

**BEXLEY COMMUNITY IMPROVEMENT CORPORATION**

**(A Component Unit of the City of Bexley)**

**Franklin County, Ohio**

**BASIC**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**RACHEL KLEIT, TREASURER**





# Dave Yost • Auditor of State

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, 2015 through December 31, 2015. 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 "Dave Yost".

Dave Yost  
Auditor of State

October 10, 2017

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

TABLE OF CONTENTS

Independent Auditor’s Report .....	1 - 2
Management’s Discussion and Analysis .....	3 - 6
Basic Financial Statements:	
Statement of Net Position .....	7
Statement of Revenues, Expenses and Changes in Net Position .....	8
Statement of Cash Flows .....	9
Notes to the Basic Financial Statements.....	10 - 14
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15 - 16
Schedule of Findings and Responses.....	17

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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

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, 2015, 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 overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our 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, as of December 31, 2015, 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.

***Emphasis of Matter***

As discussed in Note 3, the Bexley Community Improvement Corporation's net position at December 31, 2014 has been restated related to capital assets. Our opinion is not modified with respect to this matter.

***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 July 20, 2017, 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.  
July 20, 2017



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015. 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 2015 are as follows:

- In total, net position was \$934,610 at December 31, 2015. This represents a decrease of \$250,543, or 21.14%, from December 31, 2014 (as restated – see Note 3 to the basic financial statements).
- During 2015, the CIC had operating revenues of \$25,000 and operating expenses of \$30,786 resulting in a \$5,786 operating loss. Nonoperating expenses consisted of a loss on the disposal of capital assets of \$374,784. The CIC also reported \$27 in interest income and a contribution from the City of Bexley for the purchase of land of \$130,000. Total change in net position for the year was a decrease of \$250,543.

**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 2015?" 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 10-14 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, 2015

The table below provides a summary of the CIC's net position at December 31, 2015 and 2014. Balances for 2014 have been restated as described in Note 3 to the basic financial statements.

	<b>Net Position</b>	
	<u>2015</u>	<u>Restated 2014</u>
<b><u>Assets</u></b>		
Current assets	\$ 135,310	\$ 6,187
Capital assets, net	<u>799,300</u>	<u>1,179,088</u>
Total assets	<u>934,610</u>	<u>1,185,275</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>-</u>	<u>122</u>
Total liabilities	<u>-</u>	<u>122</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	799,300	1,179,088
Restricted for future land acquisition	130,000	-
Unrestricted	<u>5,310</u>	<u>6,065</u>
Total net position	<u>\$ 934,610</u>	<u>\$ 1,185,153</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2015, the CIC's net position totaled \$934,610.

At December 31, 2015, capital assets include only land. At December 31, 2014, capital assets included land, land improvements and buildings. During 2015, the CIC disposed of the building and land improvements. The City's net investment in capital assets at December 31, 2015, was \$799,300.

A portion of the CIC's net position, \$130,000, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$5,310 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, 2015

The table below shows the changes in net position for 2015 and 2014. Certain amounts for 2014 have been restated as described in Note 3 to the basic financial statements.

	<b>Change in Net Position</b>	<b>Restated</b>
	<b>2015</b>	<b>2014</b>
<b><u>Operating revenues</u></b>		
City of Bexley contributions	\$ -	\$ 10,000
Ground lease revenue	25,000	-
Total operating revenues	<u>25,000</u>	<u>10,000</u>
<b><u>Operating expenses</u></b>		
Purchased services	782	10,106
Ground lease expense to City of Bexley	25,000	-
Depreciation	5,004	10,008
Total operating expenses	<u>30,786</u>	<u>20,114</u>
Operating income (loss)	<u>(5,786)</u>	<u>(10,114)</u>
<b><u>Nonoperating revenues (expenses)</u></b>		
Interest income	27	21
Contributions and donations	130,000	-
Pass through payments from City of Bexley	-	36,456
Pass through payments to management company	-	(36,456)
Loss on disposal of capital assets	(374,784)	-
Total nonoperating revenues (expenses)	<u>(244,757)</u>	<u>21</u>
Change in net position	(250,543)	(10,093)
Net position at beginning of year (restated)	<u>1,185,153</u>	<u>1,195,246</u>
Net position at end of year	<u>\$ 934,610</u>	<u>\$ 1,185,153</u>

During 2015, the CIC relied upon ground lease payments to support operations. During 2014, the CIC relied upon contributions from the City of Bexley to support operations.

