



**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**



**Mary Taylor, CPA**  
Auditor of State



**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Urbancrest Community Improvement Corporation  
Franklin County  
3651 Lincoln Street  
Urbancrest, Ohio 43213

To the Board of Trustees:

We have audited the accompanying financial statements of the of Urbancrest Community Improvement Corporation, Franklin County, Ohio (the Corporation), as of and for the years ended December 31, 2006 and December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient evidential matter supporting the amounts reported as the Mayor's Special Event Donations Revenue or the classification of the amounts reported as expenses for the year ended December 31, 2005. Additionally, because of the inadequacies in the Corporation's accounting records, we were unable to determine the Mayor's Special Event Donations Revenue in the accompanying financial statements. Mayor's Special Event Donations Revenue consisted of \$15,575, which is 38% of revenues for the year ended December 31, 2005. Classification of expenses consisted of \$32,027, which is 100% of expenses for the year ended December 31, 2005. We were unable to determine the validity of the Mayor's Special Events Donations Revenue or the classification of expenditures through alternative procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine the evidence regarding the Mayor's Special Event Donations Revenue and the classification of expenses for the year ended December 31, 2005, the financial statements referred to above present fairly, in all material respects, the financial position of Urbancrest Community Improvement Corporation, Franklin County, Ohio, as of and for the years ended December 31, 2006 and December 31, 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2008, 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 testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

September 17, 2008

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
<i>Cash</i>	\$ 296,081	\$ 290,463
<i>Investments</i>	103,346	152,279
<i>Accounts Receivable (Note E)</i>	-	802
<i>Property and Equipment</i>	44,478	-
<b>TOTAL ASSETS</b>	443,905	443,544
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<i>Accounts Payable</i>	10,000	6,866
<b>TOTAL LIABILITIES</b>	10,000	6,866
<b>NET ASSETS</b>		
<i>Unrestricted</i>	433,905	436,678
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 443,905	\$ 443,544

The notes to the financial statements are an integral part of this statement.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

<b>CHANGE IN UNRESTRICTED NET ASSETS:</b>	<b>2006</b>	<b>2005</b>
<b>REVENUE AND OTHER SUPPORT</b>		
<i>Divident Income</i>	\$ 12,847	\$ 7,774
<i>Mayor's Special Event Donations (Note D)</i>	293	15,575
<i>Interest Income</i>	2,113	1,589
<i>Other Income</i>	-	16,211
Total unrestricted revenue and other support	15,253	41,149
<b>EXPENSES</b>		
Program Services		
<i>Mayor's Special Event (Note D)</i>	-	22,007
<i>Community Improvement</i>	-	2,980
Total program services	-	24,987
Supporting Services		
<i>Accounting &amp; Auditing Fees</i>	11,202	1,329
<i>Bank Fees</i>	32	40
<i>Conferences</i>	650	625
<i>Depreciation Expense</i>	1,912	-
<i>Filing Fees</i>	-	300
<i>Investement Expense</i>	99	100
<i>Legal Fees</i>	3,133	4,207
<i>Occupancy Expense</i>	918	-
<i>Postage and Shipping</i>	-	3
<i>Printing</i>	-	100
<i>Supplies</i>	80	336
Total supporting services	18,026	7,040
Total expenses	18,026	32,027
<b>INCREASE / (DECREASE) IN UNRESTRICTED NET ASSETS</b>	(2,773)	9,122
<b>NET ASSETS, BEGINNING OF YEAR</b>	436,678	427,556
<b>NET ASSETS, END OF YEAR</b>	\$ 433,905	\$ 436,678

The notes to the financial statements are an integral part of this statement.



**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Increase/(Decrease) in net assets</i>	\$ (2,773)	\$ 9,122
<i>Adjustments to reconcile net assets to net cash provided by operating activities:</i>		
<i>(Increase) / Decrease in accounts receivable</i>	802	(802)
<i>Increase in accounts payable and accrued expenses</i>	3,134	4,207
<i>Increase in accumulated depreciation</i>	1,912	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,075</b>	<b>12,527</b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
<i>Purchase of property</i>	(46,390)	-
<b>NET CASH USED BY CAPITAL ACTIVITIES</b>	<b>(46,390)</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(43,315)</b>	<b>12,527</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>442,742</b>	<b>430,215</b>
<b>CASH, END OF YEAR</b>	<b>\$ 399,427</b>	<b>\$ 442,742</b>

The notes to the financial statements are an integral part of this statement.

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**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities - Urbancrest Community Improvement Corporation ("the Corporation") was incorporated on June 9, 1998. The corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Urbancrest, Ohio and the surrounding area.

Basis of Accounting - The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No temporarily restricted or permanently restricted net assets were held and accordingly, these financials do not reflect any activity related to these classes of net assets. As permitted by this statement, the Corporation does not use fund accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

During fiscal year 2006, the Corporation purchased land and a building to use as office space. The purchase price for the assets was \$46,390, which comprises of \$4,662 of nondepreciable land and \$41,728 of depreciable buildings and improvements. In fiscal year 2006, \$1,912 of depreciation expense was attributable to the building.

All reported capital assets except, land is depreciated. Depreciation is calculated over the following useful life:

Buildings	20 years
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Income Taxes

The organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3) and Chapters 1702 and 1724 of the Ohio Revised Code.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Corporation believes that the fair value of its financial instruments, governmental money market mutual funds, is equal to the Corporation's share of the pool as reported by the financial institution, which approximates its carrying value.

**NOTE C – CONCENTRATIONS OF CREDIT RISK**

The Corporation maintains a cash and investments pool. The carrying amount of cash and investments at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	<u>\$21,306</u>	<u>\$28,436</u>
Total deposits	21,306	28,436
Government Money Market Mutual Fund	274,775	262,027
Certificates of deposit	<u>103,346</u>	<u>152,279</u>
Total investments	<u>378,121</u>	<u>414,306</u>
Total deposits and investments	<u>\$399,427</u>	<u>\$442,742</u>

**Credit Risk:** Merrill Lynch Government Money Market Funds carry a rating of AAA by Moody's and AAA by Fitch Ratings, which is the highest ranking.

**Deposits:** Custodial credit risk for deposits is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation has no policy for custodial credit risk. Deposits were insured by the Federal Depository Insurance Corporation in an amount of \$121,306 at December 31, 2006 and \$128,436 at December 31, 2005. At December 31, 2006 and December 31, 2005, \$3,346 and \$52,279 of deposits, respectively, were not insured or collateralized and were exposed to custodial credit risk. Although requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the Corporation to a successful claim by the FDIC.

**NOTE D – RECEPTION FOR THE NATIONAL CONFERENCE OF BLACK MAYORS**

During 2005, the Corporation sponsored a reception for the National Conference of Black Mayors (NCBM) which was hosted in Columbus, Ohio. The Corporation expended \$4,985 towards the event and also accepted donations on the Conference's behalf. All monetary activity for the conference was run through a special bank account opened in the Corporation's name.

The Corporation collected an additional \$15,868 in donations for the conference. A total of \$22,007 was spent on the conference.

**NOTE E – OTHER INFORMATION**

On May 9, 2006, the State Auditor's Office of Ohio Issued a Notice of Proposed Finding for Recovery. The Finding was issued against the President and Treasurer of the Corporation, jointly and severally, in the amount of \$1,154 and was related to the reception for the NCBM. This amount was recorded as a receivable by the Corporation. Of this amount \$352 was paid back to the corporation in May of 2005 and \$802 was paid back in June of 2006.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**NOTE F - RELATED PARTY TRANSACTIONS**

The Corporation had the following related party transactions related to the Reception for the National Conference of Black Mayors (see Note D):

- The Corporation contracted with 3 Babes and a Baker, which is jointly owned by Board member Sharon Saunders, for catering services in the amount of \$920
- Sharon Saunders was also paid \$235 for planning the receptions
- The Corporation also paid Board member Deborah Jackson's husband \$100 to be the Master of the Ceremony.

Additionally, in 2005 the Corporation paid the nephew of Board members Deborah Jackson and Marlin West \$100 to print business cards and Sharon Saunders \$200 for fundraising activities of the corporation.

**NOTE G – SUBSEQUENT EVENTS**

In 2007 and 2008, the CIC entered into contracts with a construction/design company named the McPhearson Group. Contracts entered into covered a master plan, the purchase of a modular structure, rehab work on a building, and HVAC work on a building. The entire amount of the contracts entered into was not paid, but funds which the CIC spent totaled \$34,325, \$75,000, \$4,000, and \$6,100 respectively. The only tangible thing of value the CIC received in return on these expenditures was a portion of the rehab work of indeterminable value. The McPherson Group defaulted on these contracts and the owner is currently awaiting trial regarding this and other matters. It is currently undeterminable if the CIC will receive reimbursement of any funds as a creditor upon a liquidation of assets.

