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To the Board of Directors and
F. Michael Tucker of the Columbia Economic Development Corporation:

In planning and performing our audit of the basic financial statements of Columbia Economic Development Corporation as of and for the year ended December 31, 2017, 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, we considered Columbia Economic Development Corporation's internal control over financial reporting (internal control) 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 the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Economic Development Corporation's internal control over financial reporting.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

The observations and recommendations included in the attachment to this letter are control deficiencies that did not raise to the level of significant deficiencies or material weaknesses. Columbia Economic Development Corporation's written responses to the comments identified in the attachment have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

March 27, 2018
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ATTACHMENT

Other Matters:

Current Year Observation and Recommendation

1. Financial Handbook:

Observation

The Corporation does not have written policies and procedures in place for certain aspects of its accounting procedures. Some of the areas that should be documented include: policy for bank transfers, policy for payroll including pay rate change approvals, check processing procedures, IT controls, underwriting procedures, etc., including its allowance for loan loss policy, to ensure it adequately addresses the risk associated with its loan policy and is in accordance with standards.

Recommendation

The Corporation should create a written financial handbook that addresses the items identified above. The financial handbook should be approved by the board of directors.

Management's Response

The Corporation is committed to working with management and staff to develop a comprehensive Financial Handbook with the goal of reviewing and evaluating current policies and procedures in an effort to further automate and streamline the process. As part of this review, the Corporation will also review its allowance for loan loss policy to ensure it adequately addresses the risk associated with its loan portfolio and is in accordance with standards.