

**BEXLEY COMMUNITY IMPROVEMENT CORPORATION**

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

**Franklin County, Ohio**

**BASIC**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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, 2016 through December 31, 2016. 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.....	11 - 16
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17 - 18
Status of Prior Audit Findings .....	19

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

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

To the Members of the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Bexley Community Improvement Corporation, Franklin County, Ohio, a component unit of the City of Bexley, as of and for the year ended December 31, 2016, 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, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated 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, 2016

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, 2016. 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 2016 are as follows:

- In total, net position was \$2,840,854 at December 31, 2016. This represents an increase of \$1,906,244, or 203.96%, from December 31, 2015.
- During 2016, the CIC had operating revenues of \$206,381 and operating expenses of \$221,781 resulting in a \$15,400 operating loss. Nonoperating revenues totaled \$254,368. Nonoperating expenses consisted of interest expense of \$636. The CIC reported a capital contribution from the City of Bexley for the transfer of Bexley Square assets of \$1,667,912. Total change in net position for the year was an increase of \$1,906,244.

**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 2016?" 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 11-16 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, 2016

The table below provides a summary of the CIC's net position at December 31, 2016 and 2015.

	<b>2016</b>	<b>2015</b>
<b><u>Assets</u></b>		
Current assets	\$ 384,870	\$ 135,310
Capital assets, net	2,596,410	799,300
Total assets	2,981,280	934,610
<b><u>Liabilities</u></b>		
Current liabilities	140,426	-
Total liabilities	140,426	-
<b><u>Net Position</u></b>		
Net investment in capital assets	2,529,374	799,300
Restricted for future land acquisition	260,000	130,000
Unrestricted	51,480	5,310
Total net position	\$ 2,840,854	\$ 934,610

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the CIC's net position totaled \$2,840,854.

At December 31, 2016, capital assets include land, a building, and leasehold improvements. At December 31, 2015, capital assets included only land. During 2016, the CIC acquired from the City of Bexley the rights to the land and building of the Bexley Square Shopping Center. The CIC had \$67,036 in a mortgage payable at December 31, 2016. The City's net investment in capital assets at December 31, 2016, was \$2,529,374.

A portion of the CIC's net position, \$260,000, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$51,480 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, 2016

The table below shows the changes in net position for 2016 and 2015.

**Change in Net Position**

	<u>2016</u>	<u>2015</u>
<b><u>Operating revenues</u></b>		
Rental income	\$ 169,623	\$ -
Other operating revenues	20,091	-
Ground lease revenue	<u>16,667</u>	<u>25,000</u>
Total operating revenues	<u>206,381</u>	<u>25,000</u>
<b><u>Operating expenses</u></b>		
Purchased services	108,197	782
Other operating expense	24,756	-
Ground lease expense to City of Bexley	16,667	25,000
Depreciation	<u>72,161</u>	<u>5,004</u>
Total operating expenses	<u>221,781</u>	<u>30,786</u>
Operating income (loss)	<u>(15,400)</u>	<u>(5,786)</u>
<b><u>Nonoperating revenues (expenses)</u></b>		
Interest income	7	27
Contributions and donations	254,361	130,000
Interest and fiscal charges	(636)	-
Loss on disposal of capital assets	<u>-</u>	<u>(374,784)</u>
Total nonoperating revenues (expenses)	<u>253,732</u>	<u>(244,757)</u>
Loss before capital contributions	238,332	(250,543)
Capital contributions from City of Bexley	<u>1,667,912</u>	<u>-</u>
Change in net position	1,906,244	(250,543)
Net position at beginning of year	<u>934,610</u>	<u>1,185,153</u>
Net position at end of year	<u>\$ 2,840,854</u>	<u>\$ 934,610</u>

During 2016, the CIC relied upon rental income from Bexley Square to support operations. During 2015, the CIC relied upon ground lease payments to support operations.

Purchased services increased \$107,415 in 2016 from 2015 due to increased maintenance costs associated with the operations of Bexley Square.

During 2016, the City of Bexley donated \$1,667,912 to the CIC for the assets of Bexley Square.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**Capital Assets**

At December 31, 2016, the CIC had \$2,596,410 of capital assets net of accumulated depreciation. See Note 5 to the basic financial statements.

**Debt Obligations**

At December 31, 2016, the CIC had \$67,036 in mortgage payable as its only debt obligations.

**Current Financial Related Activities**

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

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

**Contacting the CIC's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the CIC's finances and to show the CIC's accountability for the money it receives. If you have questions about this report or need additional financial information contact Dr. 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, 2016

**ASSETS**

Current assets:	
Cash . . . . .	\$ 333,762
Receivables:	
Accounts receivable . . . . .	46,013
Other assets . . . . .	5,095
	384,870
Noncurrent assets:	
Capital assets:	
Land . . . . .	1,608,801
Capital assets, net . . . . .	987,609
	2,596,410
Total noncurrent capital assets . . . . .	2,596,410
Total assets . . . . .	2,981,280

**LIABILITIES**

Current liabilities:	
Accounts payable . . . . .	10,149
Other liabilities . . . . .	20,127
Intergovernmental payable . . . . .	43,114
Mortgage payable . . . . .	67,036
	140,426
Total current liabilities . . . . .	140,426

**NET POSITION**

Net investment in capital assets . . . . .	2,529,374
Restricted for future land acquisition . . . . .	260,000
Unrestricted . . . . .	51,480
	2,840,854
Total net position . . . . .	\$ 2,840,854

