



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
FRANKLIN COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Special Improvement District Public Services Association
23 North Fourth Street
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Special Improvement District Public Services Association, Franklin County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2022. 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 Special Improvement District Public Services Association 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

August 03, 2023

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**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
Franklin County**

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INDEPENDENT AUDITOR'S REPORT

Special Improvement District Public Service Association
Franklin County
23 North Fourth Street
Columbus, OH 43215

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Special Improvement District Public Service Association, Franklin County, Ohio (the Association), (a not-for-profit organization) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Special Improvement District Public Service Association, Franklin County, Ohio as of December 31, 2022 and 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association 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.

Emphasis of Matter

As discussed in Note 2. to the financial statements, during 2022, the Association adopted new accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. We did not modify our opinion regarding this matter.

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.

Responsibilities of Management for the Financial Statements (Continued)

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 Association'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.

Auditor's 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 auditor's report that includes our opinions. 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 Association'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 Association'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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental information on pages 16-21 is presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the Association'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. 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 Association'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 Association's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 23, 2023

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents:		
Cash-undesignated	\$ 1,551,128	\$ 1,488,569
Total cash and equivalents	1,551,128	1,488,569
Accounts Receivable	258,546	386,120
Prepaid expenses	63,884	71,474
Total Current Assets	1,873,558	1,946,163
Fixed Assets:		
Equipment and vehicles, at cost	669,866	725,480
Accumulated depreciation	(569,579)	(644,094)
Net Fixed Assets	100,287	81,386
Other Assets:		
Beneficial interest in assets held by others	921,843	1,015,477
Right of Use Asset	231,531	-
Total Other Assets	1,153,374	1,015,477
Total Assets	3,127,219	3,043,026
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	380,880	436,625
Accounts payable-related party	2,088,292	2,419,073
Accrued expenses	297,008	74,039
Deferred revenue	119,643	102,518
Capital lease obligation, current portion	837	3,204
Operating lease obligation, current portion	53,834	-
Deposits	9,029	6,730
Total Current Liabilities	2,949,523	3,042,189
Noncurrent Liabilities:		
Capital lease obligation, less current portion	-	837
Operating lease obligation, less current portion	177,697	-
Total Noncurrent Liabilities	177,697	837
Total Liabilities	3,127,220	3,043,026
Net Assets:		
Without donor restrictions	(133,201)	(83,179)
With donor restrictions	133,201	83,179
Total Net Assets	-	-
Total Liabilities and Net Assets	\$ 3,127,220	\$ 3,043,026

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

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
Change in Net Assets without Donor Restrictions:		
Revenue:		
Assessments	\$ 2,604,400	\$ 2,442,311
Contributions	664,065	662,735
Promotions	56,681	49,514
Contracted income	203,354	65,706
Employee Pass Program	-	509,900
Interest	666	556
Miscellaneous	8,943	181,540
Right of way improvements	20,593	15,160
Gain/loss on investment held by others	(111,013)	79,057
Other income (expense)	330,781	(313,965)
Net assets released from restrictions	650,271	179,155
	4,428,741	3,871,669
Expenses:		
Clean and safe	2,996,269	2,445,990
Landscaping and maintenance	289,688	224,178
Communications and research	335,711	337,850
Employee pass program	487,713	509,900
Public Restrooms program	35,120	65,774
General and administrative	334,263	317,833
	4,478,764	3,901,525
Change in Net Assets without Donor Restrictions	(50,023)	(29,856)
Change in Net Assets with Donor Restrictions:		
Grant revenue	125,275	209,011
Employee Pass Program	575,019	-
Net assets released from restrictions	(650,271)	(179,155)
Change in Net Assets with Donor Restrictions	50,023	29,856
Change in Net Assets	-	-
Net Assets-Beginning of Year	-	-
Net Assets-End of Year	\$ -	\$ -

