

**BEXLEY COMMUNITY
IMPROVEMENT CORPORATION**

**(A COMPONENT UNIT OF THE CITY OF BEXLEY)
FRANKLIN COUNTY, OHIO**

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
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, 2021 through December 31, 2021. 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

July 28, 2022

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

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Independent Auditor's Report

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bexley Community Improvement Corporation (CIC), Franklin County, Ohio, a component unit of the City of Bexley, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Bexley CIC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bexley CIC, as of December 31, 2021, and the changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Bexley CIC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Bexley CIC. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bexley CIC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bexley CIC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bexley CIC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022 on our consideration of the Bexley CIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bexley CIC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bexley CIC's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 28, 2022

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021. 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 2021 are as follows:

- In total, net position was \$3,408,681 as of December 31, 2021. This represents an increase of \$153,517, or 4.72%, from December 31, 2020.
- During 2021, the CIC had operating revenues of \$412,880 and operating expenses of \$250,458 resulting in \$162,422 of operating income. Nonoperating revenues consisted of \$130,000 in contributions from the City of Bexley. Nonoperating expenses, consisting of distributions to the City of Bexley and interest expense, totaled \$138,905. Total change in net position for the year was an increase of \$153,517.

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 2021?" 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 through 16 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, 2021

The table below provides a summary of the CIC's net position at December 31, 2021 and 2020.

	2021	2020
Net Position		
<u>Assets</u>		
Current assets	\$ 761,269	\$ 514,939
Noncurrent assets:		
Inventory held for future distribution	404,729	357,219
Capital assets, net	2,768,307	2,444,986
Total assets	3,934,305	3,317,144
<u>Liabilities</u>		
Current liabilities	525,624	34,552
Total liabilities	525,624	34,552
<u>Net Position</u>		
Net investment in capital assets	2,342,288	2,444,986
Restricted for future land acquisition	377,452	295,034
Unrestricted	688,941	542,572
Total net position	\$ 3,408,681	\$ 3,282,592

Over time, net position can serve as a useful indicator of a government's financial position. On December 31, 2021, the CIC's net position totaled \$3,408,681.

Current assets increased due to an increase in cash resulting from operations. Noncurrent assets increased as capital asset additions exceeded depreciation expense in 2021. 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 increased due to the CIC entering into a mortgage note payable.

On December 31, 2021, capital assets include land, buildings, and leasehold improvements. The City's net investment in capital assets as of December 31, 2021, was \$2,342,288.

A portion of the CIC's net position, \$377,452, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$688,941 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, 2021

The table below shows the changes in net position for 2021 and 2020.

Change in Net Position

	<u>2021</u>	<u>2020</u>
<u>Operating revenues</u>		
Rental income	\$ 352,679	\$ 382,615
Ground lease revenue	50,000	50,000
Other	<u>10,201</u>	<u>15,442</u>
Total operating revenues	<u>412,880</u>	<u>448,057</u>
<u>Operating expenses</u>		
Purchased services	22,844	11,598
Ground lease expense to City of Bexley	50,000	50,000
Bexley Square operations	70,907	153,456
Materials and supplies	3,402	112
Depreciation	102,703	106,164
Other	<u>602</u>	<u>75</u>
Total operating expenses	<u>250,458</u>	<u>321,405</u>
Operating income	<u>162,422</u>	<u>126,652</u>
<u>Nonoperating revenues (expenses)</u>		
Contribution from City of Bexley	130,000	130,000
Disbursement to City of Bexley	(130,000)	(130,000)
Interest and fiscal charges	<u>(8,905)</u>	<u>(7,462)</u>
Total nonoperating revenues (expenses)	<u>(8,905)</u>	<u>(7,462)</u>
Change in net position	153,517	119,190
Net position at beginning of year	<u>3,255,164</u>	<u>3,135,974</u>
Net position at end of year	<u>\$ 3,408,681</u>	<u>\$ 3,255,164</u>

The CIC relies upon rental income from Bexley Square to support operations. Rental income decreased \$29,936 from 2021 due to decreases in rental rates. Other revenue decreased due to decreases in refund and reimbursements revenue in the current year versus the prior year.

Overall operating expenses decreased primarily due to decreased 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 2021, the CIC received a \$130,000 contribution from the City of Bexley that is restricted for future land acquisition. The CIC made \$130,000 in distributions to the City of Bexley (\$10,000 per month) resulting from revenue generated from the operations of Bexley Square.

Capital Assets

At December 31, 2021, the CIC had \$2,768,307 of capital assets net of accumulated depreciation. See Note 6 to the basic financial statements for further detail.

Debt Obligations

At December 31, 2021, the CIC did not have any long-term debt obligations outstanding. During 2021, the CIC entered into a mortgage not payable (line of credit). See Note 12 to the basic financial statements for further detail.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 Ms. Heidi McCabe, Treasurer, Bexley Community Improvement Corporation, 2242 East Main Street, Bexley, Ohio, 43209.

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

STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS

Current assets:	
Cash	\$ 728,524
Receivables:	
Accounts receivable	27,650
Other assets	5,095
	761,269
Total current assets	
Noncurrent assets:	
Inventory held for future distribution	404,729
Capital assets:	
Land	1,701,301
Capital assets, net	1,067,006
	2,768,307
Total capital assets, net	2,768,307
	3,173,036
Total noncurrent assets	
	3,934,305
Total assets	
	3,934,305

LIABILITIES

Current liabilities:	
Accounts payable and other liabilities	10,412
Intergovernmental payable	80,576
Unearned revenue	8,617
	99,605
Total current liabilities	
Long Term Liabilites:	
Mortgage payable	426,019
	525,624
Total liabilities	
	525,624

NET POSITION

Net investment in capital assets	2,342,288
Restricted for future land acquisition	377,452
Unrestricted	688,941
	3,408,681
Total net position	
	\$ 3,408,681

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, 2021

OPERATING REVENUES

Rental income	\$ 352,679
Ground lease revenue	50,000
Other	10,201
	412,880
Total operating revenues	412,880

OPERATING EXPENSES

Purchased services	22,844
Ground lease expense to City of Bexley	50,000
Bexley square operations	70,907
Materials and supplies	3,402
Depreciation	102,703
Other	602
	250,458
Total operating expenses	250,458
Operating income	162,422

NONOPERATING REVENUES (EXPENSES)

Contribution from City of Bexley	130,000
Disbursement to City of Bexley	(130,000)
Interest and fiscal charges	(8,905)
	(8,905)
Total nonoperating revenues (expenses)	(8,905)
Change in net position	153,517
Net position at beginning of year	3,255,164
Net position at end of year	\$ 3,408,681

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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from rents	\$	396,470
Cash received from ground lease		50,000
Cash received from other operations		10,201
Cash payments for Bexley Square operations		(121,899)
Cash payments to City of Bexley for ground lease		(50,000)
Cash payments for purchased services		(22,845)
Cash payments for materials and supplies		(3,402)
Cash payments for other operations		(602)
		257,923
Net cash provided by operating activities		257,923

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from contributions from City of Bexley		130,000
Cash payments to City of Bexley		(50,000)
		80,000
Net cash provided by noncapital financing activities		80,000

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of inventory held for future distribution		(47,510)
Acquisition of capital assets		(426,024)
Mortgage principal payments		(28,024)
Mortgage proceeds received		454,043
Interest and fiscal charges		(8,905)
		(56,420)
Net cash used in capital and related financing activities		(56,420)

Net increase in cash		281,503
Cash at beginning of year		447,021
Cash at end of year	\$	728,524

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$	162,422
Adjustments:		
Depreciation		102,703
Changes in assets and liabilities:		
Decrease in accounts receivable		35,173
Increase in accounts payable and other liabilities		3,288
Increase in unearned revenue		8,617
(Decrease) in intergovernmental payable		(54,280)
Net cash provided by operating activities	\$	257,923

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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) (4) 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 accounts are considered to be cash and cash equivalents. All monies received by the CIC are deposited in a demand deposit accounts.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

E. Accrued Liabilities

The CIC recognizes expenses due, but unpaid as of December 31, 2021.

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, 2021, the CIC has outstanding borrowings related to the acquisition, construction or improvement of capital assets.

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 \$377,452 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 City 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2021, the CIC has implemented GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.”

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the CIC.

