



**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2018-2017

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Gahanna Community Improvement Corporation
Franklin County
PO Box 307273
Gahanna, Ohio 43230

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Gahanna Community Improvement Corporation, Franklin County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statement of financial position as of December 31 2018 and 2017, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2020, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

July 20, 2020

GAHANNA COMMUNITY IMPROVEMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

ASSETS	2018	2017
CURRENT ASSETS:		
CASH & CASH EQUIVALENTS	\$ 618,097	\$ 572,737
ACCOUNT RECEIVABLES	5,546	1,654
CONTRIBUTIONS RECEIVABLE	5,250	-
NOTE RECEIVABLE, Current	7,756	-
CITY RECEIVABLE	-	15,851
PREPAID EXPENSES	2,138	-
	<u>638,787</u>	<u>590,242</u>
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT, net	476,896	508,482
NOTE RECEIVABLE FROM SALE OF IN KIND PROPERTY	167,153	-
\$300,000 face amount, noninterest bearing, annual installments of		
\$20,000 to January 1, 2033 (less unamortized discount based on		
imputed interest rate of 7% in 2018, \$105,091)		
DUE FROM ASSIGNEE	206,607	215,893
TOTAL LONG TERM ASSETS	<u>373,760</u>	<u>215,893</u>
TOTAL ASSETS	<u>\$ 1,489,443</u>	<u>\$ 1,314,617</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$ 12,433	\$ 3,721
ACCRUED PROPERTY TAX	11,211	11,770
SECURITY DEPOSITS	2,300	2,369
	<u>25,944</u>	<u>17,860</u>
TOTAL CURRENT LIABILITIES		
NET ASSETS		
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,271,147	1,286,757
NET ASSETS WITH DONOR RESTRICTIONS	192,352	10,000
	<u>1,463,499</u>	<u>1,296,757</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,489,443</u>	<u>\$ 1,314,617</u>

See accompany notes to the financial statements:

GAHANNA COMMUNITY IMPROVEMENT CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUE AND SUPPORT:		
REVENUE SHARING	\$ 40,532	\$ 33,715
CORPORATE CONTRIBUTIONS	16,270	12,000
HOTEL/MOTEL TAX GRANT	18,655	42,325
INTERGOVERNMENTAL REVENUE	-	128,388
RENTAL INCOME	28,297	26,800
NET ASSETS RELEASED FROM USE RESTRICTIONS	<u>10,000</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	113,754	243,228
EXPENSES:		
PROGRAM SERVICES:		
FOSTERING DEVELOPMENT	51,927	50,839
RESIDENTIAL RENTAL	57,433	29,724
TOTAL PROGRAM SERVICES	<u>109,360</u>	<u>80,563</u>
SUPPORT SERVICES		
GENERAL AND ADMINISTRATIVE	20,235	8,789
TOTAL EXPENSES	<u>129,595</u>	<u>89,352</u>
INCOME (LOSS) FROM OPERATIONS	(15,841)	153,876
OTHER INCOME (EXPENSE):		
INTEREST INCOME	231	204
INTEREST EXPENSE	-	(579)
REALIZED GAIN (LOSS) ON ASSETS	-	(21,358)
TOTAL OTHER INCOME (EXPENSE)	<u>231</u>	<u>(21,733)</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(15,610)	132,143
NET ASSETS WITH DONOR RESTRICTIONS:		
IN KIND CONTRIBUTIONS	179,601	10,000
IMPUTED INTEREST EARNED	12,751	-
NET ASSETS RELEASED FROM USE RESTRICTION	<u>(10,000)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>182,352</u>	<u>10,000</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	166,742	142,143
NET ASSETS, BEGINNING OF THE YEAR	<u>1,296,757</u>	<u>1,154,614</u>
NET ASSETS, END OF THE YEAR	<u>\$ 1,463,499</u>	<u>\$ 1,296,757</u>

See accompany notes to the financial statements.

