

BEXLEY COMMUNITY IMPROVEMENT CORPORATION

(A Component Unit of the City of Bexley)

Franklin County, Ohio

BASIC

FINANCIAL STATEMENTS

(AUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2017

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Bexley Community Improvement Corporation
2242 East Main Street
Bexley, Ohio 43209

We have reviewed the *Independent Auditor's Report* of the Bexley Community Improvement Corporation, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 Bexley Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 15, 2019

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BEXLEY COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY, OHIO
(A Component Unit of the City of Bexley)

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Bexley Community Improvement Corporation
Franklin County
2242 E. Main Street
Bexley, Ohio 43209

To the Members of the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Bexley Community Improvement Corporation, Franklin County, Ohio, a component unit of the City of Bexley, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Bexley Community Improvement Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Bexley Community Improvement Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Bexley Community Improvement Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bexley Community Improvement Corporation, Franklin County, Ohio, a component unit of the City of Bexley, as of December 31, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019, on our consideration of the Bexley Community Improvement 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bexley Community Improvement Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 21, 2019

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The discussion and analysis of the Bexley Community Improvement Corporation's (the "CIC") financial performance provides an overall review of the CIC's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the CIC's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the CIC's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position was \$2,955,542 at December 31, 2017. This represents an increase of \$114,688, or 4.04%, from December 31, 2016.
- During 2017, the CIC had operating revenues of \$368,595 and operating expenses of \$249,862 resulting in \$118,733 of operating income. Nonoperating revenues, consisting of contributions from the City of Bexley and interest income, totaled \$130,003. Nonoperating expenses, consisting on distributions to the City of Bexley and interest expense, totaled \$134,048. Total change in net position for the year was an increase of \$114,688.

Using These Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the CIC's financial activities. The *Statement of Net Position* and *Statement of Revenues, Expenses and Changes in Net Position* provide information about the activities of the CIC, including all short-term and long-term financial resources and obligations.

Reporting the CIC's Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the CIC's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the CIC as a whole, the *financial position* of the CIC has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The statement of cash flows provides information about how the CIC finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-15 of this report.

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The table below provides a summary of the CIC's net position at December 31, 2017 and 2016.

	2017	2016
<u>Assets</u>		
Current assets	\$ 655,959	\$ 384,870
Noncurrent assets:		
Inventory held for future distribution	185,553	-
Capital assets, net	2,513,217	2,596,410
Total assets	3,354,729	2,981,280
<u>Liabilities</u>		
Current liabilities	399,187	140,426
Total liabilities	399,187	140,426
<u>Net Position</u>		
Net investment in capital assets	2,376,279	2,529,374
Restricted for future land acquisition	390,000	260,000
Unrestricted (deficit)	189,263	51,480
Total net position	\$ 2,955,542	\$ 2,840,854

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the CIC's net position totaled \$2,955,542.

Current assets increased due to an increase in cash resulting from operations. Noncurrent assets increased as the CIC purchased land and buildings that are not used in operations. These assets are being held for future distribution to the City of Bexley. Current liabilities increased primarily due to additional borrowings on the mortgage note payable to finance the purchase of the inventory held for future distribution and leasehold improvements at Bexley Square. A portion of the mortgage note payable (\$136,938) was used to acquire capital assets and therefore is considered capital related.

At December 31, 2017, capital assets include land, a building, and leasehold improvements. The City's net investment in capital assets at December 31, 2017, was \$2,376,279.

A portion of the CIC's net position, \$390,000, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$189,263 may be used to meet the CIC's ongoing obligations

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The table below shows the changes in net position for 2017 and 2016. Certain operating expenses for 2016 have been reclassified to conform to 2017 presentation.

