

**CITY OF UPPER ARLINGTON COMMUNITY
IMPROVEMENT CORPORATION (A COMPONENT UNIT
OF THE CITY OF UPPER ARLINGTON, OHIO)
FRANKLIN COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023**



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Columbus, Ohio 43215
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Board of Trustees
City of Upper Arlington Community Improvement Corporation
3600 Tremont Road
Upper Arlington, Ohio 43221

We have reviewed the *Independent Auditor's Report* of the City of Upper Arlington Community Improvement Corporation, Franklin County, prepared by Clark, Schaefer, Hackett & Co., ~~for~~ the audit period January 1, 2023 through December 31, 2023. 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.

Keith Faber
Auditor of State
Columbus, Ohio

October 21, 2024

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TABLE OF CONTENTS

| | |
|---|--------|
| Independent Auditors' Report..... | 1 - 2 |
| Basic Financial Statements: | |
| Statement of Net Position..... | 3 |
| Statement of Revenues, Expenses, and Changes in Net Position | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Basic Financial Statements | 6 - 8 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 9 - 10 |

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
City of Upper Arlington Community Improvement Corporation
Upper Arlington, Ohio:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Upper Arlington Community Improvement Corporation (the "Corporation"), a component unit of the City of Upper Arlington, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of December 31, 2023, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Corporation's 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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
September 30, 2024

City of Upper Arlington Community Improvement Corporation
Statement of Net Position
December 31, 2023

ASSETS

Current assets

| | |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 6,658 |
| Total current assets | <u>6,658</u> |
| Total assets | <u>6,658</u> |

LIABILITIES AND NET POSITION

Current liabilities

| | |
|---------------------------|----------|
| Accounts payable | \$ - |
| Total current liabilities | <u>-</u> |

Net Position

| | |
|--------------------|--------------|
| Unrestricted | 6,658 |
| Total net position | <u>6,658</u> |

| | |
|---|------------------------|
| Total liabilities and net position | <u>\$ 6,658</u> |
|---|------------------------|

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

City of Upper Arlington Community Improvement Corporation
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

| | |
|---------------------------------------|------------------------|
| Operating Expenses | |
| Professional services | \$ 450 |
| Audit fees | 1,635 |
| Insurance | 1,746 |
| Miscellaneous | 25 |
| Total expenses | <u><u>3,856</u></u> |
| Operating Loss | (3,856) |
| Non-operating Revenues | |
| Intergovernmental | 10,000 |
| Total non-operating revenues | <u><u>10,000</u></u> |
| Change in net position | 6,144 |
| Net position at beginning of year | 514 |
| Net position at end of year | <u><u>\$ 6,658</u></u> |

*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, 2023

Increase in Cash and Cash Equivalents

Cash Flows from Operating Activities:

| | |
|--------------------------------------|-------------------|
| Cash payments for goods and services | <u>\$ (3,856)</u> |
|--------------------------------------|-------------------|

Cash Flows from Noncapital Financing Activities:

| | |
|--|---------------|
| Cash received from intergovernmental sources | <u>10,000</u> |
|--|---------------|

| | |
|---|--------------|
| Net increase in cash and cash equivalents | <u>6,144</u> |
|---|--------------|

| | |
|--|------------|
| Cash and cash equivalents, beginning of year | <u>514</u> |
|--|------------|

| | |
|--|-----------------|
| Cash and cash equivalents, end of year | <u>\$ 6,658</u> |
|--|-----------------|

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

| | |
|----------------|----------------|
| Operating Loss | <u>(3,856)</u> |
|----------------|----------------|

| | |
|--|-------------------|
| Net cash used for operating activities | <u>\$ (3,856)</u> |
|--|-------------------|

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

CITY OF UPPER ARLINGTON COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 1 – Description of the Reporting Entity

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 (City) 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's agent for economic development. The CIC is governed by a thirteen-member board. The Code of Regulations for the CIC calls for six members to be appointed by the City, including: the City Manager, the President of City Council or designee, up to two additional City Council members, and the remaining nine seats by citizens recommended by the Mayor and confirmed by City Council. Thus, the City appoints and or approves appointment of 100% of the Board.

The City was organized on February 8, 1941 and is a home-rule, municipal corporation organized under the laws of the State of Ohio. The City operates under the Council-Manager form of government. Elected officials include seven council members. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the City's primary government and basic financial statements include component units which are defined as legally separate organizations for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the organization's board and either: 1) the City's ability to impose its will over the organization, or 2) the possibility that the organization will provide a financial benefit or impose a financial burden to the City. The CIC is a legally a legally separate entity and a component unit of the City, however the CIC is not reported in the City's basic financial statements due to being immaterial to the City's basic financial statements as a whole. The CIC does not have any component units and does not include any other organizations in its presentation. The CIC's management believes these basic financial statements present all activities for which the CIC is financially accountable.

NOTE 2 – Summary of Significant Accounting Policies

These basic financial statements of the CIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The CIC's significant accounting policies are described below:

A. 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.

B. Basis of Presentation

The CIC'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.

CITY OF UPPER ARLINGTON COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

C. Cash and Cash Equivalents

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

D. Net Position

Net position represents the difference between assets and liabilities. The CIC only has unrestricted net position.

E. Operating Revenues and Expenses

Operating revenues consist primarily of fees for providing services. Operating expenses include the cost of providing these services, including purchased services. Nonoperating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Nonoperating revenues include intergovernmental revenue.

F. 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.

G. Tax Exempt Status

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

NOTE 3 – Deposits

As of December 31, 2023, the carrying amount and bank balance of the CIC's deposits was in the amount of \$6,658. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure", as of December 31, 2023, the entire bank balance was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds held by the not-for-profit corporation. The CIC is not exposed to custodial, interest rate, credit, or concentration of credit risk based on cash being limited to non-interest-bearing checking account.

NOTE 4 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

CITY OF UPPER ARLINGTON COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 5 – 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 in aggregate. There has been a claim or settlements in the past three years. There was no reduction in insurance coverage from the prior year.

NOTE 6 – Subsequent Event

On April 15, 2024, the Upper Arlington City Council passed Ordinance 23-2024 effectively dissolving the Upper Arlington CIC. The following reasons were stated within the stated ordinance:

- since its establishment, the CIC has been utilized once to facilitate an economic development project, which occurred more than 20 years ago; and
- each year the City expends an average of \$3,764 annually to cover the administrative costs associated with the CIC; and
- on November 2, 2023, the CIC voted unanimously to recommend to City Council a formal dissolution of the board; and

The ordinance becomes effective thirty days after passage.

Upon final closeout of the CIC, any remaining assets will be transferred to the City of Upper Arlington.

**INDEPENDENT AUDITORS' 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**

To the Board of Directors
City of Upper Arlington Community Improvement Corporation
City of Upper Arlington, Ohio:

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 (*Government Auditing Standards*), the financial statements of the City of Upper Arlington Community Improvement Corporation (the "Corporation"), a component unit of the City of Upper Arlington, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
September 30, 2024

OHIO AUDITOR OF STATE KEITH FABER



CITY OF UPPER ARLINGTON 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 11/7/2024

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov