

NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)
Franklin County, Ohio

BASIC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

CHAD FULLER, DIRECTOR OF FINANCE



Dave Yost • Auditor of State

New Albany Community Improvement Corporation
99 W. Main Street
New Albany, Ohio 43054

We have reviewed the *Independent Accountants' Report* of the New Albany Community Improvement Corporation, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 New Albany Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 11, 2013

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**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)
Franklin County, Ohio**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

New Albany Community Improvement Corporation
99 West Main Street
New Albany, Ohio 43054

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the New Albany Community Improvement Corporation, Franklin County, Ohio, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the New Albany Community Improvement Corporation's 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 New Albany 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 New Albany Community Improvement Corporation's internal control. Accordingly, we express no 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 respective financial position of the New Albany Community Improvement Corporation, Franklin County, Ohio, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows, thereof 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 May 22, 2013, on our consideration of the New Albany 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 New Albany Community Improvement Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 22, 2013

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The management's discussion and analysis of the New Albany Community Improvement Corporation's (the "CIC") financial performance provides an overall review of the CIC's financial activities for the year ended December 31, 2012. 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 2012 are as follows:

- In total, net position was \$844,660 at December 31, 2012.
- The CIC had operating revenues of \$480,981 and operating expenses of \$481,170 for 2012. Total change in net position for the year was a decrease of \$189.

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 2012?" 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, liabilities, deferred inflows, 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 10-14 of this report.

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The table below provides a summary of the CIC's net position at December 31, 2012 and December 31, 2011. Amounts at December 31, 2011 have been restated to conform to 2012's presentation.

	2012	Restated 2011
<u>Assets</u>		
Current assets	\$ 423,844	\$ 246,974
Capital assets, net	<u>434,302</u>	<u>719,340</u>
Total assets	<u>\$ 858,146</u>	<u>\$ 966,314</u>
<u>Liabilities</u>		
Current liabilities	<u>13,486</u>	<u>121,465</u>
Total liabilities	<u>13,486</u>	<u>121,465</u>
<u>Net Position</u>		
Net investment in capital assets	434,302	719,340
Unrestricted	<u>410,358</u>	<u>125,509</u>
Total net position	<u>\$ 844,660</u>	<u>\$ 844,849</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2012, the CIC's net position totaled \$844,660.

At year-end, capital assets represented 50.61% of total assets. Capital assets consisted of equipment. There is no debt related to these capital assets. Capital assets are used to provide services and are not available for future spending.

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
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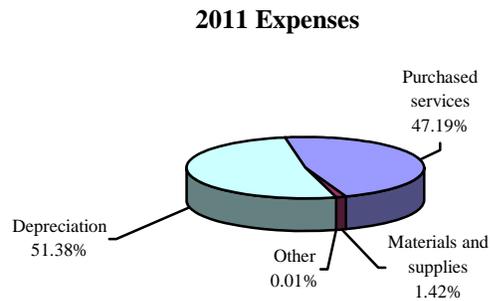
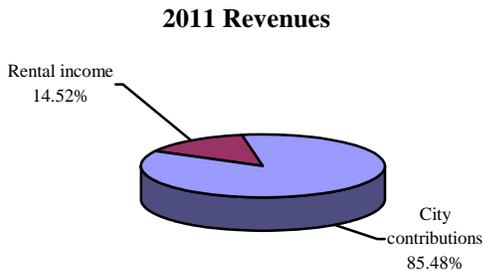
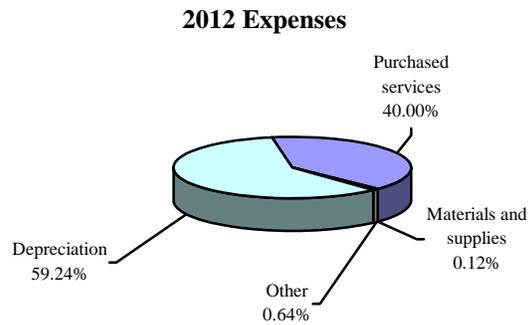
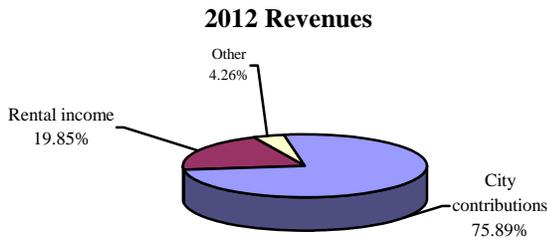
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The table below shows the changes in net assets for 2012 and 2011.