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

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Clean and Safe	Landscaping and Maintenance	Promotions and Research	Employee Pass Program	Public Restrooms	Total Program Services	General and Administrative	Total
Expenses:								
Professional Services	\$ 2,503,246	\$ 241,414	\$ 127,689	\$ 1,614	\$ 30,576	\$ 2,904,539	\$ 66,899	\$ 2,971,438
Salaries, Taxes and Benefits	254,993	18,775	166,035	72,138	4,544	516,485	166,857	683,342
Bus Passes	-	-	-	411,195	-	411,195	-	411,195
Occupancy and Equipment	80,258	7,211	14,628	68	-	102,165	38,860	141,025
Depreciation	33,663	1,888	4,754	-	-	40,305	4,616	44,921
Supplies	63,978	1,978	19,178	-	-	85,134	7,764	92,898
Communications	42,398	6,855	-	-	-	49,253	11,647	60,900
Insurance	7,552	7,613	1,547	2,698	-	19,410	20,812	40,222
Meetings and Travel	1,420	-	694	-	-	2,114	3,188	5,302
Training and Support	7,664	-	-	-	-	7,664	-	7,664
Other	1,097	3,953	1,186	-	-	6,236	13,621	19,857
Total Expenses	<u>\$ 2,996,269</u>	<u>\$ 289,687</u>	<u>\$ 335,711</u>	<u>\$ 487,713</u>	<u>\$ 35,120</u>	<u>\$ 4,144,500</u>	<u>\$ 334,264</u>	<u>\$ 4,478,764</u>

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

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Clean and Safe	Landscaping and Maintenance	Promotions and Research	Employee Pass Program	Public Restrooms	Total Program Services	General and Administrative	Total
Expenses:								
Professional Services	\$ 2,097,628	\$ 176,084	\$ 112,597	\$ 2,895	\$ 52,583	\$ 2,441,787	\$ 38,948	\$ 2,480,735
Salaries, Taxes and Benefits	151,282	20,831	167,091	80,458	13,191	432,853	174,749	607,602
Bus Passes	-	-	-	424,834	-	424,834	-	424,834
Occupancy and Equipment	65,987	11,428	1,800	-	-	79,215	48,208	127,423
Depreciation	35,217	3,355	15,193	-	-	53,765	7,269	61,034
Supplies	41,967	3,495	32,953	-	-	78,415	8,192	86,607
Communications	22,531	6,459	16	-	-	29,006	-	29,006
Insurance	6,977	1,676	626	1,714	-	10,993	19,261	30,254
Meetings and Travel	4,596	-	7,554	-	-	12,150	1,314	13,464
Training and Support	18,530	-	-	-	-	18,530	289	18,819
Other	1,275	850	20	-	-	2,145	19,602	21,747
Total Expenses	\$ 2,445,990	\$ 224,178	\$ 337,850	\$ 509,901	\$ 65,774	\$ 3,583,693	\$ 317,832	\$ 3,901,525

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

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	44,921	61,034
Gain on disposal of assets	(2,317)	-
(Increase) decrease in assets:		
Accounts receivable	127,573	(179,846)
Prepaid expenses	7,590	(18,421)
Beneficial interest in assets held by others	93,634	(91,271)
Increase (decrease) in liabilities:		
Accounts payable	(55,744)	241,002
Accounts payable-related party	(330,781)	313,965
Accrued expenses	222,969	(3,082)
Deferred revenue	17,125	84,427
Deposits	2,299	94
 Net Cash Provided (Used) by Operating Activities	 127,269	 407,902
 Cash Flows from Investing Activities:		
Purchase of fixed assets	(64,006)	(18,410)
Proceeds from sale of fixed assets	2,500	-
 Net Cash Provided (Used) by Investing Activities	 (61,506)	 (18,410)
 Cash Flows from Financing Activities:		
Principal payments of capital lease obligation	(3,204)	(2,988)
 Net Cash Provided (Used) by Financing Activities	 (3,204)	 (2,988)
 Net Increase (Decrease) in Cash and Cash Equivalents	 62,559	 386,504
 Cash and Cash Equivalents at Beginning of Year	 1,488,569	 1,102,065
 Cash and Cash Equivalents at End of Year	 <u>\$ 1,551,128</u>	 <u>\$ 1,488,569</u>