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018			
	RESIDENTIAL RENTAL PROGRAM	FOSTERING DEVELOPMENT PROGRAM	GENERAL & ADMIN	TOTAL EXPENSES
GRANTS PAID	\$ -	\$ 10,000	\$ -	\$ 10,000
INSURANCE	-	1,601	-	1,601
ADVERTISING	-	500	-	500
MAINTENANCE	7,039	-	-	7,039
DEPRECIATION	41,412	6,722	-	48,134
MANAGEMENT FEES	1,376	-	-	1,376
PROPERTY TAXES	6,787	4,524	-	11,311
UTILITIES	819	-	-	819
MEETINGS	-	5,580	-	5,580
LEGAL AND ACCOUNTING	-	-	19,774	19,774
CONSULTING	-	23,000	-	23,000
OFFICE SUPPLIES AND OTHER	-	-	461	461
 TOTAL EXPENSES	\$ 57,433	\$ 51,927	\$ 20,235	\$ 129,595

See accompanying notes to the financial statements.

GAHANNA COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017			
	RESIDENTIAL RENTAL PROGRAM	FOSTERING DEVELOPMENT PROGRAM	GENERAL & ADMIN	TOTAL EXPENSES
GRANTS PAID	\$ -	\$ 1,800	\$ -	\$ 1,800
INSURANCE	264	2,976	-	3,240
MAINTENANCE	3,751	-	-	3,751
DEPRECIATION	9,287	6,300	-	15,587
MANAGEMENT FEES	3,490	-	-	3,490
PROPERTY TAXES	7,126	31,148	-	38,274
UTILITIES	5,806	-	-	5,806
MEETINGS	-	8,615	-	8,615
LEGAL AND ACCOUNTING	-	-	8,262	8,262
OFFICE SUPPLIES	-	-	527	527
 TOTAL EXPENSES	\$ 29,724	\$ 50,839	\$ 8,789	\$ 89,352

See accompanying notes to the financial statements.

GAHANNA COMMUNITY IMPROVEMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	\$ 166,742	\$ 142,143
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	48,134	15,587
IN KIND REVENUE	(179,601)	-
(INCREASE) DECREASE IN OPERATING ASSETS:		
RECEIVABLE	(3,892)	1,989
CONTRIBUTION RECEIVABLE	(5,250)	-
PREPAID EXPENSES	(2,138)	-
CITY RECEIVABLE	15,851	88,433
INCREASE (DECREASE) IN OPERATING LIABILITIES:		
ACCOUNTS PAYABLE	8,712	3,721
ACCRUED PROPERTY TAXES	(559)	9,167
	47,999	261,040
NET CASH PROVIDED BY OPERATING ACTIVITIES	47,999	261,040
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES :		
PURCHASE OF FIXED ASSETS	(19,105)	(624)
PROCEEDS FROM NOTE RECEIVABLE	7,249	-
DUE FROM ASSIGNEE	9,286	9,285
SECURITY DEPOSITS	(69)	(31)
	(2,639)	8,630
NET CASH (USED BY) INVESTING ACTIVITIES	(2,639)	8,630
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES :		
REPAYMENT OF NOTE PAYABLE	-	(104,284)
	-	(104,284)
NET CASH (USED BY) FINANCING ACTIVITIES	-	(104,284)
NET (DECREASE IN) CASH AND CASH EQUIVALENTS	45,360	165,386
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	572,737	407,351
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 618,097	\$ 572,737
SUPPLEMENTAL DISCLOSURES		
SELLER FINANCING NOTE FOR SALE OF LAND	\$ 182,158	\$ -

See accompanying notes to the financial statements.