Change in Net Position

	<u>2017</u>	<u>2016</u>
<u>Operating revenues</u>		
Rental income	\$ 231,806	\$ 169,623
Ground lease revenue	50,000	16,667
Other	<u>86,789</u>	<u>20,091</u>
Total operating revenues	<u>368,595</u>	<u>206,381</u>
<u>Operating expenses</u>		
Purchased services	13,286	108,197
Ground lease expense to City of Bexley	50,000	16,667
Bexley Square operations	102,493	-
Depreciation	83,193	72,161
Other	<u>890</u>	<u>24,756</u>
Total operating expenses	<u>249,862</u>	<u>221,781</u>
Operating income (loss)	<u>118,733</u>	<u>(15,400)</u>
<u>Nonoperating revenues (expenses)</u>		
Interest income	3	7
Contribution from City of Bexley	130,000	254,361
Disbursement to City of Bexley	(130,000)	-
Interest and fiscal charges	<u>(4,048)</u>	<u>(636)</u>
Total nonoperating revenues (expenses)	<u>(4,045)</u>	<u>253,732</u>
Income before capital contributions	114,688	238,332
Capital contributions from City of Bexley	<u>-</u>	<u>1,667,912</u>
Change in net position	114,688	1,906,244
Net position at beginning of year	<u>2,840,854</u>	<u>934,610</u>
Net position at end of year	<u>\$ 2,955,542</u>	<u>\$ 2,840,854</u>

The CIC relies upon rental income from Bexley Square to support operations. Rental income increased \$62,183 from 2016 due to increased occupancy. Other revenue increased due to increased refund and reimbursements of expenses incurred in prior years.

Overall operating expenses increased primarily due to decreased costs associated with the operations of Bexley Square offset by increased ground lease expense. Resources generated by the operations of Bexley Square are the primary support of the CIC's operations.

During 2017, the CIC received \$130,000 in contributions from the City of Bexley that are restricted for future land acquisition. For 2015-2017, a total of \$390,000 in contributions have been received from the City of Bexley that are restricted for this purpose. This amount is reported as restricted net position.

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Capital Assets

At December 31, 2017, the CIC had \$2,513,217 of capital assets net of accumulated depreciation. See Note 6 to the basic financial statements.

Debt Obligations

At December 31, 2017, the CIC had \$322,491 in mortgage payable as its only debt obligations.

Current Financial Related Activities

The CIC is reliant upon rental income to support operations. The City contributes funding to the CIC when needed.

The CIC is the City of Bexley's agent for industrial and commercial distributions and research development. The purpose of the CIC is to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Bexley.

Contacting the CIC's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the CIC's finances and to show the CIC's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Nathan Green, Treasurer, Bexley Community Improvement Corporation, 2242 East Main Street, Bexley, OH, 43209.

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS

Current assets:	
Cash	\$ 613,433
Receivables:	
Accounts receivable	37,431
Other assets	5,095
	655,959
Total current assets	
Noncurrent assets:	
Inventory held for future distribution	185,553
Capital assets:	
Land	1,608,801
Capital assets, net	904,416
	2,513,217
Total capital assets, net	2,513,217
	2,698,770
Total noncurrent assets	2,698,770
	3,354,729
Total assets	3,354,729

LIABILITIES

Current liabilities:	
Accounts payable and other liabilities.	26,386
Intergovernmental payable	50,310
Mortgage payable	322,491
	399,187
Total current liabilities	399,187

NET POSITION

Net investment in capital assets	2,376,279
Restricted for future land acquisition	390,000
Unrestricted	189,263
	2,955,542
Total net position	\$ 2,955,542

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUES

Rental income	\$	231,806
Ground lease revenue		50,000
Other		86,789
		368,595
Total operating revenues		368,595

OPERATING EXPENSES

Purchased services		13,286
Ground lease expense to City of Bexley		50,000
Bexley square operations		102,493
Depreciation		83,193
Other		890
		249,862
Total operating expenses		249,862
Operating income		118,733

NONOPERATING REVENUES (EXPENSES)

Interest income		3
Contribution from City of Bexley		130,000
Disbursement to City of Bexley		(130,000)
Interest and fiscal charges		(4,048)
		(4,045)
Total nonoperating revenues (expenses)		(4,045)
Change in net position		114,688
Net position at beginning of year		2,840,854
Net position at end of year	\$	2,955,542