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

**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
Franklin County
For the Years Ended December 31, 2022 and 2021**

Notes to the Financial Statements

- 1- Organization and Operation:** SID Public Services Association (the Association) is a non-profit organization created by its sole members, Capital Crossroads Special Improvement District of Columbus, Inc. (Capital Crossroads) and Discovery Special Improvement District of Columbus, Inc. (Discovery), for the purpose of executing the charitable functions of Capital Crossroads and Discovery within their respective Districts. The Association is also authorized to operate the charitable functions of or to carry out the charitable purposes of other Ohio special improvement districts that are admitted members of the Association.

The Association has agreements to provide services to Capital Crossroads and Discovery. During 2022 and 2021, the Association derived most of its revenues from these agreements. The funding for these agreements is primarily from property assessments that Capital Crossroads and Discovery received from property owners that are in their respective special improvement districts. Property owners must periodically "reauthorize" these property assessments. The property assessments for both Capital Crossroads and Discovery are currently authorized through December 31, 2025.

- 2- Summary of Significant Accounting Policies:** The financial statements of the Association conform to accounting principles generally accepted in the United States of America applicable for not-for-profit organizations. They are prepared in accordance with the accrual basis of accounting, and reflect all significant receivables, payables, and other liabilities.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation: The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Contributions with donor restrictions whose restrictions are fulfilled in the same time period in which the contribution is received are reported as contributions without restrictions. As of December 31, 2022 and 2021, the Association had net assets without donor restrictions and net assets with donor restrictions (see Note 12).

Cash and Cash Equivalents: The Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable: The Association considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is necessary.

The Association has elected to apply early implementation of Accounting Standards Update No. 2016-02, *Leases (Topic 842)* for finance lease reporting and has used the New Transition Alternative for the implementation of Accounting Standards Update No. 2016-02 *Leases (Topic 842)* for operating lease reporting.

Income Taxes: The Association is recognized as exempt from Federal income tax under Section 501(C)(3) of the Internal Revenue Code.

The Association has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) relating to uncertain tax positions. The Association does not believe its financial statements include any uncertain tax positions.

**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
Franklin County
For the Years Ended December 31, 2022 and 2021**

Notes to the Financial Statements

2- Summary of Significant Accounting Policies (Continued):

Concentration of Credit Risk: The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and does not believe it is exposed to any significant risk on cash and cash equivalents.

3- Fair Value Measurements: In accordance with the Fair Value Measurements and Disclosures Topic of the FASB ASC, all financial instruments that are being measured and reported on a fair value basis must be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means, and if the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets measured at fair value on a recurring basis at December 31, 2022 and 2021 were as follows:

		<u>2022</u>	<u>2021</u>
Money Market Cash Funds	Level 1	\$ 1,358,813	\$ 1,373,267
Beneficial interest in assets held by others	Level 2	<u>921,843</u>	<u>1,015,477</u>
Total		<u>\$ 2,280,656</u>	<u>\$ 2,388,744</u>

The level 2 assets listed above were valued using the market approach and were determined using quoted market prices of similar assets.

4- Designated Funds: During 2017, the Association had cash in checking and money market accounts that were designated by the Board of Directors for use relating to the Right of Way program only. This cash was transferred to the endowment held at the Columbus Foundation in 2018.

**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
Franklin County
For the Years Ended December 31, 2022 and 2021**

Notes to the Financial Statements

- 5- Funds Held by the Columbus Foundation:** The Association has funds held at The Columbus Foundation for the unrestricted use of the Association. These funds are subject to the variance power of the Board of Trustees of The Columbus Foundation. The variance power permits The Columbus Foundation's Board of Trustees, in its sole discretion, to redirect all or part of the funds' income and/or assets to another organization. The activity of the funds held at The Columbus Foundation for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and investments at beginning of year (at market)	\$ 1,015,477	\$ 924,206
Transfers to (from) Columbus Foundation	-	-
Net interest and dividend income	20,593	15,160
Net realized and unrealized gains	(111,013)	79,057
Administrative fees	<u>(3,214)</u>	<u>(2,946)</u>
Cash and investments at end of year (at market)	<u>\$ 921,843</u>	<u>\$ 1,015,477</u>

