

**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, 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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(800) 282-0370

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, 2018 through December 31, 2018. 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 black ink 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, 2018, 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, 2018, 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, 2018

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, 2018. 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 2018 are as follows:

- In total, net position was \$2,955,929 at December 31, 2018. This represents an increase of \$387, or 0.01%, from December 31, 2017.
- During 2018, the CIC had operating revenues of \$385,140 and operating expenses of \$253,348 resulting in \$131,792 of operating income. Nonoperating expenses, consisting on distributions to the City of Bexley and interest expense, totaled \$131,405. Total change in net position for the year was an increase of \$387.

**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 2018?" 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, 2018

The table below provides a summary of the CIC's net position at December 31, 2018 and 2017.

	<b>2018</b>	<b>2017</b>
<b><u>Assets</u></b>		
Current assets	\$ 226,219	\$ 655,959
Noncurrent assets:		
Inventory held for future distribution	288,612	185,553
Capital assets, net	2,497,416	2,513,217
Total assets	3,012,247	3,354,729
<b><u>Liabilities</u></b>		
Current liabilities	56,318	399,187
Total liabilities	56,318	399,187
<b><u>Net Position</u></b>		
Net investment in capital assets	2,497,416	2,376,279
Restricted for future land acquisition	101,389	390,000
Unrestricted	357,124	189,263
Total net position	\$ 2,955,929	\$ 2,955,542

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the CIC's net position totaled \$2,955,929.

Current assets decreased due to a decrease in cash resulting from operations and repayment of the CIC's mortgage note payable. Noncurrent assets increased as the CIC incurred costs related to inventory held for future distribution. Inventory held for future distribution consists of land and buildings that are not used in the CIC's operations and are held for future distribution to the City of Bexley. Current liabilities decreased primarily due to paying off the mortgage note payable to finance the purchase of the inventory held for future distribution and leasehold improvements at Bexley Square.

At December 31, 2018, capital assets include land, a building, and leasehold improvements. The City's net investment in capital assets at December 31, 2018, was \$2,497,416.

A portion of the CIC's net position, \$101,389, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$357,124 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, 2018

The table below shows the changes in net position for 2018 and 2017.

**Change in Net Position**

	<u>2018</u>	<u>2017</u>
<b><u>Operating revenues</u></b>		
Rental income	\$ 277,495	\$ 231,806
Ground lease revenue	50,000	50,000
Other	<u>57,645</u>	<u>86,789</u>
Total operating revenues	<u>385,140</u>	<u>368,595</u>
<b><u>Operating expenses</u></b>		
Purchased services	20,571	13,286
Ground lease expense to City of Bexley	50,000	50,000
Bexley Square operations	78,789	102,493
Materials and supplies	57	-
Depreciation	90,681	83,193
Other	<u>13,250</u>	<u>890</u>
Total operating expenses	<u>253,348</u>	<u>249,862</u>
Operating income	<u>131,792</u>	<u>118,733</u>
<b><u>Nonoperating revenues (expenses)</u></b>		
Interest income	-	3
Contribution from City of Bexley	-	130,000
Disbursement to City of Bexley	(120,000)	(130,000)
Interest and fiscal charges	<u>(11,405)</u>	<u>(4,048)</u>
Total nonoperating revenues (expenses)	<u>(131,405)</u>	<u>(4,045)</u>
Change in net position	387	114,688
Net position at beginning of year	<u>2,955,542</u>	<u>2,840,854</u>
Net position at end of year	<u>\$ 2,955,929</u>	<u>\$ 2,955,542</u>

The CIC relies upon rental income from Bexley Square to support operations. Rental income increased \$45,689 from 2017 due to increases in rental rates. Other revenue decreased due to decreased in refund and reimbursements revenue in the current year versus the prior year.

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

During 2018, the CIC did not receive a contribution from the City of Bexley. In 2017, the CIC received contributions totaling \$130,000 that were restricted for future land acquisition in 2018. The CIC made \$120,000 in distributions to the City of Bexley (\$10,000 per month) resulting from revenue generated from the operations of Bexley Square.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Capital Assets**

At December 31, 2018, the CIC had \$2,497,416 of capital assets net of accumulated depreciation. See Note 6 to the basic financial statements for further detail.

**Debt Obligations**

At December 31, 2018, the CIC did not have any long-term debt obligations. During 2018, the CIC retired the balance on the mortgage note payable (line of credit). See Note 12 to the basic financial statements for further detail.