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from rents	\$ 240,388
Cash received from ground lease	50,000
Cash received from other operations	71,667
Cash payments for Bexley Square operations.	(84,065)
Cash payments to City of Bexley for ground lease	(50,000)
Cash payments for purchased services.	(13,286)
Cash payments for other operations	(890)
	213,814
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Cash received from contributions from City of Bexley	130,000
Cash payments to City of Bexley.	(130,000)
	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of inventory held for future distribution.	(185,553)
Mortgage proceeds received	255,455
Interest and fiscal charges	(4,048)
	65,854
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest received	3
	3
Net cash provided by investing activities	3
Net increase in cash	279,671
Cash at beginning of year	333,762
Cash at end of year	\$ 613,433
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating income	\$ 118,733
Adjustments:	
Depreciation	83,193
Changes in assets and liabilities:	
Decrease in accounts receivable	8,582
(Decrease) in accounts payable and other liabilities	(3,890)
Increase in intergovernmental payable	7,196
Net cash provided by operating activities	\$ 213,814

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Bexley Community Improvement Corporation (the “CIC”) was formed pursuant to Ordinance 52-12 passed October 9, 2012 and incorporated as a not-for-profit corporation under Chapters 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Bexley (the “City”). The CIC has been designated as the City’s agent for industrial and commercial distributions and research development.

The Board of Directors (the “Board”) is to be comprised of fifteen members. Six of the Board members are elected or appointed officials of the City of Bexley. All Board members are appointed by the Mayor of the City of Bexley with approval of Bexley City Council.

In accordance with the 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 separate entity and is reported by the City as a discretely presented component unit in the City’s basic financial statements. 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

The 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 basic financial statements of the CIC are prepared using the accrual basis of accounting in conformity with GAAP.

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.

The CIC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the CIC’s principal ongoing operation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Federal Income Tax

The CIC is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash in the CIC's checking accounts are considered to be cash and cash equivalents. All monies received by the CIC are deposited in demand deposit accounts.

E. Accrued Liabilities

The CIC recognizes expenses due, but unpaid as of December 31, 2017.

F. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. At December 31, 2017, a portion of the CIC's mortgage note payable was considered capital related debt (see Note 12).

Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The CIC has \$390,000 of restricted net position related to contributions received from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area (see Note 5).

The CIC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

G. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

H. Capital Assets

Capital assets are capitalized at cost and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition values on the date received. The CIC maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets, except for land, are depreciated. Buildings are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the term of the lease agreement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20 Years
Leasehold improvements	5 Years

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2017, the CIC has implemented GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*”, GASB Statement No. 81 “*Irrevocable Split-Interest Agreements*”, and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*”.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the CIC.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the CIC.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the CIC.

NOTE 4 - DEPOSITS

At December 31, 2017, the carrying amount of the CIC’s deposits was \$613,433. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2017, \$250,000 of the CIC’s bank balance of \$613,623 was covered by the Federal Deposit Insurance Corporation and \$363,623 was uninsured. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

NOTE 5 - INVENTORY HELD FOR FUTURE DISTRIBUTION

As of December 31, 2017, the CIC has received \$390,000 in contributions from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area. During 2017, the CIC purchased land and buildings in the Ferndale/Mayfield Area totaling \$185,553 using draws from its line of credit. The property acquired is not used by the CIC in its operations but is being held for future distribution to the City of Bexley. The inventory held for future distribution is reported at cost and depreciation is not recognized. Inventory held for future distribution is reported as a noncurrent asset as the CIC does not intend to distribute the property in the subsequent year.