- 6- Property and Equipment:** Property and equipment is recorded at original cost. Depreciation of property and equipment is provided using the straight-line method over the estimated lives of the assets ranging from 3 to 5 years. Expenditures for additions, major renewals and improvements are capitalized, where expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets retired or disposed of and the related accumulated depreciation is recorded in the year of disposal. Depreciation expense was \$44,921 and \$61,034 for the years ended December 31, 2022 and 2021, respectively.
- 7- Lines of Credit:** The Association has a \$300,000 line of credit and a \$150,000 line of credit available with a bank bearing interest at prime plus 1.5% (9.00% and 4.75% at December 31, 2022 and 2021, respectively). The outstanding balances on the lines of credit were \$0 at both December 31, 2022 and 2021. The lines of credit are secured by substantially all of the Association's assets, including cash and accounts receivable.
- 8- Leases:** The Association exercised the option to renew the operating lease agreement for office space effective January 1, 2022, which will expire December 31, 2026, at a monthly rate including operational fees of \$5,613. The Association entered into an operating lease agreement for storage space effective January 1, 2021, which will expire December 31, 2022, at a monthly rate of \$1,269. The Association used its incremental borrowing rate of prime plus 1.5% (4.75% at January 1, 2022) to amortize the right of use asset and lease liability. Lease expense charged to 2022 operations under these leases amounted to \$78,902.

Effective April 5, 2019, the Association entered into a four year finance lease for a copier expiring March 5, 2023 at a monthly rental of \$475. The lease has a 7% annual interest rate with a bargain purchase option at the expiration of the lease. The monthly rental expense is comprised of a \$193 service expense with the remaining \$282 split between principal and interest. Rental expense charged to 2022 operations under this lease amounted to \$5,700, of which \$3,204 went to principal and \$181 went to interest.

**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
Franklin County
For the Years Ended December 31, 2022 and 2021**

Notes to the Financial Statements

8- Leases (Continued):

Quantitative information related to these leases as of December 31, 2022 is below:

Lease expense	
Finance lease expense	
Amortization of ROU Assets	\$ 3,204
Interest on lease liabilities	181
Operating lease expense	78,902
Short-term lease expense	2,700
Variable lease expense	-
Sublease income	-
Total	<u>\$ 84,987</u>

Other Information

(Gains) losses on sale-leaseback transactions, net	-
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (ie interest)	181
Financing cash flows from finance leases (ie principal portion)	3,204
Operating cash flows from operating leases	78,902
ROU assets obtained in exchange for new finance lease liabilities	4,041
ROU assets obtained in exchange for new operating lease liabilities	298,840
Weighted-average remaining lease term in years for finance leases	-
Weighted-average remaining lease term in years for operating leases	4
Weighted-average discount rate for finance leases	7.00%
Weighted-average discount rate for operating leases	4.75%

Maturity Analysis	<u>Finance</u>	<u>Operating</u>
2023	\$ 846	\$ 63,670
2024	-	63,670
2025	-	63,670
2026	-	63,670
2027	-	-
Thereafter	-	-
Total undiscounted cash flows	846	254,680
Less: present value discount	<u>(10)</u>	<u>(23,148)</u>
Total lease liabilities	<u>\$ 836</u>	<u>\$ 231,532</u>

9- Operating Leases: The Association entered into operating lease agreements for office and storage space, which expire at various dates through 2026. Rental expense under operating leases including operational fees totaled \$75,870 for the year ending December 31, 2021.

**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
Franklin County
For the Years Ended December 31, 2022 and 2021**

Notes to the Financial Statements

10- Operating Leases (Continued):

Future minimum lease payments under these operating leases are as follows for the year ended December 31:

2023	\$ 63,670
2024	63,670
2025	63,670
2026	63,670
2027	-
Total	<u>\$ 333,582</u>

The Association had not yet implemented Accounting Standards Update No. 2016-02, *Leases (Topic 842)* for operating lease reporting as of December 31, 2021.