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# Mary Taylor, CPA

Auditor of State

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

Urbancrest Community Improvement Corporation  
Franklin County  
3651 Lincoln  
Urbancrest, Ohio 43213

To the Board of Trustees:

We have audited the financial statements of the Urbancrest Community Improvement Corporation, Franklin County, Ohio (the Corporation) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 17, 2008, wherein we qualified our opinion for the year ended December 31, 2005, on the amounts reported as the Mayor's Special Event Donations Revenue and the classification of the amounts reported as expenses. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-003 through 2006-010.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2006-003 though 2006-009 are also material weaknesses.

We also noted certain internal control matters that we reported to the Corporation's management in a separate letter dated September 17, 2008.

### **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, providing an opinion 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-003.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 17, 2008



**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2006-001</b>
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**Annual Reporting – Material Noncompliance**

Ohio Rev. Code Section 1724.05 states that each community improvement corporation shall prepare an annual financial report that conforms to rules prescribed by the auditor of state pursuant to section 117.20 of the Revised Code, that is prepared according to generally accepted accounting principles, and that is certified by the board of trustees of the corporation or its treasurer or other chief fiscal officer. The financial report shall be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year, unless the auditor of state extends that deadline. The auditor of state may establish terms and conditions for granting any extension of that deadline.

The Corporation did not file a 2005 financial report with the Auditor of State and filled its 2006 financial report on November 5<sup>th</sup>, 2007. No waivers were requested or granted for the report filing.

We recommend the Corporation annually file a GAAP basis financial report with the Auditor of State within 120 days of fiscal year end.

<b>Finding Number</b>	<b>2006-002</b>
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**Public Funds Expended Without Service Rendered – Noncompliance Finding / Finding for Recovery**

During 2007 and 2008 the Corporation entered into four contracts with a construction/design company named the McPherson Property Group, Inc. covering the formulation of a master plan for the Village of Urbancrest, the purchase of a modular structure, rehab work on a building owned by the Corporation, and HVAC work on a building owned by the Corporation. Expenditures made by the Corporation to the McPherson Property Group, which consisted of upfront payments, as detailed in the contracts, totaled \$34,325, \$75,000, \$4,000, and \$6,100 respectively.

In return for the payments made by the Corporation the only service received was a portion of the rehab work of indeterminable value. The McPherson Property Group has not fully performed on these contracts and no further goods or services or a refund of contract payment are anticipated to be forthcoming. The President of the McPherson Property Group Inc., Christopher Keifer (a.k.a. Christopher McPherson), is currently awaiting trial on federal bank fraud charges.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public property converted or misappropriated is issued in favor of the Urbancrest Community Improvement Corporation against the McPherson Property Group, Inc. and Christopher Keifer, jointly and severally, in the amount of \$119,425.

We recommend the Corporation file suit as a creditor to receive restitution upon potential liquidation of the assets of the McPherson Property Group, Inc.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2006-003</b>
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**Support Documentation for Expenditures – Material Noncompliance / Significant Deficiency / Material Weakness**

Ohio Revised Code Section 149.351 states, in part, that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions.”

The Corporation expended public funds to various vendors that did not have supporting documentation (i.e. invoices) for 37 percent of the expenditures. For these expenditures alternative procedures were not able to be performed to determine the proper classification of the expenditures on the financial statement.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Corporation’s finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose. Further, this contributed to a qualified opinion over the Corporation’s financial statements due to proper classification of expenditure line items not being determinable.

We recommend the Corporation ensure proper supporting documentation, including check copies or electronic images, invoices, and any other relevant supporting documentation, is retained to evidence all expenditures made. Such documentation should be received and approved by those with appropriate authority prior to expenditure and should be maintained along with the expenditures to evidence the details of the goods or services purchased.

<b>Finding Number</b>	<b>2006-004</b>
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**Support Documentation for Receipts – Significant Deficiency / Material Weakness**

Supporting documentation should be maintained to support all revenue collected by the Corporation. Such support should include deposit tickets, detailed as to the makeup of aggregated deposits, matched with the corresponding documentation for the receipts included within the deposit including invoices, duplicate receipts, award/donation letters, and any other relevant supporting documentation.

