



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BEXLEY COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY  
DECEMBER 31, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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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 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, (the CIC), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the CIC'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 CIC'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 CIC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CIC, as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the CIC. We did not modify our opinion regarding 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 October 27, 2021, on our consideration of the CIC'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 CIC's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 27, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 2020 are as follows:

- In total, net position was \$3,255,164 at December 31, 2020. This represents an increase of \$119,190, or 3.80%, from December 31, 2019.
- During 2020, the CIC had operating revenues of \$448,057 and operating expenses of \$321,405 resulting in \$126,652 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 \$137,462. Total change in net position for the year was an increase of \$119,190.

**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 2020?" 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, 2020

The table below provides a summary of the CIC's net position at December 31, 2020 and 2019.

	<b>2020</b>	<b>2019</b>
<b><u>Assets</u></b>		
Current assets	\$ 514,939	\$ 515,956
Noncurrent assets:		
Inventory held for future distribution	357,219	307,231
Capital assets, net	2,444,986	2,551,150
Total assets	3,317,144	3,374,337
<b><u>Liabilities</u></b>		
Current liabilities	61,980	238,363
Total liabilities	61,980	238,363
<b><u>Net Position</u></b>		
Net investment in capital assets	2,444,986	2,392,077
Restricted for future land acquisition	267,606	215,022
Unrestricted	542,572	528,875
Total net position	\$ 3,255,164	\$ 3,135,974

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the CIC's net position totaled \$3,255,164.

Current assets increased due to an increase in cash resulting from operations. Noncurrent assets decreased as depreciation expense exceeded capital asset additions in 2020. Inventory held for future distribution consists of land and buildings that are not used in the CIC's operations and are held for future distribution to the City of Bexley. Current liabilities decreased primarily due to the CIC paying off the mortgage note payable.

At December 31, 2020, capital assets include land, buildings, and leasehold improvements. The City's net investment in capital assets at December 31, 2020, was \$2,444,986.

A portion of the CIC's net position, \$267,606, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$542,572 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, 2020

The table below shows the changes in net position for 2020 and 2019.

**Change in Net Position**

	<u>2020</u>	<u>2019</u>
<b><u>Operating revenues</u></b>		
Rental income	\$ 382,615	\$ 373,841
Ground lease revenue	50,000	50,000
Other	<u>15,442</u>	<u>42,485</u>
Total operating revenues	<u>448,057</u>	<u>466,326</u>
<b><u>Operating expenses</u></b>		
Purchased services	11,598	18,184
Ground lease expense to City of Bexley	50,000	50,000
Bexley Square operations	153,456	105,666
Materials and supplies	112	471
Depreciation	106,164	106,164
Other	<u>75</u>	<u>631</u>
Total operating expenses	<u>321,405</u>	<u>281,116</u>
Operating income	<u>126,652</u>	<u>185,210</u>
<b><u>Nonoperating revenues (expenses)</u></b>		
Contribution from City of Bexley	130,000	130,000
Disbursement to City of Bexley	(130,000)	(130,000)
Interest and fiscal charges	<u>(7,462)</u>	<u>(5,165)</u>
Total nonoperating revenues (expenses)	<u>(7,462)</u>	<u>(5,165)</u>
Change in net position	119,190	180,045
Net position at beginning of year	<u>3,135,974</u>	<u>2,955,929</u>
Net position at end of year	<u>\$ 3,255,164</u>	<u>\$ 3,135,974</u>

The CIC relies upon rental income from Bexley Square to support operations. Rental income increased \$8,774 from 2019 due to increases 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 increased primarily due to increased costs associated with the operations of Bexley Square. Resources generated by the operations of Bexley Square are the primary support of the CIC's operations.

During 2020, 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, 2020, the CIC had \$2,444,986 of capital assets net of accumulated depreciation. See Note 6 to the basic financial statements for further detail.