11- Finance Leases: Effective April 5, 2019, the Association entered into a four year finance lease for a copier expiring March 5, 2023 at a monthly rental of \$475. The lease has a 7% annual interest rate with a bargain purchase option at the expiration of the lease. The monthly rental expense is comprised of a \$193 service expense with the remaining \$282 split between principal and interest. Rental expense charged to 2021 operations under this lease amounted to \$5,700, of which \$2,988 went to principal and \$397 went to interest. Future amortization of the lease obligation can be seen below:

Year	Principal	Interest	Service	Total
2023	<u>\$ 837</u>	<u>\$ 9</u>	<u>\$ 579</u>	<u>\$ 1,425</u>
Total	<u>\$837</u>	<u>\$ 9</u>	<u>\$ 579</u>	<u>\$ 1,425</u>

The Association has implemented Accounting Standards Update No. 2016-02, *Leases (Topic 842)* for finance lease reporting.

12- Net Assets with Donor Restrictions: Net assets with donor restrictions by purpose consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Warming Stations	\$ -	\$ 19,367
PortaJohns	5,422	43,469
Gay Street Landscaping	3,303	3,303
High and Nationwide Landscaping	890	6,340
Crime Management	28,580	-
Employee Pass Program	87,306	-
Gay Street Medians	<u>7,700</u>	<u>10,700</u>
Total	<u>\$ 133,201</u>	<u>\$ 83,179</u>

**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
Franklin County
For the Years Ended December 31, 2022 and 2021**

Notes to the Financial Statements

13- Related Parties: The Association is related to Capital Crossroads through common management. In addition, four members of the Association's eight member board of directors are appointed by Capital Crossroads. Capital Crossroads and the Association entered into an agreement whereby the Association provides certain program and administrative services to Capital Crossroads. Total revenue recognized by the Association under this agreement was \$3,636,739 and \$3,172,761 for the periods ended December 31, 2022 and 2021, respectively. The statement of financial position includes a payable to Capital Crossroads of \$1,428,535 and \$1,880,262 as of December 31, 2022 and 2021, respectively.

The Association is related to Discovery through common management. In addition, four members of the Association's eight member board of directors are appointed by Discovery. Discovery and the Association entered into an agreement whereby the Association provides certain program and administrative services to Discovery. Total revenue recognized by the Association under this agreement was \$842,024 and \$728,762 for the periods ended December 31, 2022 and 2021, respectively. The statement of financial position includes a payable to Discovery of \$659,757 and \$538,811 as of December 31, 2022 and 2021, respectively.

14- Retirement Plan: The Association participates in a 401(k) defined contribution plan which allows eligible employees to contribute up to the legal limit into the participant's choice of investment accounts. The Association contributes a matching of up to 3% of employee contributions. In addition, the plan allows for the Association to make discretionary contributions. The Association's contribution for the year ended December 31, 2022 and 2021 was \$12,593 and \$13,845, respectively.

15- Liquidity and Availability of Resources: The Association's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 1,551,128
Accounts receivable	258,546
Beneficial interest in assets held by others	<u>921,843</u>
Total financial assets	<u>2,731,517</u>
Less those unavailable for general expenditures within one year, due to:	
Board designated endowment fund used primarily for long-term investing	<u>(921,843)</u>
Financial assets available within one year	<u>\$1,809,674</u>

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. This is primarily accomplished through monthly budgeting of cash inflows and outflows. The Association maintains excess cash on hand in the event of unexpected outflows. In the event this cash is insufficient to cover unanticipated liquidity needs, the Association could draw upon \$450,000 of available lines of credit.

**SPECIAL IMPROVEMENT DISTRICT
PUBLIC SERVICES ASSOCIATION
Franklin County
For the Years Ended December 31, 2022 and 2021**

Notes to the Financial Statements

16- Huntington Bank Payroll Protection Program: On March 22, 2021, the Association received loan proceeds in the amount of \$129,382 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Association has used the proceeds for purposes consistent with the PPP. The Association's PPP loan has been forgiven, so the Association has recorded proceeds as contribution revenue in accordance with FASB ASC 958-605.