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, 2016

**OPERATING REVENUES**

Rental income . . . . .	\$	169,623
Ground lease revenue . . . . .		16,667
Other . . . . .		20,091
		206,381
Total operating revenues . . . . .		206,381

**OPERATING EXPENSES**

Purchased services . . . . .		108,197
Ground lease expense to City of Bexley . . . . .		16,667
Depreciation . . . . .		72,161
Other . . . . .		24,756
		221,781
Total operating expenses . . . . .		221,781
Operating loss. . . . .		(15,400)

**NONOPERATING REVENUES (EXPENSES)**

Interest income . . . . .		7
Contributions and donations . . . . .		254,361
Interest and fiscal charges . . . . .		(636)
		253,732
Total nonoperating revenues . . . . .		253,732
Income before capital contributions . . . . .		238,332
Capital contributions. . . . .		1,667,912
Change in net position . . . . .		1,906,244
Net position at beginning of year . . . . .		934,610
Net position at end of year . . . . .	\$	2,840,854

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, 2016

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from rents . . . . .	\$ 128,326
Cash received from ground lease . . . . .	16,667
Cash received from other operations . . . . .	10,280
Cash payments for purchased services . . . . .	(34,807)
Cash payments to City of Bexley for ground lease . . . . .	(16,667)
Cash payments for other operations . . . . .	(24,756)
	79,043
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
Cash received from contributions and donations . . . . .	254,361
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Acquisition of capital assets . . . . .	(201,359)
Mortgage proceeds received . . . . .	67,036
Interest and fiscal charges . . . . .	(636)
	(134,959)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Interest received . . . . .	7
	7
Net cash provided by investing activities . . . . .	7
Net increase in cash . . . . .	198,452
Cash at beginning of year . . . . .	135,310
Cash at end of year . . . . .	\$ 333,762
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	
Operating loss . . . . .	\$ (15,400)
Adjustments:	
Depreciation . . . . .	72,161
Changes in assets and liabilities:	
(Increase) in accounts receivable . . . . .	(46,013)
(Increase) in other assets . . . . .	(5,095)
Increase in accounts payable . . . . .	10,149
Increase in intergovernmental payable . . . . .	43,114
Increase in other liabilities . . . . .	20,127
Net cash provided by operating activities . . . . .	\$ 79,043

**Noncash transactions:**

During 2016, the CIC received capital contributions from the City of Bexley in the amount of \$1,667,912.

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, 2016

**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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**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, 2016.

**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. 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 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. 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	40 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, 2016

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

**I. Contributions of Capital**

Capital contributions on the basic financial statements arise from contributed capital assets from the City of Bexley. The CIC recognized \$1,667,912 in capital contributions during 2016.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For 2016, the CIC has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the CIC.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the CIC.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the CIC.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the CIC.

**BEXLEY COMMUNITY IMPROVEMENT CORPORATION**  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the CIC.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the CIC.

**NOTE 4 - DEPOSITS**

At December 31, 2016, the carrying amount of the CIC's deposits was \$333,762. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2016, \$250,000 of the CIC's bank balance of \$333,952 was covered by the Federal Deposit Insurance Corporation and \$83,952 was uninsured. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 1/1/16	Additions	Disposals	Balance 12/31/16
<i>Capital assets, not being depreciated:</i>				
Land	\$ 799,300	\$ 809,501	\$ -	\$ 1,608,801
Total capital assets, not being depreciated	<u>799,300</u>	<u>809,501</u>	<u>-</u>	<u>1,608,801</u>
<i>Capital assets being depreciated:</i>				
Buildings	-	858,411	-	858,411
Leasehold improvements	-	201,359	-	201,359
Total capital assets being depreciated	<u>-</u>	<u>1,059,770</u>	<u>-</u>	<u>1,059,770</u>
<i>Less: accumulated depreciation:</i>				
Buildings	-	(52,025)	-	(52,025)
Leasehold improvements	-	(20,136)	-	(20,136)
Total accumulated depreciation	<u>-</u>	<u>(72,161)</u>	<u>-</u>	<u>(72,161)</u>
Net capital assets	<u>\$ 799,300</u>	<u>\$ 1,797,110</u>	<u>\$ -</u>	<u>\$ 2,596,410</u>

During 2016, the City of Bexley donated the Bexley Square land and building to the CIC.

**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, 2016

**NOTE 8 - RELATED PARTY TRANSACTIONS**

During 2016, the CIC made \$16,667 in payments to the City of Bexley. These payments have been recorded as an operating expense on the CIC's financial statements.

During 2016, the CIC received \$130,000 in contributions from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area. In addition, the City of Bexley contributed \$124,361 to the CIC related to the operations of the Bexley Square. These amounts have 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 2016, 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 11 - MORTGAGE NOTE PAYABLE**

On September 27, 2016, the CIC entered into a one year mortgage note with First Financial Bank, which is used as a line of credit to support the operations of Bexley Square. The CIC can make draws on the line of credit with maximum borrowing of \$725,000. At December 31, 2016, the CIC has drawn \$67,036 of the available borrowings. The CIC makes monthly interest payments based upon the amount drawn. The mortgage note matures September 26, 2017.



**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***

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, 2016 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.

**Internal Control Over Financial Reporting**

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

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

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

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*.

### **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.

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

Julian & Grube, Inc.  
July 20, 2017

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

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2015-001	<u>Material Weakness - Financial Statement Presentation</u> – A prior period adjustment was required to properly state capital assets and net position at December 31, 2014.	Yes	N/A

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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**