The loss on disposal of capital assets resulted from the demolition of the building and land improvement donated to the CIC in 2013 by the City. The demolition occurred to get the site ready for the ground lease entered into by the CIC (see Note 7 to the basic financial statements).

During 2015, the City of Bexley donated \$130,000 to the CIC for the use of purchasing land in the future.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**Capital Assets**

At December 31, 2015, the CIC had \$799,300 of land as a capital asset. See Note 5 to the basic financial statements.

**Debt Obligations**

At December 31, 2015, the CIC had no long-term debt obligations.

**Current Financial Related Activities**

The CIC is reliant upon ground lease payments 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. Rachel Kleit, 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, 2015

**ASSETS**

Current assets:	
Cash . . . . .	\$ 135,310
Total current assets . . . . .	<u>135,310</u>
Noncurrent assets:	
Capital assets:	
Land . . . . .	<u>799,300</u>
Total noncurrent capital assets . . . . .	<u>799,300</u>
Total assets . . . . .	<u>934,610</u>

**NET POSITION**

Investment in capital assets . . . . .	799,300
Restricted for future land acquisition. . . . .	130,000
Unrestricted . . . . .	<u>5,310</u>
Total net position . . . . .	<u>\$ 934,610</u>

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, 2015

<b><u>OPERATING REVENUES</u></b>	
Ground lease revenue . . . . .	\$ 25,000
Total operating revenues . . . . .	<u>25,000</u>
<b><u>OPERATING EXPENSES</u></b>	
Purchased services . . . . .	782
Ground lease expense to City of Bexley . . . . .	25,000
Depreciation . . . . .	<u>5,004</u>
Total operating expenses . . . . .	<u>30,786</u>
Operating loss . . . . .	<u>(5,786)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Interest income . . . . .	27
Contributions and donations . . . . .	130,000
Loss on disposal of capital assets . . . . .	<u>(374,784)</u>
Total nonoperating revenues (expenses) . . . . .	<u>(244,757)</u>
Change in net position . . . . .	(250,543)
Net position at beginning of year (restated) . . . . .	<u>1,185,153</u>
Net position at end of year . . . . .	<u>\$ 934,610</u>

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, 2015

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from ground lease . . . . .	\$ 25,000
Cash payments for purchased services . . . . .	(782)
Cash payments to City of Bexley for ground lease . . . . .	(25,000)
	(782)
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
Contribution received from City of Bexley . . . . .	130,000
Pass through payments to City of Bexley . . . . .	(122)
	129,878
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Interest received . . . . .	27
	27
Net cash provided by investing activities . . . . .	27
Net increase in cash . . . . .	129,123
Cash at beginning of year . . . . .	\$ 6,187
Cash at end of year . . . . .	\$ 135,310
<b><u>RECONCILIATION OF OPERATING LOSS</u></b>	
<b><u>TO NET CASH (USED IN) OPERATING ACTIVITIES</u></b>	
Operating loss . . . . .	\$ (5,786)
Adjustments:	
Depreciation . . . . .	5,004
	(782)
Net cash (used in) operating activities . . . . .	\$ (782)

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, 2015

**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. The CIC reported nonoperating expenses for a loss on disposal of capital assets and nonoperating revenue for interest earnings and contributions and donations.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

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

**C. Federal Income Tax**

The CIC 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 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, 2015. The CIC did not have any accrued liabilities at December 31, 2015.

**F. 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 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 fair market 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. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 Years
Buildings	40 Years

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**NOTE 3 - ACCOUNTABILITY**

The CIC is reporting a prior period adjustment to record three parcels of land, and improvements thereon, that were contributed from the City to the CIC in accordance with the Economic Development Agreement (see Note 6) prior to December 31, 2014. The capital asset restatement had the following effect on net position as previously reported:

Net position as previously reported	\$	6,065
Restatement for capital assets contributed by the City		1,179,088
Restated net position, January 1, 2015	\$	1,185,153

**NOTE 4 - DEPOSITS**

At December 31, 2015, the carrying amount of the CIC's deposits was \$135,310. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2015, the entire bank balance of \$135,500 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 5 - CAPITAL ASSETS**