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
COMBINING SCHEDULES OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022**

	<u>Capital Crossroads</u>	<u>Discovery</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents:			
Cash-undesignated	\$ 917,686	\$ 633,442	\$ 1,551,128
Total cash and equivalents	<u>917,686</u>	<u>633,442</u>	<u>1,551,128</u>
Accounts Receivable	222,943	35,604	258,547
Prepaid expenses	31,234	32,650	63,884
Total Current Assets	<u>1,171,863</u>	<u>701,696</u>	<u>1,873,559</u>
Fixed Assets:			
Equipment and vehicles, at cost	570,803	99,063	669,866
Accumulated depreciation	(484,488)	(85,091)	(569,579)
Net Fixed Assets	<u>86,315</u>	<u>13,972</u>	<u>100,287</u>
Other Assets:			
Beneficial interest in assets held by others	921,843	-	921,843
Right of Use Asset	174,343	57,188	231,531
Total Assets	<u><u>2,354,364</u></u>	<u><u>772,856</u></u>	<u><u>3,127,220</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	330,631	50,249	380,880
Accounts payable-related party	1,428,535	659,757	2,088,292
Accrued expenses	291,563	5,445	297,008
Deferred revenue	119,643	-	119,643
Capital lease obligation, current portion	619	218	837
Operating lease obligation, current portion	40,537	13,297	53,834
Deposits	9,029	-	9,029
Total Current Liabilities	<u>2,220,557</u>	<u>728,966</u>	<u>2,949,523</u>
Noncurrent Liabilities:			
Capital lease obligation, less current portion	-	-	-
Operating lease obligation, less current portion	133,806	43,891	177,697
Total Noncurrent Liabilities	<u>133,806</u>	<u>43,891</u>	<u>177,697</u>
Total Liabilities	<u><u>2,354,363</u></u>	<u><u>772,857</u></u>	<u><u>3,127,220</u></u>
Net Assets:			
Without donor restrictions	(133,201)	-	(133,201)
With donor restrictions	133,201	-	133,201
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 2,354,363</u></u>	<u><u>\$ 772,857</u></u>	<u><u>\$ 3,127,220</u></u>

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
COMBINING SCHEDULES OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

	<u>Capital Crossroads</u>	<u>Discovery</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents:			
Cash-undesignated	\$ 1,050,282	\$ 438,287	\$ 1,488,569
Total cash and equivalents	<u>1,050,282</u>	<u>438,287</u>	<u>1,488,569</u>
Accounts Receivable	312,517	73,603	386,120
Prepaid expenses	31,751	39,723	71,474
Total Current Assets	<u>1,394,550</u>	<u>551,613</u>	<u>1,946,163</u>
Fixed Assets:			
Equipment and vehicles, at cost	622,998	102,482	725,480
Accumulated depreciation	(553,812)	(90,281)	(644,093)
Net Fixed Assets	<u>69,186</u>	<u>12,201</u>	<u>81,387</u>
Other Assets:			
Beneficial interest in assets held by others	1,015,477	-	1,015,477
Total Assets	<u><u>2,479,213</u></u>	<u><u>563,814</u></u>	<u><u>3,043,027</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	418,295	18,330	436,625
Accounts payable-related party	1,880,262	538,811	2,419,073
Accrued expenses	68,417	5,622	74,039
Deferred revenue	102,518	-	102,518
Capital lease obligation, current portion	2,370	834	3,204
Deposits	6,730	-	6,730
Total Current Liabilities	<u>2,478,592</u>	<u>563,597</u>	<u>3,042,189</u>
Noncurrent Liabilities:			
Capital lease obligation, less current portion	619	218	837
Total Noncurrent Liabilities	<u>619</u>	<u>218</u>	<u>837</u>
Total Liabilities	<u><u>2,479,211</u></u>	<u><u>563,815</u></u>	<u><u>3,043,026</u></u>
Net Assets:			
Without donor restrictions	(83,179)	-	(83,179)
With donor restrictions	83,179	-	83,179
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 2,479,211</u></u>	<u><u>\$ 563,815</u></u>	<u><u>\$ 3,043,026</u></u>