**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, 2018

**ASSETS**

Current assets:	
Cash . . . . .	\$ 192,107
Receivables:	
Accounts receivable . . . . .	29,017
Other assets . . . . .	5,095
	226,219
Total current assets . . . . .	
Noncurrent assets:	
Inventory held for future distribution . . . . .	288,612
Capital assets:	
Land . . . . .	1,608,801
Capital assets, net . . . . .	888,615
	2,497,416
Total capital assets, net . . . . .	2,497,416
	2,786,028
Total noncurrent assets . . . . .	2,786,028
	3,012,247
Total assets . . . . .	3,012,247

**LIABILITIES**

Current liabilities:	
Accounts payable and other liabilities. . . . .	5,005
Intergovernmental payable . . . . .	51,313
	56,318
Total current liabilities . . . . .	56,318

**NET POSITION**

Investment in capital assets . . . . .	2,497,416
Restricted for future land acquisition . . . . .	101,389
Unrestricted . . . . .	357,124
	3,955,929
Total net position . . . . .	\$ 2,955,929

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, 2018

**OPERATING REVENUES**

Rental income . . . . .	\$	277,495
Ground lease revenue . . . . .		50,000
Other . . . . .		57,645
Total operating revenues . . . . .		385,140

**OPERATING EXPENSES**

Purchased services . . . . .		20,571
Ground lease expense to City of Bexley . . . . .		50,000
Bexley square operations . . . . .		78,789
Materials and supplies . . . . .		57
Depreciation . . . . .		90,681
Other . . . . .		13,250
Total operating expenses . . . . .		253,348
Operating income . . . . .		131,792

**NONOPERATING EXPENSES**

Disbursement to City of Bexley . . . . .		(120,000)
Interest and fiscal charges . . . . .		(11,405)
Total nonoperating expenses . . . . .		(131,405)
Change in net position . . . . .		387
Net position at beginning of year . . . . .		2,955,542
Net position at end of year . . . . .	\$	2,955,929

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, 2018

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from rents . . . . .	\$ 285,908
Cash received from ground lease . . . . .	50,000
Cash received from other operations . . . . .	57,645
Cash payments for Bexley Square operations. . . . .	(99,166)
Cash payments to City of Bexley for ground lease . . . . .	(50,000)
Cash payments for purchased services. . . . .	(20,571)
Cash payments for materials and supplies. . . . .	(57)
Cash payments for other operations . . . . .	(13,250)
	210,509
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
Cash payments to City of Bexley. . . . .	(120,000)
	(120,000)
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Acquisition of inventory held for future distribution. . . . .	(103,059)
Mortgage principal payments . . . . .	(322,491)
Interest and fiscal charges . . . . .	(11,405)
Acquisition of capital assets . . . . .	(74,880)
	(511,835)
Net decrease in cash . . . . .	(421,326)
Cash at beginning of year . . . . .	613,433
Cash at end of year . . . . .	\$ 192,107
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	
Operating income . . . . .	\$ 131,792
Adjustments:	
Depreciation . . . . .	90,681
Changes in assets and liabilities:	
Decrease in accounts receivable . . . . .	8,414
(Decrease) in accounts payable and other liabilities . . . . .	(21,381)
Increase in intergovernmental payable . . . . .	1,003
Net cash provided by operating activities . . . . .	\$ 210,509

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, 2018

**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, 2018

**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, 2018.

**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, 2018, the CIC did not have any capital related debt.

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 \$101,389 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, 2018

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2018, the CIC has implemented GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”, GASB Statement No. 85, “*Omnibus 2017*” and GASB Statement No. 86, “*Certain Debt Extinguishments Issues*”.

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 did not have an effect on the financial statements of the CIC.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the CIC.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the CIC.

**NOTE 4 - DEPOSITS**

At December 31, 2018, the carrying amount of the CIC’s deposits was \$192,107. As of December 31, 2018, the entire bank balance of \$192,107 was covered by the Federal Insurance Deposit Corporation (FDIC). 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**

The City of Bexley has contributed \$390,000 to the CIC 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. During 2018, the CIC incurred additional expenses related to the property in the amount of \$103,059. 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. The following is a schedule of activity related to land held for future distribution:

	Balance 12/31/2017	Additions	Disposals	Balance 12/31/2018
Ferndale/Mayfield Area	\$ 185,553	\$ 103,059	\$ -	\$ 288,612

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance			Balance
	12/31/17	Additions	Disposals	12/31/18
<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>74,880</u>	<u>-</u>	<u>276,239</u>
Total capital assets being depreciated	<u>1,059,770</u>	<u>74,880</u>	<u>-</u>	<u>1,134,650</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(94,946)	(42,921)	-	(137,867)
Leasehold improvements	<u>(60,408)</u>	<u>(47,760)</u>	<u>-</u>	<u>(108,168)</u>
Total accumulated depreciation	<u>(155,354)</u>	<u>(90,681)</u>	<u>-</u>	<u>(246,035)</u>
Net capital assets	<u>\$ 2,513,217</u>	<u>\$ (15,801)</u>	<u>\$ -</u>	<u>\$ 2,497,416</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 2018, 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, 2018

**NOTE 9 - RELATED PARTY TRANSACTIONS**

During 2018, the CIC made \$120,000 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 2018, 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 2018, 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 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. During 2018, the CIC had no draws and made principal payments totaling \$322,491 on the line of credit. The following is a schedule of the line of credit activity for 2018:

	<u>Balance</u> <u>12/31/2017</u>	<u>Draws</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>12/31/2018</u>
Mortgage Note Payable	<u>\$ 322,491</u>	<u>\$ -</u>	<u>\$ (322,491)</u>	<u>\$ -</u>

**NOTE 13 - OTHER OPERATING REVENUES**

Other Operating Revenues consist primarily of \$51,535 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, 2018, 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**