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**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Gahanna Community Improvement Corporation (the "Corporation") was incorporated on January 1, 1997. The Corporation is a not-for-profit community improvement corporation, as defined by Ohio Revised Code (ORC) section 1724.01, which was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the City of Gahanna, Ohio and the surrounding area. Since 2014, the Corporation has also been assigned the City of Gahanna's rights to serve as the Land Reutilization acquisition entity in conjunction with Franklin County's authority to acquire tax delinquent realty pursuant to ORC section 5722.21. Most of the Corporation's activities are pursuant to an annual contract with the City.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

FASB Accounting Standards Update (ASU) 2016-14, effective for 2018, requires Not-for-Profit entities to report information based on two separate classes of Net Assets (net assets without donor restrictions and net assets with donor restrictions) based on the existence or absence of donor-imposed restrictions. The ASU is applied retrospectively to the prior period presented. Implementation of the ASU had no numerical effect on the Corporation and only financial statement captions changed. In 2017 and 2018, the Corporation had net assets with donor restrictions due to specific uses. The 2018 restricted net assets are restricted for use for future land bank acquisition purposes. See Note 3 for additional details.

Revenue

The Corporation derives revenue from multiple sources.

Rental income is received from tenants of properties held while awaiting redevelopment opportunities. Rental income is recognized on a straight-line basis over the term of the leases.

Through December 2018, a provision in the contract with the City required the City to pay the Corporation 4.165% of the Hotel/Motel tax received by the City of Gahanna. Such provision is not part of the 2019 contract.

Revenue Sharing is pursuant to an August 6, 2010, 15-year, network service agreement with a local cable network service provider to allow it to utilize specific fibers of a City owned fiber optic cable network which the Corporation leases from the City. The Corporation receives a 15% commission of the collected gross revenue of the provider from service fees of specific local private commercial businesses customers of the network. The contract states one half of the revenue received from the local network service provider must be spent by the Corporation to expand the network. The Corporation has expended approximately \$15,000 on fiber optic cables since inception of the contract, but the one-half of revenue provision has not otherwise been enforced so no liability has been accrued or Board restriction of cash has been recorded related to the contract provision.

The Corporation hosts a free to the public annual Groundhog Day Economic Forecast breakfast in which corporate contributions are received as sponsors.

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(Continued)**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Intergovernmental Revenue is recognized when realty is acquired or improved pursuant to a cost reimbursement agreement with the City.

In-kind Contribution revenue is from a parcel of commercial vacant land where the estimated fair market value above the one-dollar purchase price is reported as a contribution from the City.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the period. Actual results could differ from those estimates. See Note 9 for a change in accounting estimate of asset lives.

Income Taxes

The Corporation is generally exempt from federal income taxes under Internal Revenue Code Section 501(c) (4). However, certain unrelated business activities of the Corporation may be subject to Federal income taxes to give rise to an entity level tax. Management believes no tax provision was necessary for the years ended December 31, 2018 and 2017, and no uncertain tax positions exist that would materially impact the financial statements. With few exceptions, the Corporation is no longer subject to tax examinations by tax authorities for the years prior to December 31, 2014.

Liquidity and Availability of Resources

The Corporation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2018</u>	<u>2017</u>	
Cash and Cash Equivalents	\$ 618,097	\$ 572,737	
Receivables	10,796	17,505	
Total	<u>\$ 628,893</u>	<u>\$ 590,242</u>	

The Corporation does not have a formal policy regarding a minimum amount of short-term financial assets to have on hand. As of December 31, 2018, the Corporation has liquid resources available to meet more than one year of normal operating expenses, which are on average \$6,800 per month.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from the different revenue sources. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. As of December 31, 2018 and 2017, all receivables were considered collectable.

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(Continued)**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables (Continued)

Contributions receivable consist of promises to give related to the annual economic forecast event held in February of each year.

Account receivables pertain to the internet service provider commission agreement and the County agency Bond assignment fee arrangement.

A City Receivable can arise under the realty acquisition and improvement reimbursement arrangement with the City.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Repairs and maintenance costs are charged to expense as incurred. Expenditures for assets and betterments of a nature considered to materially extend the useful lives of the assets are capitalized if costing \$500 or more. Prior to 2018, the buildings and improvements were depreciated using the straight-line method over 27.5 years. As more fully described in Note 9, in 2018, management reevaluated the useful life of the buildings to determine a remaining useful life of 6 years. Fiber optic cable network assets are depreciated using the 150-declining balance method over 15 years. Website development costs are amortized using the double declining balance method over 5 years.