Change in Net Position

	<u>2012</u>	<u>2011</u>
<u>Operating revenues:</u>		
City contributions	\$ 365,000	\$ 350,000
Rental income	95,481	59,457
Other operating revenues	20,500	-
Total operating revenues	<u>\$ 480,981</u>	<u>\$ 409,457</u>
<u>Operating expenses:</u>		
Purchased services	192,464	260,225
Materials and supplies	579	7,838
Other	3,089	25
Depreciation	285,038	283,353
Total operating expenses	<u>\$ 481,170</u>	<u>\$ 551,441</u>
Change in net position	<u>\$ (189)</u>	<u>\$ (141,984)</u>
Net position at beginning of year	844,849	986,833
Net position at end of year	<u>\$ 844,660</u>	<u>\$ 844,849</u>

The charts below illustrate the revenues and expenses for the CIC during 2012 and 2011.



**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Capital Assets

At December 31, 2012 and December 31, 2011, the CIC had \$434,302 and \$719,340, respectively, in equipment. See Note 4 to the basic financial statements for more detail on the capital assets.

Current Financial Related Activities

The CIC is sponsored by the City of New Albany. The CIC is reliant upon city contributions for its funding.

The CIC is the City of New Albany'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 New Albany.

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. Chad Fuller, Director of Finance, New Albany Community Improvement Corporation, 99 West Main Street, P.O. Box 188, New Albany, OH, 43054.

**BASIC
FINANCIAL STATEMENTS**

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

STATEMENT OF NET POSITION

ASSETS

Current assets:

Cash	\$ 179,399
Accounts receivable	21,347
Prepayments	<u>223,098</u>
Total current assets	<u>423,844</u>

Noncurrent assets:

Capital assets:

Capital assets, net	<u>434,302</u>
Total non-current capital assets	<u>434,302</u>
Total assets	<u>858,146</u>

LIABILITIES

Accounts payable	<u>13,486</u>
Total liabilities	<u>13,486</u>

NET POSITION

Net investment in capital assets	434,302
Unrestricted	<u>410,358</u>
Total net position	<u><u>\$ 844,660</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

OPERATING REVENUES

City contributions	\$ 365,000
Rental income	95,481
Other operating revenues	<u>20,500</u>
Total operating revenues	<u>480,981</u>

OPERATING EXPENSES

Purchased services	192,464
Materials and supplies	579
Other	3,089
Depreciation	<u>285,038</u>
Total operating expenses	<u>481,170</u>

OPERATING LOSS / CHANGE IN NET POSITION (189)

Net position at beginning of year 844,849

NET POSITION AT END OF YEAR **\$ 844,660**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
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STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from city contributions	\$	365,000
Cash received from rental income		81,356
Cash received from other operations		16,016
Cash payments for purchased services		(521,997)
Cash payments for materials and supplies		(579)
Cash payments for other expenses		(3,089)
		(63,293)
Net cash used in operating activities		(63,293)
NET DECREASE IN CASH		(63,293)
Cash at beginning of year	\$	242,692
CASH AT END OF YEAR	\$	179,399

**RECONCILIATION OF OPERATING LOSS
TO NET CASH USED IN OPERATING ACTIVITIES**

Operating loss	\$	(189)
Adjustments:		
Depreciation		285,038
Changes in assets and liabilities:		
(Increase) in accounts receivable		(18,609)
(Increase) in prepayments		(221,554)
Increase in accounts payable		12,021
(Decrease) in contracts payable		(120,000)
		(120,000)
Net cash used in operating activities	\$	(63,293)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The New Albany Community Improvement Corporation (the "CIC") was formed pursuant to Ordinance O-15-2006 passed April 4, 2006 and incorporated as a not-for-profit corporation under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City of New Albany (the "City"). The CIC has been designated as the City's agent for industrial and commercial distributions and research development.

The Board of Trustees is to be comprised of nine members. The following four elected or appointed officials of the City of New Albany ("City Representatives") constitute four of the members of the Board of Trustees: Mayor (or appointed permanent designee), Council President Pro Tempore (or permanent designee), City Administrator and the City Director of Development. The City Representatives hold office for as long as they hold their position at the City. In addition to the four City Representatives, there are five members appointed by a majority vote of City Council ("Trustees at Large"). Three of the Trustees at Large will serve a term of three years. The two remaining Trustees at Large will serve a term of two years.

The City is a charter municipal corporation incorporated under the laws of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, 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.