**Debt Obligations**

At December 31, 2020, the CIC did not have any long-term debt obligations outstanding. The CIC paid off its mortgage not payable during 2020. 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, 2020

**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, 2020

**ASSETS**

Current assets:	
Cash . . . . .	\$ 447,021
Receivables:	
Accounts receivable . . . . .	62,823
Other assets . . . . .	5,095
	514,939
Total current assets . . . . .	
Noncurrent assets:	
Inventory held for future distribution . . . . .	357,219
Capital assets:	
Land . . . . .	1,608,801
Capital assets, net . . . . .	836,185
	2,444,986
Total capital assets, net . . . . .	2,444,986
	2,802,205
Total noncurrent assets . . . . .	2,802,205
	3,317,144
Total assets . . . . .	3,317,144

**LIABILITIES**

Current liabilities:	
Accounts payable and other liabilities. . . . .	7,124
Intergovernmental payable . . . . .	54,856
	61,980
Total current liabilities . . . . .	61,980

**NET POSITION**

Net investment in capital assets . . . . .	2,444,986
Restricted for future land acquisition . . . . .	267,606
Unrestricted . . . . .	542,572
	3,255,164
Total net position . . . . .	\$ 3,255,164

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, 2020

<b><u>OPERATING REVENUES</u></b>	
Rental income . . . . .	\$ 382,615
Ground lease revenue . . . . .	50,000
Other . . . . .	15,442
	448,057
<b><u>OPERATING EXPENSES</u></b>	
Purchased services . . . . .	11,598
Ground lease expense to City of Bexley . . . . .	50,000
Bexley square operations . . . . .	153,456
Materials and supplies . . . . .	112
Depreciation . . . . .	106,164
Other . . . . .	75
	321,405
Total operating expenses . . . . .	321,405
Operating income . . . . .	126,652
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Contribution from City of Bexley . . . . .	130,000
Disbursement to City of Bexley . . . . .	(130,000)
Interest and fiscal charges . . . . .	(7,462)
	(7,462)
Total nonoperating revenues (expenses) . . . . .	(7,462)
Change in net position . . . . .	119,190
Net position at beginning of year . . . . .	3,135,974
Net position at end of year . . . . .	\$ 3,255,164

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, 2020

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from rents . . . . .	\$ 366,636
Cash received from ground lease . . . . .	50,000
Cash received from other operations . . . . .	15,442
Cash payments for Bexley Square operations. . . . .	(150,489)
Cash payments to City of Bexley for ground lease . . . . .	(50,000)
Cash payments for purchased services. . . . .	(11,875)
Cash payments for materials and supplies. . . . .	(112)
Cash payments for other operations . . . . .	(75)
	219,527
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
Cash received from contributions from City of Bexley . . . . .	130,000
Cash payments to City of Bexley. . . . .	(130,000)
	-
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Acquisition of inventory held for future distribution. . . . .	(49,988)
Mortgage principal payments . . . . .	(159,073)
Interest and fiscal charges . . . . .	(7,462)
	(216,523)
Net increase in cash . . . . .	3,004
Cash at beginning of year . . . . .	444,017
Cash at end of year . . . . .	\$ 447,021
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	
Operating income . . . . .	\$ 126,652
Adjustments:	
Depreciation . . . . .	106,164
Changes in assets and liabilities:	
(Increase) in accounts receivable . . . . .	(15,979)
(Decrease) in accounts payable and other liabilities . . . . .	(354)
Increase in intergovernmental payable . . . . .	3,044
Net cash provided by operating activities . . . . .	\$ 219,527

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, 2020

**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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, all cash in the CIC's checking accounts are considered to be cash and cash equivalents. All monies received by the CIC are deposited in a demand deposit accounts.

**E. Accrued Liabilities**

The CIC recognizes expenses due, but unpaid as of December 31, 2020.

**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, 2020, the CIC did not have any 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 \$267,606 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 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	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, 2020

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For 2020, the CIC has implemented GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." 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.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2020. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed. The following pronouncement is postponed by one year and the CIC has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

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*

**NOTE 4 - DEPOSITS**

At December 31, 2020, the carrying amount of all CIC deposits was \$447,021 and the bank balance was \$474,914. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$224,914 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 2020, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 5 - INVENTORY HELD FOR FUTURE DISTRIBUTION**

The City of Bexley has contributed \$520,000 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 2020, the CIC incurred additional expenses related to the property in the amount of \$49,988. 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 12/31/2019	Additions	Disposals	Balance 12/31/2020
Ferndale/Mayfield Area	\$ 307,231	\$ 49,988	\$ -	\$ 357,219

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/19	Additions	Disposals	Balance 12/31/20
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,608,801	\$ -	\$ -	\$ 1,608,801
Total capital assets, not being depreciated	1,608,801	-	-	1,608,801
<i>Capital assets being depreciated:</i>				
Buildings	1,018,309	-	-	1,018,309
Leasehold improvements	276,239	-	-	276,239
Total capital assets being depreciated	1,294,548	-	-	1,294,548
<i>Less: accumulated depreciation:</i>				
Buildings	(188,783)	(50,916)	-	(239,699)
Leasehold improvements	(163,416)	(55,248)	-	(218,664)
Total accumulated depreciation	(352,199)	(106,164)	-	(458,363)
Net capital assets	\$ 2,551,150	\$ (106,164)	\$ -	\$ 2,444,986

**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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**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 2020, 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 2020, 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 2020, 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 2020, the CIC collected and passed-through \$50,000 in ground lease payments to the City of Bexley (see Note 8).

**NOTE 10 - LITIGATION**

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

**NOTE 11 - RISK MANAGEMENT**

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For 2020, 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 September 26, 2017, the CIC entered into a mortgage note with First Financial Bank, which is used as a line of credit to support the operations of Bexley Square and other projects undertaken by the CIC. The CIC can make draws on the line of credit with a maximum borrowing of \$1.5 million. In 2019, the CIC renegotiated the line of credit to a maximum borrowing of \$750,000. The CIC makes monthly interest payments based upon the amount drawn. During 2020, the CIC did not make any draws from the line of credit and made \$159,073 in principal payments on the line of credit. The following is a schedule of the line of credit activity for 2020:

	Balance 12/31/2019	Draws	Principal Payments	Balance 12/31/2020
Mortgage Note Payable	\$ 159,073	\$ -	\$ (159,073)	\$ -

**NOTE 13 - OTHER OPERATING REVENUES**

Other Operating Revenues consist primarily of \$11,100 of property settlements from the CIC's Cassidy Ave property.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**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. 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019. 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 2019 are as follows:

- In total, net position was \$3,135,974 at December 31, 2019. This represents an increase of \$180,045, or 6.09%, from December 31, 2018.
- During 2019, the CIC had operating revenues of \$466,326 and operating expenses of \$281,116 resulting in \$185,210 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 \$135,165. Total change in net position for the year was an increase of \$180,045.

**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 2019?" 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, 2019

The table below provides a summary of the CIC's net position at December 31, 2019 and 2018.

	<b>2019</b>	<b>2018</b>
<b>Net Position</b>		
<b><u>Assets</u></b>		
Current assets	\$ 515,956	\$ 226,219
Noncurrent assets:		
Inventory held for future distribution	307,231	288,612
Capital assets, net	2,551,150	2,497,416
Total assets	3,374,337	3,012,247
<b><u>Liabilities</u></b>		
Current liabilities	238,363	56,318
Total liabilities	238,363	56,318
<b><u>Net Position</u></b>		
Net investment in capital assets	2,392,077	2,497,416
Restricted for future land acquisition	215,022	101,389
Unrestricted	528,875	357,124
Total net position	\$ 3,135,974	\$ 2,955,929

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the CIC's net position totaled \$3,135,974.

Current assets increased due to an increase in cash resulting from operations. Noncurrent assets increased as the CIC incurred costs related to inventory held for future distribution and purchased a building. 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 primarily due to the CIC entering into a mortgage note payable to finance the purchase of a building to be used by the CIC.

At December 31, 2019, capital assets include land, buildings, and leasehold improvements. The City's net investment in capital assets at December 31, 2019, was \$2,392,077.

A portion of the CIC's net position, \$215,022, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$528,875 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, 2019

The table below shows the changes in net position for 2019 and 2018.

**Change in Net Position**

	<u>2019</u>	<u>2018</u>
<b><u>Operating revenues</u></b>		
Rental income	\$ 373,841	\$ 277,495
Ground lease revenue	50,000	50,000
Other	<u>42,485</u>	<u>57,645</u>
Total operating revenues	<u>466,326</u>	<u>385,140</u>
<b><u>Operating expenses</u></b>		
Purchased services	18,184	20,571
Ground lease expense to City of Bexley	50,000	50,000
Bexley Square operations	105,666	78,789
Materials and supplies	471	57
Depreciation	106,164	90,681
Other	<u>631</u>	<u>13,250</u>
Total operating expenses	<u>281,116</u>	<u>253,348</u>
Operating income	<u>185,210</u>	<u>131,792</u>
<b><u>Nonoperating revenues (expenses)</u></b>		
Contribution from City of Bexley	130,000	-
Disbursement to City of Bexley	(130,000)	(120,000)
Interest and fiscal charges	<u>(5,165)</u>	<u>(11,405)</u>
Total nonoperating revenues (expenses)	<u>(5,165)</u>	<u>(131,405)</u>
Change in net position	180,045	387
Net position at beginning of year	<u>2,955,929</u>	<u>2,955,542</u>
Net position at end of year	<u>\$ 3,135,974</u>	<u>\$ 2,955,929</u>

The CIC relies upon rental income from Bexley Square to support operations. Rental income increased \$96,346 from 2018 due to increases in rental rates. Other revenue decreased due to decreased in refund and reimbursements revenue in the current year versus the prior year.

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

During 2019, 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Capital Assets**

At December 31, 2019, the CIC had \$2,551,150 of capital assets net of accumulated depreciation. See Note 6 to the basic financial statements for further detail.

**Debt Obligations**

At December 31, 2019, the CIC did not have any long-term debt obligations. During 2019, the CIC entered into a mortgage note payable (line of credit). See Note 12 to the basic financial statements for further detail.

**Current Financial Related Activities**

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

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

**Contacting the CIC's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the CIC's finances and to show the CIC's accountability for the money it receives. If you have questions about this report or need additional financial information contact 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, 2019

**ASSETS**

Current assets:	
Cash . . . . .	\$ 444,017
Receivables:	
Accounts receivable . . . . .	46,844
Due from other governments . . . . .	20,000
Other assets . . . . .	5,095
	515,956
Total current assets . . . . .	
Noncurrent assets:	
Inventory held for future distribution . . . . .	307,231
Capital assets:	
Land . . . . .	1,608,801
Capital assets, net . . . . .	942,349
	2,551,150
Total capital assets, net . . . . .	2,551,150
	2,858,381
Total noncurrent assets . . . . .	2,858,381
	3,374,337
Total assets . . . . .	3,374,337

**LIABILITIES**

Current liabilities:	
Accounts payable and other liabilities. . . . .	7,478
Intergovernmental payable . . . . .	71,812
Mortgage payable . . . . .	159,073
	238,363
Total current liabilities . . . . .	238,363

**NET POSITION**

Net investment in capital assets . . . . .	2,392,077
Restricted for future land acquisition . . . . .	215,022
Unrestricted . . . . .	528,875
	528,875
Total net position . . . . .	\$ 3,135,974

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, 2019

**OPERATING REVENUES**

Rental income . . . . .	\$	373,841
Ground lease revenue . . . . .		50,000
Other . . . . .		42,485
		466,326
Total operating revenues . . . . .		466,326

**OPERATING EXPENSES**

Purchased services . . . . .		18,184
Ground lease expense to City of Bexley . . . . .		50,000
Bexley square operations . . . . .		105,666
Materials and supplies . . . . .		471
Depreciation . . . . .		106,164
Other . . . . .		631
		281,116
Total operating expenses . . . . .		281,116
Operating income . . . . .		185,210

**NONOPERATING REVENUES (EXPENSES)**

Contribution from City of Bexley . . . . .		130,000
Disbursement to City of Bexley . . . . .		(130,000)
Interest and fiscal charges . . . . .		(5,165)
		(5,165)
Total nonoperating revenues (expenses) . . . . .		(5,165)
Change in net position . . . . .		180,045
Net position at beginning of year . . . . .		2,955,929
Net position at end of year . . . . .	\$	3,135,974

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, 2019

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from rents . . . . .	\$ 372,735
Cash received from ground lease . . . . .	50,000
Cash received from other operations . . . . .	25,763
Cash payments for Bexley Square operations. . . . .	(102,693)
Cash payments to City of Bexley for ground lease . . . . .	(50,000)
Cash payments for purchased services. . . . .	(18,184)
Cash payments for materials and supplies. . . . .	(471)
Cash payments for other operations . . . . .	(631)
	276,519
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
Cash received from contributions from City of Bexley . . . . .	130,000
Cash payments to City of Bexley. . . . .	(130,000)
	-
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Acquisition of inventory held for future distribution. . . . .	(18,619)
Mortgage proceeds received . . . . .	159,073
Interest and fiscal charges . . . . .	(5,165)
Acquisition of capital assets . . . . .	(159,898)
	(24,609)
Net increase in cash . . . . .	251,910
Cash at beginning of year . . . . .	192,107
Cash at end of year . . . . .	\$ 444,017
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	
Operating income . . . . .	\$ 185,210
Adjustments:	
Depreciation . . . . .	106,164
Changes in assets and liabilities:	
(Increase) in accounts receivable . . . . .	(17,827)
Increase in accounts payable and other liabilities . . . . .	2,473
Increase in intergovernmental payable . . . . .	499
Net cash provided by operating activities . . . . .	\$ 276,519

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, 2019

**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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, all cash in the CIC's checking accounts are considered to be cash and cash equivalents. All monies received by the CIC are deposited in a demand deposit accounts.

**E. Accrued Liabilities**

The CIC recognizes expenses due, but unpaid as of December 31, 2019.

**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, 2019, the CIC had a mortgage payable related to the acquisition of property.

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 \$215,022 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 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	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, 2019

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For 2019, the CIC has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the CIC.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No 84 did not have an effect on the financial statements of the CIC.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the CIC.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the CIC.

**NOTE 4 - DEPOSITS**

At December 31, 2019, the carrying amount and bank balance of all CIC deposits was \$444,017. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$194,017 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 2019, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 5 - INVENTORY HELD FOR FUTURE DISTRIBUTION**

The City of Bexley has contributed \$390,000 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 2019, the CIC incurred additional expenses related to the property in the amount of \$18,619. 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 12/31/2018	Additions	Disposals	Balance 12/31/2019
Ferndale/Mayfield Area	\$ 288,612	\$ 18,619	\$ -	\$ 307,231

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,608,801	\$ -	\$ -	\$ 1,608,801
Total capital assets, not being depreciated	1,608,801	-	-	1,608,801
<i>Capital assets being depreciated:</i>				
Buildings	858,411	159,898	-	1,018,309
Leasehold improvements	276,239	-	-	276,239
Total capital assets being depreciated	1,134,650	159,898	-	1,294,548
<i>Less: accumulated depreciation:</i>				
Buildings	(137,867)	(50,916)	-	(188,783)
Leasehold improvements	(108,168)	(55,248)	-	(163,416)
Total accumulated depreciation	(246,035)	(106,164)	-	(352,199)
Net capital assets	\$ 2,497,416	\$ 53,734	\$ -	\$ 2,551,150



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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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 2019, 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 2019, 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 2019, 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 2019, the CIC collected and passed-through \$50,000 in ground lease payments to the City of Bexley (see Note 8).

**NOTE 10 - LITIGATION**

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

**NOTE 11 - RISK MANAGEMENT**

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For 2019, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 12 - MORTGAGE NOTE PAYABLE**

On September 26, 2017, the CIC entered into a mortgage note with First Financial Bank, which is used as a line of credit to support the operations of Bexley Square and other projects undertaken by the CIC. The CIC can make draws on the line of credit with a maximum borrowing of \$1.5 million. In 2019, the CIC renegotiated the line of credit to a maximum borrowing of \$750,000. The CIC makes monthly interest payments based upon the amount drawn. During 2019, the CIC drew \$159,073 from the line of credit and made no principal payments on the line of credit. The following is a schedule of the line of credit activity for 2019:

	Balance 12/31/2018	Draws	Principal Payments	Balance 12/31/2019
Mortgage Note Payable	\$ -	\$ 159,073	\$ -	\$ 159,073

**NOTE 13 - OTHER OPERATING REVENUES**

Other Operating Revenues consist primarily of \$40,776 in expense recovery.

**NOTE 14 - SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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.

# OHIO AUDITOR OF STATE KEITH FABER



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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 East Main Street  
Bexley, Ohio 43209

To 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, a component unit of the City of Bexley, (the CIC), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements and have issued our report thereon dated October 27, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the CIC.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the CIC's internal control over financial reporting (internal control) as a basis for designing 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 CIC's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

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 a 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 CIC's financial statements. We consider finding 2020-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the CIC'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 financial statements. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

***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 CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 27, 2021

**BEXLEY COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Financial Reporting – Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The Bexley Community Improvement Corporation (the CIC) had the following misstatement for the period ending December 31, 2019:

- Due from other governments and Due to other governments were both understated by \$20,000. These amounts were adjusted to the financial statements.

The CIC had the following misstatement for the period ending December 31, 2020:

- Bexley Square expense was overstated and Intergovernmental payable was understated by \$27,428. These amounts were adjusted to the financial statements.

Other immaterial misstatements were noted, but were not adjusted to the financial statements. The immaterial misstatements ranged from \$3,591 to \$20,000 for the period ending December 31, 2019 and \$4,167 to \$11,100 for the period ending December 31, 2020.

Inaccurate records, financials, and other pertinent information can cause the financial statements to be materially misstated and impact the decision making of those charged with governance, management, the public, and other financial statement users.

To help reduce posting errors and increase the reliability of the financial data, we recommend that the CIC review its controls over posting transactions to the accounting records. The identified errors should be reviewed, to prevent similar errors from being reported improperly in subsequent years.

**BEXLEY COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

**FINDING NUMBER 2020-002**

**Maintaining Documents – Significant Deficiency and Noncompliance**

Maintaining organized documentation and support for financial transactions is essential in assuring the CIC financial statements are not materially misstated and that all revenues are received for a proper public purpose. Additionally, **Ohio Rev. 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 Rev. Code §§149.38 through 149.42**.

The CIC did not maintain signed underlying documentation and support for rental income receipts for the tenant at 458 N Cassady. We were able to perform alternative audit procedures to gain the necessary audit assurances.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and revenues that are unsubstantiated.

The CIC should maintain all signed lease agreements for all financial transactions and records should be maintained in an orderly manner to support all transactions.

**Officials' Response:**

The CIC has spoken with the state auditor's office regarding the audit findings above. Further, we have worked with our financial providers to correct the misstatements noted and we are committed to maintaining the proper internal controls to present financial statements free from material misstatements going forward.

# 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 12/2/2021**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)