Depreciation expense for the years ended December 31, 2018 and 2017 was \$48,134 and \$15,587 respectively.

Property and equipment as of December 31, was as follows:

	<u>2018</u>	<u>2017</u>
Website Development Cost	\$ 38,050	\$ 38,050
Fiber Optic Cable Assets	31,710	15,162
Buildings and Improvements	263,672	263,672
Land	<u>244,598</u>	<u>244,598</u>
	578,030	561,482
Less: Accumulated Depreciation	<u>(101,134)</u>	<u>(53,000)</u>
Fixed Assets, net	<u>\$ 476,896</u>	<u>\$ 508,482</u>

Allocation of Expenses

All expenses are either directly related to one of the programs or for administrative expenses. Therefore, specific expenses do not necessitate being allocated between programmatic and administrative expenses. Additionally, there are no salaried employees or office space to require an allocation based on time and effort or square footage.

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(Continued)**

2) CONTROLLING RELATED PARTY

The Board of Directors of the Corporation consists of 11 Trustees appointed by the City, and 8 General Members, who are approved by a majority vote of the Trustees. Consequently, the Corporation meets the criteria of being a controlled affiliate subsidiary of the City pursuant to FASB ASC 958-810-25.

3) NOTE RECEIVABLE

In January 2018, the Corporation sold, to an unrelated third party, the realty that had been received from the City as an in-kind contribution. The sale was 100% seller financed accepting 15-year non-interest-bearing \$300,000 promissory note calling for \$20,000 annual payments starting January 2019 through January 1, 2033. Pursuant to ASU 2015-03, *Interest- Imputation of Interest* the sale and related Note Receivable are required to be valued by estimating the fair market value to be the net present value of the future cash flows to be received discounted by using the expected interest rate that would be charged for a similar transaction by a commercial lender. Based on a local financial institution's reported lending rate for 100% financing of vacant commercial land, an interest rate of 7% was used to compute the net present value of the transaction in January 1, 2018 to be estimated at \$182,158, and resulting in a discount amount of \$117,842. Amortization of the discount is reported in the Statement of Activities and Changes in Net Assets as imputed interest earned. As of December 31, 2018, the carrying value of the noninterest-bearing note unamortized discount is \$105,073. As a condition of the City's In-Kind contribution, all proceeds of the Note are required to be used for future land bank acquisitions so interest earned is shown as donor restricted income to add to the original discounted Note principal amount less required closing costs the Corporation was required to incur as a condition of the original contribution.

4) OPERATING LEASES

In 2018 and 2017, the Corporation was the lessor of a two single family residential properties held for future redevelopment. Tenants have one-year leases which expire March 31, 2019 and April 30, 2019, respectively. Tenants pay monthly base and pet rent, and pay for their own utilities. The Corporation pays for maintenance and realty taxes. In 2018 and 2017, total rents received by the Corporation were \$27,050 and \$25,550, respectively. Additionally, in 2017, the Corporation collected rents and paid ordinary and necessary expenses associated with a commercial building. Tenants paid monthly rental fees based on the size of space rented. In 2017, total rent received was \$1,250, prior to disposing of the property in April 2017.

The Corporation leases from the City the exclusive use of four fiber optic cable fibers entering the City, referred to as Backbone Network, and up to forty-eight fiber optic cable fibers (forty-three in use) providing network connectivity within the City, referred to as Fiber Distribution Network. The lease is non-cancellable and expires in May 2025. The lease requires annual payments of \$450 per fiber being utilized, resulting in an annual lease payment of \$21,150 for 2018 and 2017. Additionally, the contract calls for the City to be compensated for any pro-rata share of maintenance costs related to the fibers used. However, annual lease payments due and other costs have been waived each year by the City since contract inception. Thus, Management does not expect future payment obligations to be incurred during the remainder of the contract.