Capital assets have been restated at January 1, 2015 as described in Note 3. The restatement had the following effect of amounts previously reported:

	Balance 12/31/14	Restatement	Restated Balance 1/1/15
<i>Capital assets, not being depreciated:</i>			
Land	\$ -	\$ 799,300	\$ 799,300
Total capital assets, not being depreciated	-	799,300	799,300
<i>Capital assets being depreciated:</i>			
Land improvements	-	389,300	389,300
Buildings	-	5,500	5,500
Total capital assets being depreciated	-	394,800	394,800
<i>Less: accumulated depreciation:</i>			
Land improvements	-	(413)	(413)
Buildings and improvements	-	(14,599)	(14,599)
Total accumulated depreciation	-	(15,012)	(15,012)
Net capital assets	\$ -	\$ 1,179,088	\$ 1,179,088

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**NOTE 5 - CAPITAL ASSETS - (Continued)**

Capital asset activity for the year ended December 31, 2015, was as follows:

	Restated Balance 1/1/15	Additions	Disposals	Balance 12/31/15
<i>Capital assets, not being depreciated:</i>				
Land	\$ 799,300	\$ -	\$ -	\$ 799,300
Total capital assets, not being depreciated	<u>799,300</u>	<u>-</u>	<u>-</u>	<u>799,300</u>
<i>Capital assets being depreciated:</i>				
Land improvements	\$ 5,500	\$ -	\$ (5,500)	\$ -
Buildings	389,300	-	(389,300)	-
Total capital assets being depreciated	<u>394,800</u>	<u>-</u>	<u>(394,800)</u>	<u>-</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(413)	(138)	551	-
Buildings and improvements	<u>(14,599)</u>	<u>(4,866)</u>	<u>19,465</u>	<u>-</u>
Total accumulated depreciation	<u>(15,012)</u>	<u>(5,004)</u>	<u>20,016</u>	<u>-</u>
Net capital assets	<u>\$ 1,179,088</u>	<u>\$ (5,004)</u>	<u>\$ (374,784)</u>	<u>\$ 799,300</u>

During 2015, the CIC disposed of the building and land improvements to provide for the site improvements for the land under a ground lease (see Note 7).

**NOTE 6 - 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 7 - 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. Payments received under the ground lease have been recorded as operating revenue on the CIC's financial statements.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**NOTE 8 - RELATED PARTY TRANSACTIONS**

During 2015, the CIC made \$25,000 in payments to the City of Bexley. The payments made to the City equaled the amount of ground lease revenue that was received by the CIC in 2015. These payments have been recorded as an operating expense on the CIC's financial statements.

During 2015, 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 contributions and donations revenue on the CIC's financial statements.

**NOTE 9 - LITIGATION**

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

**NOTE 10 - 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 2015, 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.

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**Julian & Grube, Inc.**  
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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, 2015 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 July 20, 2017, wherein we noted, as discussed in Note 3, net position at December 31, 2014 has been restated related to capital assets.

**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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Board of Directors  
Bexley Community Improvement Corporation

### **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*.

### **Bexley Community Improvement Corporation's Response to Findings**

The Bexley Community Improvement Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Bexley Community Improvement Corporation's response and, accordingly, we express no opinion on it.

### **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 communication is not suitable for any other purpose.



Julian & Grube, Inc.  
July 20, 2017



**BEXLEY COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2015-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and the Board with objective and timely information to enable well-informed decisions.

The following prior period adjustment was made to properly state capital assets and net position at December 31, 2014.

For the Year Ended December 31, 2014 (prior period restatement):

- In the Statement of Revenues, Expenses, and Changes in Net Position, Net Position at the beginning of year was increased by \$1,179,088 to properly restate capital assets donated to the CIC in 2013.

The CIC's financial statements and cash fund balances in the CIC's records have been adjusted to reflect these adjustments.

The presentation of materially correct financial statements and related footnotes is the responsibility of management.

We recommend that the CIC implement additional control procedures that enable management to timely record information/transactions in their accounting system as well as prevent or detect and correct potential misstatements in the financial statements prior to filing.

Client Response: We plan to more clearly communicate among the Board of Directors when financial assets and other financial transactions occur to prevent this sort of error in the future.

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# Dave Yost • Auditor of State

**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  
OCTOBER 24, 2017**