For 2021, the CIC has applied GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance” to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the CIC has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the CIC has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 – DEPOSITS

At December 31, 2021, the carrying amount of all CIC deposits was \$728,524 and the bank balance was \$757,223. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$507,223 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the CIC will not be able to recover deposits or collateral securities that are in the possession of an outside party. The CIC has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the CIC and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. The OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the CIC’s financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the CIC to a successful claim by the FDIC.

NOTE 5 – INVENTORY HELD FOR FUTURE DISTRIBUTION

The City of Bexley has contributed \$650,000 and loaned \$132,253 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 2021, the CIC incurred additional expenses related to the property in the amount of \$47,510. 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 12/31/2020	Additions	Disposals	Balance 12/31/2021
Ferndale/Mayfield Area	\$ 357,219	\$ 47,510	\$ -	\$ 404,729

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance			Balance
	12/31/20	Additions	Disposals	12/31/21
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,608,801	\$ 92,500	\$ -	\$ 1,701,301
Total capital assets, not being depreciated	<u>1,608,801</u>	<u>92,500</u>	<u>-</u>	<u>1,701,301</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,018,309	333,524	-	1,351,833
Leasehold improvements	<u>276,239</u>	<u>-</u>	<u>-</u>	<u>276,239</u>
Total capital assets being depreciated	<u>1,294,548</u>	<u>333,524</u>	<u>-</u>	<u>1,628,072</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(239,699)	(67,592)	-	(307,291)
Leasehold improvements	<u>(218,664)</u>	<u>(35,111)</u>	<u>-</u>	<u>(253,775)</u>
Total accumulated depreciation	<u>(458,363)</u>	<u>(102,703)</u>	<u>-</u>	<u>(561,066)</u>
Net capital assets	<u>\$ 2,444,986</u>	<u>\$ 323,321</u>	<u>\$ -</u>	<u>\$ 2,768,307</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 2021, 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.

NOTE 9 - RELATED PARTY TRANSACTIONS

During 2021, 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 2021, 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 2021, the CIC collected and passed-through \$50,000 in ground lease payments to the City of Bexley (see Note 8).

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021, 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.

NOTE 12 - MORTGAGE NOTE PAYABLE

On March 12, 2021, the CIC entered into a mortgage note with Ohio State Bank, which is used as a line of credit to purchase the property located at 420 N. Cassady Avenue. The CIC can make draws on the line of credit with a maximum borrowing of \$1.0 million. The CIC makes monthly interest payments based upon the amount drawn. During 2021, the CIC drew \$454,043 from the line of credit and made \$28,024 in principal payments on the line of credit. The following is a schedule of the line of credit activity for 2021:

	Balance 12/31/2020	Draws	Principal Payments	Balance 12/31/2021
Mortgage Note Payable	\$ -	\$ 454,043	\$ (28,024)	\$ 426,019

NOTE 13 - OTHER OPERATING REVENUES

Other Operating Revenues consist of \$10,201 of property settlements from the CIC’s Cassady Ave property.

NOTE 14 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the CIC received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the CIC. The impact on the CIC’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bexley Community Improvement Corporation (CIC), Franklin County, Ohio, a component unit of the City of Bexley, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Bexley CIC's basic financial statements, and have issued our report thereon dated June 28, 2022, wherein we noted as described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bexley CIC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bexley CIC's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bexley CIC's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bexley CIC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bexley Community Improvement Corporation

Franklin County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bexley CIC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bexley CIC'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.

June 28, 2022

**BEXLEY COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2020	<u>Material Weakness - Financial Reporting</u> – The CIC has the responsibility of fairly presenting their financial statements. The CIC had audit adjustments pertaining to the 2020 and 2019 audit in which Intergovernmental Payables, Intergovernmental Receivables and Bexley Square Expenses were adjusted.	Corrective Action Taken and Finding is Fully Corrected	Not Applicable
2020-002	2020	<u>Significant Deficiency and Noncompliance – Maintaining Documents</u> – Ohio Revised Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Revised Code § 149.38 through 149.42. The CIC did not maintain underlying documentation and support for rental income receipts for a tenant.	Corrective Action Taken and Finding is Fully Corrected	Not Applicable

OHIO AUDITOR OF STATE KEITH FABER



BEXLEY COMMUNITY IMPROVEMENT CORPORATION

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/9/2022

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

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