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 1/1/17	Additions	Disposals	Balance 12/31/17
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,608,801	\$ -	\$ -	\$ 1,608,801
Total capital assets, not being depreciated	<u>1,608,801</u>	<u>-</u>	<u>-</u>	<u>1,608,801</u>
<i>Capital assets being depreciated:</i>				
Buildings	858,411	-	-	858,411
Leasehold improvements	<u>201,359</u>	<u>-</u>	<u>-</u>	<u>201,359</u>
Total capital assets being depreciated	<u>1,059,770</u>	<u>-</u>	<u>-</u>	<u>1,059,770</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(52,025)	(42,921)	-	(94,946)
Leasehold improvements	<u>(20,136)</u>	<u>(40,272)</u>	<u>-</u>	<u>(60,408)</u>
Total accumulated depreciation	<u>(72,161)</u>	<u>(83,193)</u>	<u>-</u>	<u>(155,354)</u>
Net capital assets	<u>\$ 2,596,410</u>	<u>\$ (83,193)</u>	<u>\$ -</u>	<u>\$ 2,513,217</u>

NOTE 7 - DEVELOPMENT AGREEMENT

The CIC has entered into an Economic Development Agreement with the City, which, among other things, the City may convey lands and interests in lands owned by the City and determined by City Council from time-to-time not to be required by the City for its purposes to the CIC and the CIC may acquire land and interests in land from others and conveyance of such land or interests in land will promote the welfare of the people of the political subdivision, stabilize the economy, provide employment, assist in the development of industrial, commercial, distribution, and research activities to the benefit of the people of the City, or provide additional opportunities for their gainful employment.

NOTE 8 - GROUND LEASE

On October 11, 2013, the CIC entered into a ground lease with Continental Bexley GE, LLC for the land owned by the CIC. The ground lease was established for the purposes of developing the site for commercial purposes, including operation of a grocery by Giant Eagle. The ground lease has a 50-year term. During 2017, the CIC received \$50,000 in ground lease payments and subsequently disbursed \$50,000 to the City of Bexley. Payments received and disbursed under the ground lease have been recorded as operating revenue and expense, respectively, in the CIC's financial statements.

BEXLEY COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Bexley)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - RELATED PARTY TRANSACTIONS

During 2017, the CIC received \$130,000 in contributions from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area. This amount has been reported as nonoperating revenue in the CIC's financial statements.

During 2017, the CIC made \$130,000 in payments to the City of Bexley related to the operation of Bexley Square. These payments have been recorded as a nonoperating expense in the CIC's financial statements.

During 2017, the CIC collected and passed-through \$50,000 in ground lease payments to the City of Bexley (see Note 8).

NOTE 10 - LITIGATION

The CIC is involved in no material litigation as either plaintiff or defendant.

NOTE 11 - RISK MANAGEMENT

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For 2017, the CIC was covered under the City's property and casualty insurance policy. Settled claims have not exceeded commercial coverage since inception of the CIC. There has been no significant reductions in coverage from the prior year.

NOTE 12 - MORTGAGE NOTE PAYABLE

On September 26, 2017, the CIC entered into a one-year mortgage note with First Financial Bank, which is used as a line of credit to support the operations of Bexley Square and other projects undertaken by the CIC. The CIC can make draws on the line of credit with a maximum borrowing of \$1.5 million. The CIC makes monthly interest payments based upon the amount drawn. The mortgage note matures September 26, 2018. At December 31, 2017, the balance of the mortgage note payable was as follows:

	Mortgage Note Payable
Draws related to:	
Bexley Square ⁽¹⁾	\$ 136,938
Ferndale/Mayfield Land Assembly	<u>185,553</u>
Total	<u>\$ 322,491</u>

⁽¹⁾ for acquisition capitalized leasehold improvements.

NOTE 13 - OTHER OPERATING REVENUE

Other Operating Revenues consist primarily of \$71,667 in expense recovery.



Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Bexley Community Improvement Corporation
Franklin County
2242 E. Main Street
Bexley, Ohio 43209

To the Members of the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Bexley Community Improvement Corporation, Franklin County, Ohio, a component unit of the City of Bexley, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Bexley Community Improvement Corporation's basic financial statements and have issued our report thereon dated June 21, 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Bexley Community Improvement Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Bexley Community Improvement Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Bexley Community Improvement Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Bexley Community Improvement Corporation
Franklin County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Bexley Community Improvement 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Bexley Community Improvement Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Bexley Community Improvement Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
June 21, 2019

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OHIO AUDITOR OF STATE KEITH FABER



BEXLEY 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
AUGUST 29, 2019**