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(Continued)**

5) FEES AND NON-CURRENT ASSET FROM 2009 ASSIGNMENT OF BONDS

In December 2009, the Corporation received a 30-year economic development term loan from Franklin County specifically to purchase 30-year, zero interest, Taxable Revenue Bonds, Series 2009, issued by the Ohio Air Quality Development Authority totaling \$2,600,000, issued for the purpose of financing the installation of a methane gas capture system and redevelopment of a former Gahanna landfill by Franklin County's CIC. Repayment of the nonrecourse Note by the Corporation is to be exclusively from proceeds received from Bond repayments and in no event will the Corporation be responsible for repaying the loan from any other source. The Bonds were simultaneously assigned back to Franklin County to effectively extinguish the debt to the County since that is the sole source of the repayment obligation. Consequently, no liability is recorded by the Corporation pertaining to the Note. However, the Assignment Agreement also provides the County will pay the Corporation quarterly payments through December 2040 equal to 10 percent of the annual Bond payments received by the County. Consequently, the Corporation recorded revenue and a non-current Assignee Receivable for \$260,000 in 2009. In 2017 and 2018, the Corporation received total payments from the County of \$9,286 each year. None of the Assignee Receivable is classified as a current asset since Management considers such allocation to be immaterial to the financial statements.

6) CONTINGENCIES

In 2018 and 2017, the City of Gahanna contingently appropriated \$350,000 of funds annually to be disbursed to the Corporation at the time properties are acquired. As of December 31, 2018, the Corporation has contingent funds available of \$571,613 from the City for future realty acquisitions. Revenue is only recognized when realty acquisitions meeting the City's criteria occur.

As described in Note 4, the City has historically waived annual lease payments related to the Optical Fiber Use Agreement. However, the waiver of future lease payments is dependent on future City action.

The collection of the \$206,607 Assignee Receivable as of December 31, 2018, is contingent on the County fully collecting Bond principal.

As described in Note 1 about the Fees received from a local cable network service provider, the Corporation could be called upon to use 50% of fees received to reinvest it in cable network infrastructure improvements.

7) RECLASSIFICATIONS

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's financial statement presentation.

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(Continued)**

8) SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through March 12, 2019, the date on which the financial statements were available to be issued. As of such date, there were no material subsequent events affecting the financial statements requiring disclosure.

9) CHANGE IN ACCOUNTING ESTIMATE

As discussed in Note 1, Summary of Significant Accounting Policies, due to residential properties acquired for the purpose of land redevelopment instead of for long-term rental use, Management has redetermined that as of January 2018 the remaining useful life is only 6 years instead of the remainder of the previously assigned 27.5 year estimated life. The effect of these changes on actual and expected depreciation expense in 2018 and future years is \$31,824 annually through 2023.

10) EXCHANGE OF SERVICES

Annually, the Corporation enters into an agreement with the City where the Corporation is obligated to perform certain services in exchange for the City to perform certain services for the Corporation. Management has deemed the amount of bartered exchanged services to be immaterial to the financial statements so no revenue or offsetting expenses have been recorded.

11) CONCENTRATIONS

The Corporation, at times, maintains its cash and cash equivalents deposits at a financial institution in excess of the \$250,000 federally insured limit.

The Corporation is dependent on contracts with the City of Gahanna for the majority of its activities.

OHIO AUDITOR OF STATE KEITH FABER



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

Gahanna Community Improvement Corporation
Franklin County
PO Box 307273
Gahanna, Ohio 43230

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Gahanna Community Improvement Corporation, Franklin County, (the Corporation) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated July 20, 2020.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

July 20, 2020

OHIO AUDITOR OF STATE KEITH FABER



GAHANNA COMMUNITY IMPROVEMENT CORPORATION

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/1/2020

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