as well as an increase in revenue sources from 2010. Accordingly, the investment in joint venture increased by $303,334, landfill closure costs decreased in 2011 by $49,112 and accounts payable decreased $12,425. Operating revenues increased by $59,172 while non-operating revenues increased by $21,399 from 2010.

NET POSITION COMPARISON

Table 1 summarizes the Comparison of the net position of COCIC

	2012	2011	2010
Assets			
Current Assets	$ 191,608	217,035	461,010
Total Noncurrent Assets	3,710,820	3,766,125	3,462,791
Total Assets	3,902,428	3,983,160	3,923,801
Liabilities			
Current Liabilities	311,355	270,324	270,819
Long-Term Liabilities	5,432,455	5,590,646	5,513,265
Total Liabilities	5,743,810	5,860,970	5,784,084
Total Net Position	$ (1,841,382)	(1,877,810)	(1,860,283)

The increase in current liabilities was due to an advance of $120,000 from the Franklin County Treasurer, which was repaid in January, 2013, which was partially offset by a decrease in accounts payable and there being no accrued expenses or real estate taxes payable.

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

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

		2012	2011	2010
Operating Revenues				
Total Operating Revenues	$	183,000	119,636	60,464
Operating Expenses				
Total Operating Expenses		131,259	225,116	106,952
Operating Income/(Loss)		51,741	(105,480)	(46,488)
Total Non-Operating Revenue		(3,335)	100,407	79,008
Non-Operating Expenses				
Total Non-Operating Expenses		11,978	12,454	11,372
Change in Net Position		36,428	(17,527)	21,148
Net Assets Beginning of Year		(1,877,810)	(1,860,283)	(1,881,431)
Net Assets End of Year	$	(1,841,382)	(1,877,810)	(1,860,283)

The Operating Revenues increased in 2012 due to the receipt of $50,000 of DTAC funds and an increase in rent income from the golf course at Central Park of $75,000, which were partially offset by a decrease in service income of $61,636.

Because of the new line of business as the Franklin County land reutilization corporation, operating expenses all changed with consulting expense, economic strategy expenses, maintenance and repair expenses, and real estate taxes expense decreasing significantly and employment related expenses, insurance expenses and office expenses increasing significantly.

The decrease in Non-Operating Revenues was largely due to the fact that there were no CORF grant revenues in 2012 and due to the completion of service revenue income projects.

Operating expenses decreased in 2012 primarily due to a decrease in economic strategy expenses which totaled $0 in 2012 compared to $114,131 for 2011. The decrease in Non-Operating Revenue in 2012 was due to a decrease in subsidies received from the City of Gahanna, which were $50,000 in 2012 compared to $107,500 in 2011. Additionally, COCIC received its final distribution for the Bedford Financial Assurance Trust in 2011, which totaled $40,192.

STATEMENTS OF CASH FLOWS

Table 3 summarizes the Cash Flows of COCIC.

		2012	2011	2010
Change in Cash and cash equivalents				
Net Cash Used for Operating Activities	$	(173,571)	(157,261)	(276,313)
Net Cash Provided by Non-Capital Financing Activities		51,970	153,073	79,008
Net Cash Provided by (Used for) Capital and Related Financing Activities		101,652	125,405	(264,880)
Net Cash Used for Investing Activities		-	(356,000)	-
Net Change in Cash and Cash Equivalents	$	(19,949)	(234,783)	(462,185)

In 2012, the Net Cash Used for Operating Activities was achieved mostly by an operating gain offset by larger decreases in prepaid items, real estate taxes payable, accounts payable and the decrease in landfill liabilities.

In 2011, the Cash Flows used in Investing Activities resulted from the purchase on an 11% equity interest in a joint venture. The Reconciliation of Operating Loss to Net Cash Used for Operating Activities was achieved mostly by an operating loss and the decrease in landfill liabilities.

CAPITAL ASSETS

Table 4 summarizes the Capital Assets of COCIC.

		2012	2011	2010
Land	$	1,031,249	1,031,249	1,031,249
Building		81,400	81,400	81,400
Golf Course Project Cost- Construction		2,350,142	2,350,142	2,350,142
Total Capital Assets	$	3,462,791	3,462,791	3,462,791

DEBT

Table 5 summarizes the debt of COCIC.

		2012	2011	2010
Landfill Closure and Post Closure Care	$	2,384,426	2,525,585	2,591,199
Value Recovery Group II - Loan		62,535	15,000	-
Franklin County		2,565,178	2,600,000	2,600,000
Economic Development Term Loan		197,322	200,000	200,000
Advance from Franklin County		120,000	-	-
Franklin County Growth Fund		393,608	410,013	287,152
Total Debt	$	5,723,069	5,750,598	5,678,351

COCIC decreased debt in 2012 by loan repayments and reductions for landfill closure and post closure care expenditures incurred.

COCIC increased debt from 2010 to 2011 by the net effect of additions via advances for the Value Recovery Group II Loan and Franklin County Growth Fund 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 but required by law.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Executive Director, Central Ohio Community Improvement Corporation, 373 South High Street, 15th Fl., Columbus, Ohio 43215.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENTS OF NET POSITION
AT DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 164,572	$ 184,521
Prepaids and Other Assets	27,036	32,514
Total Current Assets	191,608	217,035
Noncurrent Assets:		
Capital Assets:		
Land	1,031,249	1,031,249
Building	81,400	81,400
Golf Course Project Cost - CIP	2,350,142	2,350,142
Total Capital Assets	3,462,791	3,462,791
Investment in Joint Venture	248,029	303,334
Total Noncurrent Assets	3,710,820	3,766,125
TOTAL ASSETS	**3,902,428**	**3,983,160**
LIABILITIES		
Current Liabilities:		
Accounts Payable	20,741	68,815
Accrued Liabilities	-	13,854
Real Estate Taxes Payable	-	27,703
Advance from Franklin County	120,000	-
Landfill Closure and Post Closure Care Liability- Current Portion	91,709	93,540
Notes Payable- Current Portion	78,905	66,412
Total Current Liabilities	311,355	270,324
Long-Term Liabilities		
Landfill Closure and Post Closure Care Liability	2,292,717	2,432,045
Notes Payable- Non Current Portion	3,139,738	3,158,601
Total Long-Term Liabilities	5,432,455	5,590,646
TOTAL LIABILITIES	**5,743,810**	**5,860,970**
NET POSITION		
Net Investment in Capital Assets	492,177	541,112
Unrestricted (Deficit)	(2,333,559)	(2,418,922)
TOTAL NET POSITION	**$ (1,841,382)**	**$ (1,877,810)**

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, 2012 AND 2011

	2012	2011
Operating Revenues		
Service Income	$ 33,000	$ 94,636
Rent Income	100,000	25,000
Delinquent Tax Assessment & Collection Income	50,000	-
Total Operating Revenues	183,000	119,636
Operating Expenses		
Payroll and Consulting Expense	67,535	36,000
Bank Charges	115	40
Economic Strategy Expense	-	114,131
Insurance Expense	12,108	22,749
Legal and Professional Expense	15,580	21,894
Maintenance and Repairs Expense	700	5,525
Meeting Expense	746	160
Utilities Expense	9,895	6,064
Office Expenses	21,437	230
Postage and Freight Expense	113	154
Real Estate Taxes Expense	837	18,140
Other Expense	2,193	29
Total Operating Expenses	131,259	225,116
Operating Income/(Loss)	**51,741**	**(105,480)**
Non-Operating Revenue		
Loss on Investment	(55,305)	(52,666)
Subsidies	50,000	107,500
Interest	244	541
Other Income	1,726	45,032
Total Non-Operating Revenue	(3,335)	100,407
Non-Operating Expenses		
Interest	11,978	12,454
Total Non-Operating Expenses	11,978	12,454
Change in Net Position	**36,428**	**(17,527)**
Net Position, Beginning of Year	**(1,877,810)**	**(1,860,283)**
Net Position, End of Year	**$ (1,841,382)**	**$ (1,877,810)**