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

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. The principal operating revenues of the CIC are contributions from the City and real estate rental income. Operating expenses for the CIC primarily include depreciation expense on capital assets purchased by the CIC and purchased services. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. The CIC did not have any nonoperating revenues or expenses in 2012.

C. Federal Income Tax

The New Albany Community Improvement Corporation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, all cash in the CIC's checking account is considered to be cash and cash equivalents. All monies received by the CIC are deposited in a demand deposit account.

E. Capital Assets and Depreciation

The CIC's capital assets consist of equipment which is recorded at cost. The CIC maintains a capitalization threshold of \$5,000. Improvements are capitalized; however, 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 not capitalized.

The CIC's equipment is depreciated using the straight-line method over an estimated useful life of five years.

F. Accrued Liabilities

The CIC has recognized certain expenses due, but unpaid as of December 31, 2012. These expenses are reported as accrued liabilities in the accompanying financial statements.

G. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

H. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The CIC has no restricted net position.

I. 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.

NOTE 3 - DEPOSITS

At December 31, 2012, the carrying amount of the CIC's deposits was \$179,399. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2012, the entire bank balance of \$192,773 was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance <u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/12</u>
<i>Capital assets, being depreciated:</i>				
Equipment	\$ 1,316,860	\$ -	\$ -	\$ 1,316,860
Total capital assets, being depreciated	<u>1,316,860</u>	<u>-</u>	<u>-</u>	<u>1,316,860</u>
<i>Less: accumulated depreciation:</i>				
Equipment	(597,520)	(285,038)	-	(882,558)
Total accumulated depreciation	<u>(597,520)</u>	<u>(285,038)</u>	<u>-</u>	<u>(882,558)</u>
Total capital assets, net	<u>\$ 719,340</u>	<u>\$ (285,038)</u>	<u>\$ -</u>	<u>\$ 434,302</u>

NOTE 5 - LITIGATION

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

NOTE 6 - CONTRIBUTIONS FROM CITY OF NEW ALBANY

The CIC received \$365,000 in contributions from the City during the year.

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 7 - 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 2012, the CIC had property and casualty insurance through Westfield Insurance.

Settled claims have not exceeded commercial coverage in the past year. There was no significant reduction in coverage from the prior year.

NOTE 8 - ACCOUNTS RECEIVABLE

The CIC is the lessee of a building located at 8000 Walton Parkway, New Albany which includes Phase I and Phase II space. As the lessee, the CIC entered into an operating lease in January 2011 and makes monthly payments of \$4,480 and \$5,739. The lease is effective until July 31, 2017. The CIC subleases office space in the building to start-up businesses in the City. As a lessor, the CIC charges rent and internet subscription fees to tenants. The CIC also receives a quarterly revenue sharing amount with Bluemile, Inc. There was \$21,347 in accounts receivable as of December 31, 2012.

NOTE 9 - AGREEMENT WITH TECHCOLUMBUS

On July 15, 2011, the CIC entered into an agreement with TechColumbus, a non-profit organization of technology based companies, higher education and research organizations and local governments in the Central Ohio region. TechColumbus will help the City facility entrepreneurship and improve the chances of establishing successful technology enterprises. TechColumbus agrees to provide the following: service territory definition, staffing, “deal flow” stimulation; access to entrepreneurial assistance programs and TechColumbus relationships; access to funding/capital and budget. The CIC agreed to contribute \$200,000 payable between January 2011 and June 2012. As of December 31, 2012, the CIC has contributed the entire \$200,000 in funding to TechColumbus.

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLES

For 2012, the CIC has implemented GASB Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements”, GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”.

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the CIC.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the CIC.

**NEW ALBANY
COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of New Albany)**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the CIC's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have any effect on the financial statements of the CIC.

NOTE 11 - SUBSEQUENT EVENT

On March 18, 2013, Chad Fuller became Director of Finance.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

New Albany Community Improvement Corporation
99 West Main Street
New Albany, Ohio 43054

To the Board of Trustees:

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 New Albany Community Improvement Corporation, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the New Albany Community Improvement Corporation's basic financial statements and have issued our report thereon dated May 22, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the New Albany 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 New Albany 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 New Albany 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.

Board of Trustees
New Albany Community Improvement Corporation

Compliance and Other Matters

As part of reasonably assuring whether the New Albany 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 New Albany 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 New Albany Community Improvement Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 22, 2013

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Dave Yost • Auditor of State

NEW ALBANY 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
JUNE 25, 2013**