\$15,575 of 2005 and \$293 of 2006 Mayor’s Special Event Donations and \$352 of 2005 and \$802 of 2006 Other Income cash basis receipts lacked supporting documentation to support the deposits made. Additionally, duplicate deposit tickets were not maintained for \$2,111 of 2005 and \$293 of 2006 Mayor’s Special Event Donations receipts to evidence the deposits made.

The failure to maintain adequate support for receipts could result in a loss of accountability over the Corporation’s finances, inhibiting management’s ability to identify errors, misstatements, or theft through monitoring, which may allow such items to go undetected. Further, these issues contributed to a qualified opinion on the Corporation’s financial statements due to an inability to assure completeness and valuation over these receipts.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2006-004 (Continued)</b>
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**Support Documentation for Receipts – Significant Deficiency / Material Weakness (Continued)**

We recommend the Corporation maintain deposit tickets, detailed as to the makeup of aggregated deposits and matched with the corresponding documentation for the receipts included within the deposit, and supporting documentation including invoices, duplicate receipts, award/donation letters, and any other relevant supporting documentation.

<b>Finding Number</b>	<b>2006-005</b>
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**Financial Ledgers – Significant Deficiency / Material Weakness**

The Corporation did not maintain accounting ledgers that reflected all transactions of the Corporation during 2005 and 2006. Only a check listing with no receipt information was maintained. Moreover, that check listing failed to account for 51 percent of all checks issued or electronic disbursements made and failed to provide accurate disbursement information for the expenditures that were recorded.

The Corporation should maintain receipt and disbursement ledgers which separately account for the Corporation's individual receipt and disbursement transactions. The Corporation should also maintain a cash journal that identifies the cash balance following each transaction.

Failure to maintain complete and accurate accounting ledgers has compromised management's ability to ensure all transactions are processed and to ensure that no transactions are duplicated. Also management's ability to produce reliable financial information and reconcile to bank balances may be compromised. Furthermore, without maintaining detailed accounting ledgers so that management can identify transactions executed, there may be an increased risk of errors or irregularities occurring and going undetected by management.

We recommend the Corporation implement procedures to generate detailed accounting ledgers which at a minimum should identify each cash receipt and disbursement transaction and the Corporation's cash balance.

<b>Finding Number</b>	<b>2006-006</b>
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**Board Monitoring – Significant Deficiency / Material Weakness**

There is no evidence the Board of Trustees monitored the Corporation's financial activity throughout 2005 and 2006.

Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms to the user's expectations. Effective legislative monitoring may help to identify unusual or unexpected account balances or relationships between accounts. Lack of such monitoring may increase the likelihood that possible errors or irregularities may occur and go undetected by management.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2006-006 (Continued)</b>
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**Board Monitoring – Significant Deficiency / Material Weakness (Continued)**

We recommend the Board of Trustees review, on a monthly basis, reports of financial activity of the Corporation including detailed revenue and expenditure transactions, cash balance through bank statements, and bank to book reconciliations. The Board should carefully review these reports for any unusual or unexpected financial activity or account balances. Appropriate follow-up should be made regarding any unusual balances or transactions. Evidence of the Board's review and approval of any financial reports should be reflected in the minutes of the Board of Trustees.

<b>Finding Number</b>	<b>2006-007</b>
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**Authorized Signatories – Significant Deficiency / Material Weakness**

Authorized signature cards are required for each of the Corporation's bank accounts. Each check written by the Corporation should contain the signature of the Corporation's Treasurer. Additionally, as a safeguard established by the Corporation, checks written for an amount over \$1,000 are to be signed by two members of the Board Trustees, one of whom should be the Corporation's Treasurer. Up-to-date signature cards are necessary to help ensure the Corporation's checks are signed by only authorized signatories.

The Corporation completed authorized signature cards when its general operational checking account was initially opened in 2003. However, there have been several Board member changes since then and updated signature cards have not been completed. Additionally, a check for \$1,265 was written that contained only the Treasurer's signature.

The Corporation additionally opened a second checking account in 2005 for the purposes of sponsoring a reception for the National Conference of Black Mayors. The authorized signatories established on the account were Deborah Larkins-Jackson, Treasurer and Board member, Marlin West, Board member, and Clifford Jackson, the spouse of Deborah Larkins-Jackson who was not an affiliated member of the Corporation. A total of 13 checks totaling \$7,065.71 were signed by Clifford Jackson as a signatory during 2005.

Failure to establish appropriate signatories and ensure checks are signed by only established signatories may result in theft or misappropriations of funds or unallowable disbursements without timely detection by management and could result in improper classification of disbursements if such individuals were writing checks that then were not recorded at all or inaccurately recorded because they are outside of the control process as to how these items should be processed.

