

CITY OF UPPER ARLINGTON COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Upper Arlington)

FRANKLIN COUNTY

REGULAR AUDIT

JANUARY 1, 2019 – DECEMBER 31, 2019



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
City of Upper Arlington Community Improvement Corporation
3600 Tremont Road
Upper Arlington, OH 43221

We have reviewed the *Independent Auditor's Report* of the City of Upper Arlington Community Improvement Corporation, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2019 through December 31, 2019. 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 City of Upper Arlington Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

July 15, 2020

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**CITY OF UPPER ARLINGTON COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

City of Upper Arlington Community Improvement Corporation
Franklin County
3600 Tremont Road
Upper Arlington, Ohio 43221

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Upper Arlington Community Improvement Corporation, Franklin County, Ohio (the CIC), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements as listed in the table of contents.

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 those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the CIC'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 CIC's internal control. Accordingly, we express no 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 overall financial statement presentation.

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

City of Upper Arlington Community Improvement Corporation
Franklin County
Independent Auditor's Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Upper Arlington Community Improvement Corporation, Franklin County as of December 31, 2019, and the changes in its net position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2019, the CIC adopted new accounting guidance in Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-for-Profit Entities (Topic 958). We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2020, on our consideration of the CIC'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. 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 CIC's internal control over financial reporting and compliance.

Wilson, Shannon E Snow, Inc.

Newark, Ohio
June 15, 2020

City of Upper Arlington Community Improvement Corporation
Statement of Financial Position
December 31, 2019

ASSETS

Current assets

| | |
|------------------------------------|----------|
| Cash and cash equivalents (Note 1) | \$ 1,932 |
| Total current assets | 1,932 |

| | |
|---------------------|-----------------|
| Total assets | \$ 1,932 |
|---------------------|-----------------|

LIABILITIES AND NET POSITION

Current liabilities

| | |
|---------------------------|------|
| Total current liabilities | \$ - |
|---------------------------|------|

Net assets

| | |
|----------------------------|-------|
| Without donor restrictions | 1,932 |
| Total net assets | 1,932 |

| | |
|---|-----------------|
| Total liabilities and net assets | \$ 1,932 |
|---|-----------------|

*The accompanying notes are an integral part of the financial statements

City of Upper Arlington Community Improvement Corporation
Statement of Activities
For the Year Ended December 31, 2019

| | Without Donor Restrictions |
|---------------------------------|-------------------------------|
| REVENUES | |
| Interest | \$ 4 |
| Miscellaneous | 12 |
| Total revenues | 16 |
| EXPENSES | |
| Management and General: | |
| Memberships | 175 |
| Professional services | 450 |
| Audit fees | 1,678 |
| Insurance | 1,709 |
| Miscellaneous | 12 |
| Total expenses | 4,024 |
| Change in net assets | (4,008) |
| Net assets at beginning of year | 5,940 |
| Net assets at end of year | \$ 1,932 |

*The accompanying notes are an integral part of the financial statements

City of Upper Arlington Community Improvement Corporation
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash flows from operating activities:

| | |
|--|-----------------|
| Change in net assets | \$ (4,008) |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | |
| Net cash provided by operating activities | <u>(4,008)</u> |
| Net increase in cash and cash equivalents | (4,008) |
| Cash and cash equivalents, beginning of year | <u>5,940</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,932</u> |

*The accompanying notes are an integral part of the financial statements

CITY OF UPPER ARLINGTON COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1 – Summary of Significant Accounting Policies:

A. Organization

City of Upper Arlington Community Improvement Corporation (CIC) was formed pursuant to Resolution 19-93 passed on December 13, 1993 and incorporated as a corporation not-for-profit under Section 1702 and 1724 of the Ohio Revised Code. The CIC was created to assist the City of Upper Arlington in the revitalization and enhancement of property, and to advance, encourage, and promote industrial, economic, commercial and civic development. The CIC has been designated as the City of Upper Arlington's agent for economic development.

B. Basis of Accounting

The accounts are maintained and these financial statements are presented on the accrual basis and in conformity with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, Financial Statement for Not-For-Profit Organizations. Under ASC 958, the CIC is required to report information regarding its financial position and activities according to three classes of net assets: assets without donor restrictions and asset with donor restrictions. At December 31, 2019, the net assets of the CIC are without donor restrictions. Additionally, as permitted by this statement, the CIC does not use fund accounting.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows and for presentation of the Statement of Financial Position, all cash in checking accounts is considered to be cash and cash equivalents.

E. Concentration of Credit Risk

The CIC maintains its cash account in one commercial bank in Ohio. The cash balance is fully insured within the limits guaranteed by the Federal Deposit Insurance Corporation.

F. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF UPPER ARLINGTON COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

G. Tax Exempt Status

The CIC is exempt from federal income tax under Section 501 (c) (6) of the Internal Revenue Code.

NOTE 2 – Application of Accounting Standards Update

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-for-Profit Entities (Topic 958). The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of these statements accordingly.

NOTE 3 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

NOTE 4 – Risk Management

The CIC is subjected to certain types of risk related to torts and errors and omissions in the performance of its normal functions. The CIC has in place Director's and Officers' liability insurance coverage of up to \$1,000,000 per occurrence and \$2,000,000 in aggregate. Settlements did not exceed insurance coverage in the past three years. There was no reduction in insurance coverage from the prior year.

NOTE 5 – Functional Expense

The CIC has determined the costs incurred for the year ending December 31, 2019 are all management and general in nature and has been reflected as such on the Statement of Activities.

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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**

City of Upper Arlington Community Improvement Corporation
Franklin County
3600 Tremont Road
Upper Arlington, Ohio 43221

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 City of Upper Arlington Community Improvement Corporation, Franklin County, a component unit of the City of Upper Arlington, (the CIC) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the CIC's financial statements and have issued our report thereon dated June 15, 2020, wherein we noted the CIC adopted FASB, ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities (Topic 958) as disclosed in Note 2.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the CIC'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 CIC'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 CIC'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 CIC'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 CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 15, 2020

OHIO AUDITOR OF STATE KEITH FABER



CITY OF UPPER ARLINGTON 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 28, 2020**