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, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities		
Service Income	$ 33,000	$ 94,636
Rental Proceeds and Fees	100,000	25,000
Delinquent Tax Assessment & Collection Income	50,000	-
Payroll and Consulting	(71,968)	(36,000)
Bank Charges	(115)	(40)
Economic Strategy Expense	-	(126,557)
Insurance Expense	(6,085)	(13,557)
Legal and Professional Expense	(14,256)	(21,894)
Maintenance and Repairs Expense	(700)	(5,525)
Meeting Expense	(746)	(160)
Settlement Costs	(13,750)	(12,645)
Utilities Expense	(11,043)	(6,064)
Office Expenses	(21,437)	(230)
Postage and Freight Expense	(113)	(154)
Real Estate Taxes Expense	(28,540)	(4,930)
Landfill Closure Expense	(187,279)	(49,112)
Other Operating Payments	(539)	(29)
Net Cash Used for Operating Activities	(173,571)	(157,261)
Cash Flows from Non-Capital Financing Activities		
Proceeds from Subsidies	50,000	107,500
Interest	244	541
Other Income	1,726	45,032
Net Cash Provided by Non-Capital Financing Activities	51,970	153,073
Cash Flows from Capital and Related Financing Activities		
Principle Paid on Debt	(53,905)	(17,141)
Proceeds from Notes Payable	167,535	155,000
Interest Paid on Capital Related Debt	(11,978)	(12,454)
Net Cash Provided By Capital and Related Financing Activities	101,652	125,405
Cash Flows from Investing Activities		
Purchase of Investment	-	(356,000)
Net Cash Used in Investing Activities	-	(356,000)
Net Change in Cash and Cash Equivalents	**(19,949)**	**(234,783)**
Cash and Cash Equivalents Beginning of Year	**184,521**	**419,304**
Cash and Cash Equivalents End of Year	**$ 164,572**	**$ 184,521**

See accompanying notes to the basic financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(continued)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

	2012	2011
Operating Income/(Loss)	$ 51,741	$ (105,480)
(Increase) decrease in assets:		
Prepaid items	5,478	9,191
Increase (decrease) in liabilities:		
RE Taxes Payable	(27,703)	13,209
Accounts Payable	(48,074)	(12,425)
Accrued liabilities	(13,854)	(12,644)
Landfill Closure and Post Closure Care Liability	(141,159)	(49,112)
Net Cash Used for Operating Activities	**$ (173,571)**	**$ (157,261)**

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

The 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. 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 members of the Board, as well as five other members appointed by the Commissioners and Treasurer. 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) 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. It is dormant.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of COCIC have been prepared in accordance with generally accepted accounting principles in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements - and Management Analysis - for State and Local Governments.* 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. 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. Net Position is comprised of unrestricted components. Operating statements present increases (e.g. revenues) and decreases (e.g. 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 uses enterprise accounting to maintain its financial records during the year. Enterprise reporting 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.

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 position. The operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Accounting Pronouncements
In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for the year ended December 31, 2012. COCIC has determined that GASB Statement No. 62 has no material impact on its financial statements as of December 31, 2012.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is effective for the year ended December 31, 2012. COCIC has reflected these changes in the financial statements.

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.

Net Position
Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitation 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. There was no restricted net position for the years ended December 31, 2012 and 2011

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.

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 position.

Capitalization of Land Development Costs

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

Operating Revenues and Expenses

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

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 was formed as a nonprofit organization and was been determined by the IRS as exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. When COCIC was reconstituted as the Franklin County land reutilization corporation, it became exempt under Section 115(1) of the Internal Revenue Code.

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. COCIC believes it is no longer subject to income tax examinations for years prior to 2009.

Reclassifications

COCIC has made certain reclassifications to the prior-year financial statements in order to conform to current-year presentation. These reclassifications had no effect on net position or change in net position.

NOTE 3 - CASH

The COCIC maintains its cash balance in checking accounts. At December 31, 2012 and 2011, the COCIC's carrying values of cash were $164,572 and $184,521, respectively. At December 31, 2012 and 2011, the COCIC's bank balances, which were held by two different financial institutions, were $164,572 and $184,521, respectively. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, of the December 31, 2012 and 2011 bank balances, no cash balances were exposed to custodial credit risk as discussed below, while $250,000 per bank was covered by the Federal Depository Insurance Corporation.

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

NOTE 4 – INVESTMENTS

The fair value of investments as of December 31, 2012 and 2011 are summarized as follows:

	2012	2011
Investment in Joint Venture	$ 248,029	$ 303,334

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 losses for the year ended December 31, 2012 and 2011 were $55,305 and $52,666.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2012 and 2011, was as follows:

	01/01/12	Additions	Deductions	12/31/12
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	1,743,357	-	-	1,743,357
Total Capital Assets	3,462,791	-	-	3,462,791

	01/01/11	Additions	Deductions	12/31/11
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	1,743,357	-	-	1,743,357
Total Capital Assets	3,462,791	-	-	3,462,791

NOTE 6 – 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 lease terms and base rent terms being adjusted.

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 5% of the net proceeds from VRG's subsequent sale of any of that acreage.

As of December 31, 2012 and 2011, the book value of the landfill, excluding the related closure and post closure liability is $1,031,249.

NOTE 7 – NOTES PAYABLE

Notes payable for the year ended December 31, 2012 and 2011, are summarized below.