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
COMBINING SCHEDULES OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022**

	<u>Capital Crossroads</u>	<u>Discovery</u>	<u>Total</u>
Change in Net Assets without Donor Restrictions:			
Revenue:			
Assessments	\$ 1,829,917	\$ 774,483	\$ 2,604,400
Contributions	482,085	181,980	664,065
Promotions	55,932	750	56,682
Contracted income	201,872	1,482	203,354
Interest	391	275	666
Miscellaneous	4,943	4,000	8,943
Right of way improvements	20,593	-	20,593
Gain/loss on investment held by others	(111,013)	-	(111,013)
Other income (expense)	451,727	(120,946)	330,781
Net assets released from restrictions	650,271	-	650,271
	-	-	-
Total revenue without donor restrictions	<u>3,586,718</u>	<u>842,024</u>	<u>4,428,742</u>
Expenses:			
Clean and safe	2,315,294	680,975	2,996,269
Landscaping and maintenance	274,069	15,619	289,688
Communications and research	273,908	61,804	335,712
Employee pass program	487,713	-	487,713
Public Restrooms program	35,120	-	35,120
General and administrative	250,637	83,626	334,263
Total Expenses	<u>3,636,741</u>	<u>842,024</u>	<u>4,478,765</u>
Change in Net Assets without Donor Restrictions	<u>(50,023)</u>	<u>-</u>	<u>(50,023)</u>
Change in Net Assets with Donor Restrictions:			
Grant revenue	125,275	-	125,275
Employee Pass Program	575,019	-	575,019
Net assets released from restrictions	(650,271)	-	(650,271)
Change in Net Assets with Donor Restrictions	<u>50,023</u>	<u>-</u>	<u>50,023</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets-Beginning of Year	-	-	-
Net Assets-End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
COMBINING SCHEDULES OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021**

	<u>Capital Crossroads</u>	<u>Discovery</u>	<u>Total</u>
Change in Net Assets without Donor Restrictions:			
Revenue:			
Assessments	1,666,570	775,741	2,442,311
Contributions	479,844	182,891	662,735
Promotions	41,548	7,966	49,514
Contracted income	65,706	-	65,706
Employee Pass Program	509,900	-	509,900
Grants	-	-	-
Interest	433	123	556
Miscellaneous	131,302	50,238	181,540
Right of way improvements	15,160	-	15,160
Gain/loss on investment held by others	79,057	-	79,057
Other income (expense)	(25,769)	(288,196)	(313,965)
Net assets released from restrictions	179,155	-	179,155
	-	-	-
Total revenue without donor restrictions	<u>3,142,906</u>	<u>728,762</u>	<u>3,871,668</u>
Expenses:			
Clean and safe	1,874,295	571,695	2,445,990
Landscaping and maintenance	210,070	14,108	224,178
Communications and research	277,778	60,072	337,850
Employee pass program	509,900	-	509,900
Right of way improvements	-	-	-
CARES program	-	-	-
Public Restrooms program	65,774	-	65,774
General and administrative	234,945	82,888	317,833
	-	-	-
Total Expenses	<u>3,172,762</u>	<u>728,762</u>	<u>3,901,524</u>
Change in Net Assets without Donor Restrictions	<u>(29,856)</u>	<u>-</u>	<u>(29,856)</u>
Change in Net Assets with Donor Restrictions:			
Grant revenue	209,011	-	209,011
Net assets released from restrictions	(179,155)	-	(179,155)
Change in Net Assets with Donor Restrictions	<u>29,856</u>	<u>-</u>	<u>29,856</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets-Beginning of Year	-	-	-
Net Assets-End of Year	<u>-</u>	<u>-</u>	<u>-</u>

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
COMBINING SCHEDULES OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022**