We recommend the Corporation update signature cards to current Board members only and ensure that changes are timely submitted to the financial institution upon change in the Board makeup. We further recommend dual signatures be obtained for disbursements greater than \$1,000 in accordance with Corporation policy.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2006-008</b>
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**Bank Reconciliations – Significant Deficiency / Material Weakness**

The Corporation’s Treasurer did not prepare monthly bank reconciliations during 2005 and 2006. Bank reconciliations should be performed each month to reconcile the Corporation’s accounting ledgers to bank balances.

Failure to perform reconciliations monthly limits management’s ability to ensure transactions are properly recorded and may limit the usefulness of financial reports presented to the Board. Furthermore, without performing monthly bank reconciliations, errors or irregularities may occur and go undetected by management.

We recommend the Treasurer perform monthly reconciliations of bank to book balances. Reconciling items should be identified at the time of the reconciliation. Any unreconciled errors should be investigated by comparing transaction-level activity posted to the accounting ledgers with transaction-level activity reflected on the bank statement. In addition, the bank reconciliations, including original bank statements and documentation supporting any reconciling items, should be reviewed and approved by the Board of Trustees.

<b>Finding Number</b>	<b>2006-009</b>
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**Financial Reporting Significant Deficiency / Material Weakness**

Sound financial reporting is the responsibility of the Treasurer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments have been accounted for in the accompanying December 31, 2005 financial statements:

1. Increased Mayor’s Special Event Expenses and Other Income by \$1,154 to show the Accounts Receivable accrual as a revenue instead of a contra-expense.
2. Reclassified a previous finding for recovery repaid of \$352 from Mayor’s Special Event Donations to Other Income.
3. Decreased the Accounts Receivable accrual and Other Income to eliminate the portion of the receivable received during the current period for \$352.
4. Reclassified fund specific CD’s as Investments from Cash by \$152,279.

The following audit adjustments have been accounted for in the accompanying December 31, 2006 financial statements:

1. Decreased the Accounts Receivable accrual and Other Income to eliminate the portion of the receivable received during the current period for \$802.
2. Adjustment to record Depreciation Expense on the Property and Equipment assets of \$1,912.
3. Reclassified fund specific CD’s as Investments from Cash by \$103,345.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2006-009 (Continued)</b>
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**Financial Reporting Significant Deficiency / Material Weakness (Continued)**

The following unadjusted difference was noted during the review of the December 31, 2006 financial statements of the Corporation:

- 1. Accounts Payable and the affiliated Occupancy Expenses were understated by \$17.

We recommend the Board develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Corporation and thereby increasing the reliability of the financial data throughout the year. We also recommend the Corporation implement additional procedures over the completeness and accuracy of financial information reported within the annual report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

<b>Finding Number</b>	<b>2006-010</b>
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**Minute Record – Significant Deficiency**

The Corporation's minutes should document all official actions taken by the Board. These minute records should be approved at the following meeting and be properly signed by the Board's Secretary and President to attest to their accuracy.

The Corporation's minute records did not always include all information pertaining to official action taken by the Board, including the members that voted for or against official actions, including whether a quorum was present prior to conducting meetings. Additionally, the minutes were not properly approved and signed by the Board Secretary and President. These conditions lead to unsubstantiated, unclear, and possibly inaccurate official actions and approvals enacted by the Board of Trustees, which may further lead to an inability to determine the classification, existence, completeness, and valuation of cash receipts and disbursements, in addition to related receivables and liabilities.

We recommend the Corporation document all pertinent information pertaining to official Board actions in the minutes. The minutes should reflect whether a quorum is present prior to meetings and the official results of any votes taken on matters. We further recommend the minutes be properly approved and signed by the applicable Board members at the following meeting.

We did not receive a response from Officials to the findings reported above.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2004-001	Finding for recovery for unallowable expenditures	No	See finding 2006-003
2004-002	Failure to maintain supporting documentation for expenditures	No	See finding 2006-003
2004-003	Failure to perform monthly reconciliations	No	See finding 2006-008
2004-004	Failure to maintain receipt and disbursement ledgers	No	See finding 2006-005
2004-005	No evidence the Board of Trustees monitored the Corporation's financial activity	No	See finding 2006-006







**Mary Taylor, CPA**  
Auditor of State

**URBANCREST 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  
DECEMBER 9, 2008**