NOTE 7 – NOTES PAYABLE - (Continued)

2012	Amount Outstanding 12/31/11	Additions	Deletions	Amount Outstanding 12/31/12	Amounts Due in One Year
Franklin County	2,600,000	-	(34,822)	2,565,178	58,036
Development Term Loan	200,000	-	(2,678)	197,322	4,464
VRG II Loan	15,000	47,535	-	62,535	-
FC Growth Fund	410,013	-	(16,405)	393,608	16,405
Total Notes Payable	3,225,013	47,535	(53,905)	3,218,643	78,905

2011	Amount Outstanding 12/31/10	Additions	Deletions	Amount Outstanding 12/31/11	Amounts Due in One Year
Franklin County	2,600,000	-	-	2,600,000	46,429
Development Term Loan	200,000	-	-	200,000	3,571
VRG II Loan	-	15,000	-	15,000	-
FC Growth Fund	287,153	140,000	(17,140)	410,013	16,412
Total Notes Payable	3,087,153	155,000	(17,140)	3,225,013	66,412

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. All $420,000 of that loan has been funded to date plus an additional $8,814 in interest was added to principal. The balance at December 31, 2012, was $393,608.

In December 2009, COCIC 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. In April 2011, COCIC signed amendments for both the bond and loan to extend the first payment date to March 2012, thus increasing the maturity date one year to 2040.

NOTE 7 – NOTES PAYABLE - (Continued)

On January 1, 2011 COCIC entered into a promissory note agreement in the amount of $125,000 with Value Recovery Group II, LLC. The maturity date for the loan is December 31, 2020. Any amount unpaid as of the due date shall bear interest at the Wall Street Journal Prime Rate. The amount of drawdowns may not exceed the sum of $45,000 through January 31, 2012, $40,000 from February 1, 2012 through December 31, 2012 and $40,000 in 2013. As of December 31, 2012 and 2011, COCIC had drawn $62,535 and $15,000, respectively, of which no payments had been made on.

In a subsequent agreement on February 24, 2012, COCIC agreed to execute a Note memorializing this transaction which provided for repayment on the same terms except that repayment will be 25% of the 5% that COCIC receives from any VRG sales through December 31, 2014 and 50% on sales thereafter.

NOTE 8 – ADVANCE FROM FRANKLIN COUNTY

On May 22 2012, COCIC received a short-term loan of $120,000, with no interest, from Franklin County's DTAC fund to assist with its start-up expenses as a county reutilization corporation. As of December 31, 2012, COCIC balance on the loan was $120,000. The balance was paid in full on January 18, 2013 in the amount of $120,000.

NOTE 9 – 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 expenditures in 2012 and 2011 for this liability were $187,279 and $49,112, respectively. The $2,384,426 and $2,525,585 reported as landfill closure and postclosure care liability at December 31, 2012 and 2011, 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, the lease of the golf facility, including percentage rent from any income earned by Tartan on the course or clubhouse, the 5% payments on the sale of VRG real estate and deed restrictions which provide annual assessments on all property sold by VRG to be paid to COCIC.

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. The city of Gahanna is required to pay up to $50,000 per year to COCIC to cover any shortfall

NOTE 10 – 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 11 – 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 November 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%. As of December 31, 2011, COCIC had a liability balance, inclusive of interest, of $13,854. In October 2012, COCIC paid off the liability in full.

NOTE 12 – LEASE-PURCHASE AGREEMENT

In October 2011, COCIC entered into a 20-month flare lease-purchase agreement for operating and maintenance expenses, installation costs, and general rent of the flare system installed. The monthly rental rate is $4,842 for the utility flare system that maintains a purchase price of $77,470. The 20-month lease agreement is effective from the date of shipment. The flare was ultimately shipped in March 2012. As of December 31, 2012, nine payments had been made by COCIC in regards to the agreement, including one partial payment. COCIC applied the payments to reduce the landfill closure and post closure care liability.

NOTE 13 – CONTINGENT LIABILITIES

Grants

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

NOTE 14 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2012 to determine the need for any adjustments to or disclosures within the audited financial statements for the year ended December 31, 2012. Management has performed this analysis through April 30, 2013, the date the financial statements were available to be issued.

NOTE 15 – MANAGEMENT PLAN

COCIC had a deficit in net position of $1,841,382 at December 31, 2012.

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 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 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.

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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*

Independent Auditor's Report

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, 2012 and 2011, 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 April 30, 2013.

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 opinions 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.

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
April 30, 2013

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
JULY 18, 2013

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