	<u>Capital Crossroads</u>	<u>Discovery</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ -	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	38,671	6,250	44,921
Loss on disposal of asset	(2,317)	-	(2,317)
(Increase) decrease in assets:			
Accounts receivable	89,574	38,000	127,574
Prepaid expenses	517	7,073	7,590
Beneficial interest in assets held by others	93,634	-	93,634
Increase (decrease) in liabilities:			
Accounts payable	(87,664)	31,920	(55,744)
Accounts payable-related party	(451,727)	120,946	(330,781)
Accrued expenses	223,146	(177)	222,969
Deferred revenue	17,125	-	17,125
Deposits	2,299	-	2,299
 Net Cash Provided (Used) by Operating Activities	<u>(76,742)</u>	<u>204,012</u>	<u>127,270</u>
 Cash Flows from Investing Activities:			
Purchase of fixed assets	(55,984)	(8,022)	(64,006)
Proceeds from sale of fixed assets	2,500	-	2,500
Net transfers (to) from beneficial interest in assets held by others	-	-	-
 Net Cash Provided (Used) by Financing Activities	<u>(53,484)</u>	<u>(8,022)</u>	<u>(61,506)</u>
 Cash Flows from Financing Activities:			
Principal payments of capital lease obligation	(2,370)	(834)	(3,204)
 Net Cash Provided (Used) by Financing Activities	<u>(2,370)</u>	<u>(834)</u>	<u>(3,204)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	<u>(132,596)</u>	<u>195,156</u>	<u>62,560</u>
 Cash and Cash Equivalents at Beginning of Year	1,050,282	438,287	1,488,569
 Cash and Cash Equivalents at End of Year	<u>\$ 917,686</u>	<u>\$ 633,443</u>	<u>\$ 1,551,129</u>

**SPECIAL IMPROVEMENTS DISTRICT PUBLIC SERVICE ASSOCIATION
COMBINING SCHEDULES OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021**

	<u>Capital Crossroads</u>	<u>Discovery</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ -	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	52,126	8,908	61,034
Loss on disposal of asset	-	-	-
(Increase) decrease in assets:			
Accounts receivable	(148,274)	(31,572)	(179,846)
Prepaid expenses	(7,813)	(10,608)	(18,421)
Beneficial interest in assets held by others	(91,271)	-	(91,271)
Increase (decrease) in liabilities:			
Accounts payable	253,278	(12,276)	241,002
Accounts payable-related party	25,769	288,196	313,965
Accrued expenses	(3,396)	314	(3,082)
Deferred revenue	84,427	-	84,427
Deposits	94	-	94
 Net Cash Provided (Used) by Operating Activities	 <u>164,940</u>	 <u>242,962</u>	 <u>407,902</u>
 Cash Flows from Investing Activities:			
Purchase of fixed assets	(12,525)	(5,885)	(18,410)
Net transfers (to) from beneficial interest in assets held by others	-	-	-
 Net Cash Provided (Used) by Financing Activities	 <u>(12,525)</u>	 <u>(5,885)</u>	 <u>(18,410)</u>
 Cash Flows from Financing Activities:			
Principal payments of capital lease obligation	(2,211)	(777)	(2,988)
 Net Cash Provided (Used) by Financing Activities	 <u>(2,211)</u>	 <u>(777)</u>	 <u>(2,988)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 <u>150,204</u>	 <u>236,300</u>	 <u>386,504</u>
 Cash and Cash Equivalents at Beginning of Year	 900,078	 201,987	 1,102,065
 Cash and Cash Equivalents at End of Year	 <u>\$ 1,050,282</u>	 <u>\$ 438,287</u>	 <u>\$ 1,488,569</u>



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

Special Improvement District Public Services Association
Franklin County
23 North Fourth Street
Columbus, Ohio 43215

To the Board of Directors:

We have audited, 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, the financial statements of the Special Improvement District Public Services Association, Franklin County, (the Association) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 23, 2023, wherein we noted the Association adopted new accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association'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 Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 23, 2023

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OHIO AUDITOR OF STATE KEITH FABER



SPECIAL IMPROVEMENT DISTRICT (SID) PUBLIC SERVICE ASSOCIATION

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 8/15/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov