

**BEXLEY COMMUNITY  
IMPROVEMENT CORPORATION**

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

**REGULAR AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**





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Columbus, Ohio 43215  
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(800) 282-0370

Members of the Board of Directors  
Bexley Community Improvement Corporation  
2242 East Main Street  
Bexley, Ohio 43209

We have reviewed the *Independent Auditor's Report* of Bexley Community Improvement Corporation, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2022. 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. Bexley Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 11, 2023**

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

TABLE OF CONTENTS

Independent Auditor’s Report .....	1 - 3
Management’s Discussion and Analysis .....	4 - 7
Basic Financial Statements:	
Statement of Net Position .....	8
Statement of Revenues, Expenses and Changes in Net Position .....	9
Statement of Cash Flows .....	10
Notes to the Basic Financial Statements.....	12 - 18
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	19 - 20

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## Independent Auditor's Report

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

To the Members of the Board of Directors:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Bexley Community Improvement Corporation, Franklin County, Ohio, a component unit of the City of Bexley, as of and for the year ended December 31, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bexley Community Improvement Corporation, as of December 31, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Emphasis of Matter*

As discussed in Note 3 to the financial statements, the Bexley Community Improvement Corporation adopted a change in accounting principle by implementing GASB Statement No. 87, "Leases" and GASB Implementation Guide 2019-3, "Leases."

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2023 on our consideration of the Bexley Community Improvement Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bexley Community Improvement Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bexley Community Improvement Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 26, 2023

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022. 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 2022 are as follows:

- In total, net position was \$3,512,330 as of December 31, 2022. This represents an increase of \$103,649, or 3.04%, from December 31, 2021.
- During 2022, the CIC had operating revenues of \$455,246 and operating expenses of \$314,829 resulting in \$140,417 of operating income. Nonoperating revenues consisted of \$109,465 in interest income. Nonoperating expenses, consisting of distributions to the City of Bexley and interest expense, totaled \$146,233. Total change in net position for the year was an increase of \$103,649.

**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 2022?" 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 17 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, 2022

The table below provides a summary of the CIC's net position at December 31, 2022 and 2021. Certain amounts have been restated at December 31, 2021 as described in Note 3.

	<b>Net Position</b>	
	<u>2022</u>	<u>Restated 2021</u>
<b><u>Assets</u></b>		
Current assets	\$ 2,740,232	\$ 3,093,380
Noncurrent assets:		
Inventory held for future distribution	409,417	404,729
Capital assets, net	<u>2,849,478</u>	<u>2,768,307</u>
Total assets	<u>5,999,127</u>	<u>6,266,416</u>
<b><u>Liabilities</u></b>		
Current liabilities	39,509	99,605
Long term liabilities	<u>425,244</u>	<u>426,019</u>
Total liabilities	<u>464,753</u>	<u>525,624</u>
<b><u>Deferred Inflows</u></b>		
Leases	<u>2,022,044</u>	<u>2,332,111</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	2,424,234	2,342,288
Restricted for future land acquisition	357,765	377,452
Unrestricted	<u>730,331</u>	<u>688,941</u>
Total net position	<u>\$ 3,512,330</u>	<u>\$ 3,408,681</u>

Over time, net position can serve as a useful indicator of a government's financial position. On December 31, 2022, the CIC's net position totaled \$3,512,330.

Current assets decreased due to a decrease in cash resulting from operations as well as a decrease in the lease receivable. Noncurrent assets increased as capital asset additions exceeded depreciation expense in 2022. 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 due to a decrease in the intergovernmental payable.

On December 31, 2022, capital assets include land, buildings, and leasehold improvements. The City's net investment in capital assets as of December 31, 2022, was \$2,424,234.

A portion of the CIC's net position, \$357,765, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$730,331 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, 2022

The table below shows the changes in net position for 2022 and 2021.

	<b>2022</b>	<b>2021</b>
<b><u>Operating revenues</u></b>		
Rental income	\$ 410,605	\$ 352,679
Ground lease revenue	25,416	50,000
Other	19,225	10,201
Total operating revenues	455,246	412,880
<b><u>Operating expenses</u></b>		
Purchased services	32,928	22,844
Ground lease expense to City of Bexley	50,000	50,000
Bexley Square operations	138,581	70,907
Materials and supplies	1,295	3,402
Depreciation	91,186	102,703
Other	839	602
Total operating expenses	314,829	250,458
Operating income	140,417	162,422
<b><u>Nonoperating revenues (expenses)</u></b>		
Interest income	109,465	-
Contribution from City of Bexley	-	130,000
Disbursement to City of Bexley	(130,000)	(130,000)
Interest and fiscal charges	(16,233)	(8,905)
Total nonoperating revenues (expenses)	(36,768)	(8,905)
Change in net position	103,649	153,517
Net position at beginning of year	3,408,681	3,255,164
Net position at end of year	\$ 3,512,330	\$ 3,408,681

The CIC relies upon rental income from Bexley Square to support operations. Rental income increased \$57,926 from 2022 due to increases in rental rates. Other revenue increased due to increases 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.

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, 2022, the CIC had \$2,849,478 of capital assets net of accumulated depreciation. See Note 6 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, 2022

**Debt Obligations**

At December 31, 2022, the CIC had \$425,244 in a long term mortgage 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, 2022

**ASSETS**

Current assets:	
Cash	\$ 649,425
Receivables:	
Accounts receivable	4,621
Accrued interest	11,303
Lease receivable	2,069,788
Other assets	5,095
Total current assets	2,740,232
Noncurrent assets:	
Inventory held for future distribution	409,417
Capital assets:	
Land	1,701,301
Capital assets, net	1,148,177
Total capital assets, net	2,849,478
Total noncurrent assets	3,258,895
Total assets	5,999,127

**LIABILITIES**

Current liabilities:	
Accounts payable and other liabilities	9,509
Intergovernmental payable	30,000
Total current liabilities	39,509
Long Term Liabilities:	
Mortgage payable	425,244
Total liabilities	464,753

**Deferred Inflows**

Leases	2,022,044
	2,022,044

**NET POSITION**

Net investment in capital assets	2,424,234
Restricted for future land acquisition	357,765
Unrestricted	730,331
Total net position	\$ 3,512,330

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, 2022

**OPERATING REVENUES**

Rental income	\$	410,605
Ground lease revenue		25,416
Other		19,225
		455,246
Total operating revenues		455,246

**OPERATING EXPENSES**

Purchased services		32,928
Ground lease expense to City of Bexley		50,000
Bexley square operations		138,581
Materials and supplies		1,295
Depreciation		91,186
Other		839
		314,829
Total operating expenses		314,829
Operating income		140,417

**NONOPERATING REVENUES (EXPENSES)**

Interest income		109,465
Disbursement to City of Bexley		(130,000)
Interest and fiscal charges		(16,233)
		(36,768)
Total nonoperating revenues (expenses)		(36,768)
Change in net position		103,649
Net position at beginning of year		3,408,681
Net position at end of year	\$	3,512,330

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, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from rents	\$	398,318
Cash received from ground lease		50,000
Cash received from other operations		19,225
Cash payments for Bexley Square operations		(185,689)
Cash payments to City of Bexley for ground lease		(50,000)
Cash payments for purchased services		(32,928)
Cash payments for materials and supplies		(1,295)
Cash payments for other operations		(839)
		196,792
Net cash provided by operating activities		196,792

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Cash payments to City of Bexley		(180,000)
		(180,000)
Net cash used in noncapital financing activities		(180,000)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of inventory held for future distribution		(4,688)
Acquisition of capital assets		(172,357)
Mortgage principal payments		(775)
Interest and fiscal charges		(16,233)
		(194,053)
Net cash used in capital and related financing activities		(194,053)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received		98,162
		98,162
Net cash provided by investing activities		98,162
Net decrease in cash		(79,099)
Cash at beginning of year		728,524
Cash at end of year	\$	649,425

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$	140,417
Adjustments:		
Depreciation		91,186
Changes in assets and liabilities:		
Decrease in accounts receivable		23,029
Decrease in lease receivable		262,323
(Decrease) in accounts payable and other liabilities		(903)
(Decrease) in unearned revenue		(8,617)
(Decrease) in intergovernmental payable		(576)
(Decrease) in deferred inflow of resources - leases		(310,067)
		(310,067)
Net cash provided by operating activities	\$	196,792

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 THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**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 and Measurement Focus**

The basic financial statements of the CIC are prepared using the accrual basis of accounting in conformity with GAAP. The CIC’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and deferred inflows of resources associated with the operation are included on the statement of net position. The operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net position.

**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 THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**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, 2022.

**F. Net Position**

Net position represents the difference between assets and liabilities and deferred inflows of resources. 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, 2022, the CIC has outstanding borrowings related to the acquisition, construction or improvement of capital assets.

Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The CIC has \$357,765 of restricted net position related to contributions received from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area (see Note 5).

The CIC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**G. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**H. Capital Assets**

Capital assets are capitalized at cost and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition values on the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets, except for land, are depreciated. Buildings are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the term of the lease agreement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20 Years
Leasehold improvements	5 Years

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

**I. Deferred Inflows**

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For 2022, the CIC has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the CIC's 2022 financial statements. The CIC recognized \$2,332,111 in governmental activities in leases receivable at January 1, 2022, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the CIC.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the CIC.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the CIC.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the CIC.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the CIC.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the CIC.

**NOTE 4 - DEPOSITS**

At December 31, 2022, the carrying amount of all CIC deposits was \$649,425 and the bank balance was \$689,347. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$439,347 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 2022, the CIC’s financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the CIC to a successful claim by the FDIC.

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

The City of Bexley has contributed \$650,000 and loaned \$132,253 to the CIC for future land assembly in the Ferndale/Mayfield Area. During 2017, the CIC purchased land and buildings in the Ferndale/Mayfield Area totaling \$185,553. During 2022, the CIC incurred additional expenses related to the property in the amount of \$4,688. 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 12/31/2021	Additions	Disposals	Balance 12/31/2022
Ferndale/Mayfield Area	\$ 404,729	\$ 4,688	\$ -	\$ 409,417

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance			Balance
	12/31/21	Additions	Disposals	12/31/22
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,701,301	\$ -	\$ -	\$ 1,701,301
Total capital assets, not being depreciated	<u>1,701,301</u>	<u>-</u>	<u>-</u>	<u>1,701,301</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,351,833	-	-	1,351,833
Leasehold improvements	<u>276,239</u>	<u>172,357</u>	<u>-</u>	<u>448,596</u>
Total capital assets being depreciated	<u>1,628,072</u>	<u>172,357</u>	<u>-</u>	<u>1,800,429</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(307,291)	(67,592)	-	(374,883)
Leasehold improvements	<u>(253,775)</u>	<u>(23,594)</u>	<u>-</u>	<u>(277,369)</u>
Total accumulated depreciation	<u>(561,066)</u>	<u>(91,186)</u>	<u>-</u>	<u>(652,252)</u>
Net capital assets	<u>\$ 2,768,307</u>	<u>\$ 81,171</u>	<u>\$ -</u>	<u>\$ 2,849,478</u>

**NOTE 7 - DEVELOPMENT AGREEMENT**

The CIC has entered into an Economic Development Agreement with the City, which, among other things, the City may convey lands and interests in lands owned by the City and determined by City Council from time-to-time not to be required by the City for its purposes to the CIC and the CIC may acquire land and interests in land from others and conveyance of such land or interests in land will promote the welfare of the people of the political subdivision, stabilize the economy, provide employment, assist in the development of industrial, commercial, distribution, and research activities to the benefit of the people of the City, or provide additional opportunities for their gainful employment.

**NOTE 8 - LEASE RECEIVABLES**

The CIC is reporting leases receivable of \$2,069,788. For fiscal year 2022, the CIC recognized lease revenue of \$284,650 and \$25,416, which is reported in rental income and ground lease revenue, respectively, and interest revenue of \$109,465.

The CIC has entered into lease agreements for building space and land rental with varying years and terms as follows:

Purpose	Lease Commencement Date	Lease Years	Lease End Date	Payment Method
Land	2013	50	2063	Monthly
Building space	2016	10	2026	Monthly
Building space	2017	10	2027	Monthly
Building space	2016	10	2026	Monthly
Building space	2021	5	2026	Monthly
Building space	2015	10	2025	Monthly

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 8 - LEASE RECEIVABLES - (Continued)**

Lease payments will be paid to the CIC. The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 272,590	\$ 94,462	\$ 367,052
2024	288,344	80,468	368,812
2025	285,008	66,008	351,016
2026	119,485	55,074	174,559
2027	47,355	50,693	98,048
2028 - 2032	-	250,000	250,000
2033 - 2037	-	281,875	281,875
2038 - 2042	18,539	300,836	319,375
2043 - 2047	109,540	247,335	356,875
2048 - 2052	183,083	211,292	394,375
2053 - 2057	277,465	154,410	431,875
2058 - 2062	398,591	70,784	469,375
2063	<u>69,788</u>	<u>1,462</u>	<u>71,250</u>
Total	<u>\$ 2,069,788</u>	<u>\$ 1,864,699</u>	<u>\$ 3,934,487</u>

**NOTE 9 - RELATED PARTY TRANSACTIONS**

During 2022, 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 2022, the CIC collected and passed-through \$50,000 in ground lease payments to the City of Bexley.

**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 2022, 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. There has been no significant reduction in coverage from the prior year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 12 - MORTGAGE NOTE PAYABLE**

On March 12, 2021, the CIC entered into a mortgage note with Ohio State Bank, which is used as a line of credit to purchase the property located at 420 N. Cassady Avenue. The CIC can make draws on the line of credit with a maximum borrowing of \$1.0 million. The CIC makes monthly interest payments based upon the amount drawn. During 2022, the CIC did not make any draws from the line of credit and made \$775 in principal payments on the line of credit. The following is a schedule of the line of credit activity for 2022:

	Balance 12/31/2021	Draws	Principal Payments	Balance 12/31/2022
Mortgage Note Payable	\$ 426,019	\$ -	\$ (775)	\$ 425,244

**NOTE 13 - OTHER OPERATING REVENUES**

Other Operating Revenues consist of \$19,225 of property settlements from the CIC’s Cassady Ave property.



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

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

To the Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bexley Community Improvement Corporation, Franklin County, Ohio, a component unit of the City of Bexley, as of and for the year ended December 31, 2022, 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 May 26, 2023, wherein we noted as discussed in Note 3 to the financial statements, the Bexley Community Improvement Corporation adopted a change in accounting principle by implementing GASB Statement No. 87, “Leases” and GASB Implementation Guide 2019-3, “Leases.”

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

Bexley Community Improvement Corporation

Franklin County

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

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

Page 2

**Purpose of this Report**

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



Julian & Grube, Inc.

May 26, 2023

# 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 7/25/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)