



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION  
CUYAHOGA COUNTY  
DECEMBER 31, 2018 AND 2017**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Cuyahoga Heights Community Improvement Corporation  
Cuyahoga County  
4863 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the years ended December 31, 2018, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, Ohio, as of December 31, 2018, 2017 and 2016, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2019, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

August 22, 2019

# Cuyahoga Heights Community Improvement Corporation

## Management's Discussion and Analysis

### For the Years Ended December 31, 2018 and 2017

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This discussion and analysis, along with the accompanying financial statements, of the Cuyahoga Heights Community Improvement Corporation (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

#### FINANCIAL HIGHLIGHTS

The Corporation's net position was \$675,807 and \$665,823 on December 31, 2018 and 2017, respectively.

The Corporation's revenues have increased \$760,063 from 2017 to 2018 and increased \$35,450 from 2016 to 2017. The Corporation's expenses increased \$791,488 from 2017 to 2018 and decreased \$21,908 from 2016 to 2017.

In 2018, the Corporation entered into a long-term land donation agreement with Boyas Contributions, LLC ("Boyas"). The agreement affords the Corporation the right to make improvements to land currently owned by Boyas Contributions over a period of time. At the end of the term of the agreement, the Corporation will have the option to take ownership of said land, provided that all regulatory agencies confirm that all environmental, health, safety, and welfare concerns currently present on the land have been completely resolved. In order to facilitate the improvements to the properties to accomplish this goal, Boyas donated \$650,000 to the Corporation. The Corporation then transferred these funds to the Village of Cuyahoga Heights to facilitate the completion of a public improvements project that is being performed by the Village.

#### OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Corporation is a single enterprise fund using proprietary fund accounting, similar to a private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the Corporation's assets and liabilities. This statement provides information about the nature and amounts of investments in resources owned by the Corporation (assets) and obligations owed by the Corporation (liabilities). The Corporation's net position (equity) is the difference between assets and liabilities.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, financing and investing activities.

# Cuyahoga Heights Community Improvement Corporation

## Management's Discussion and Analysis

### For the Years Ended December 31, 2018 and 2017

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#### NET POSITION

Table 1 summarizes the net position of the Corporation.

TABLE 1

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:			
Current assets	\$ 236,847	\$ 72,763	\$ 9,259
Other long-term assets	-	-	70,604
Capital assets, net	<u>627,283</u>	<u>627,283</u>	<u>556,679</u>
Total assets	<u>864,130</u>	<u>700,046</u>	<u>636,542</u>
Liabilities:			
Current liabilities	<u>188,323</u>	<u>34,223</u>	<u>12,128</u>
Net position:			
Net investment in capital assets	627,283	627,283	556,679
Unrestricted	<u>48,524</u>	<u>38,540</u>	<u>67,735</u>
Total net position	\$ <u>675,807</u>	\$ <u>665,823</u>	\$ <u>624,414</u>



# Cuyahoga Heights Community Improvement Corporation

## Management's Discussion and Analysis

### For the Years Ended December 31, 2018 and 2017

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#### REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net position.

TABLE 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues:			
Donations	\$ <u>855,450</u>	\$ <u>95,767</u>	\$ <u>60,780</u>
Operating expenses:			
Grant expense	835,306	41,991	60,000
Professional fees	5,957	7,468	5,729
Property taxes	3,524	4,102	10,767
Other	<u>1,564</u>	<u>1,302</u>	<u>275</u>
Total operating expenses	<u>846,351</u>	<u>54,863</u>	<u>76,771</u>
Operating income (loss)	<u>9,099</u>	<u>40,904</u>	<u>(15,991)</u>
Non-operating revenues:			
Investment income	<u>885</u>	<u>505</u>	<u>42</u>
Changes in net position	9,984	41,409	(15,949)
Net position at beginning of year	<u>665,823</u>	<u>624,414</u>	<u>640,363</u>
Net position at end of year	\$ <u><u>675,807</u></u>	\$ <u><u>665,823</u></u>	\$ <u><u>624,414</u></u>

Revenues increased by \$760,063 from 2017 to 2018. The increase in revenue was due to the fact that Boyas donated \$650,000 to the Corporation in 2018. Expenses increased by \$791,488 from 2017 to 2018. The increase in expenses was a result of granting \$650,000 to the Village of Cuyahoga Heights to complete land improvements per the Boyas agreement.

Revenues increased by \$35,450 from 2016 to 2017. The increase in revenue was due to the fact that the Village of Cuyahoga Heights gifted \$85,000 to the Corporation in 2017, while only \$50,000 was gifted in 2016. Expenses decreased by \$21,908 from 2016 to 2017. The decrease in expenses was a result of the lower grant disbursements in the current year compared to the prior year.

# **Cuyahoga Heights Community Improvement Corporation**

## **Management's Discussion and Analysis**

### **For the Years Ended December 31, 2018 and 2017**

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#### **CAPITAL ASSETS**

At December 31, 2018 and 2017, the Corporation has land of \$627,283.

#### **CURRENT RELATED FINANCIAL ACTIVITIES**

At December 31, 2018 and 2017 the Corporation had total assets of \$864,130 and \$700,046 and total net position of \$675,807 and \$665,823, respectively. This resulted in an increase in net position of \$9,984 for 2018 and an increase of \$41,409 for 2017. Management continues to monitor all activity affecting the condition of the Corporation. As needed, the Corporation will receive donations from the Village of Cuyahoga Heights.

#### **CONTACT INFORMATION**

Questions regarding this report and requests for additional information should be forwarded to Angel Meriwether, Chief Fiscal Officer, Village of Cuyahoga Heights, 4863 East 71<sup>st</sup> Street, Cuyahoga Heights, Ohio 44125.

# Cuyahoga Heights Community Improvement Corporation

## Statements of Net Position

**December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current:		
Cash and cash equivalents	\$ 30,714	\$ 72,089
Accounts receivable – related party	205,450	-
Prepaid insurance	<u>683</u>	<u>674</u>
Total current	236,847	72,763
Long-term:		
Non-depreciable capital assets	<u>627,283</u>	<u>627,283</u>
<i>Total assets</i>	<u>864,130</u>	<u>700,046</u>
<b>Liabilities</b>		
Current:		
Accounts payable	8,017	4,232
Grants payable	<u>180,306</u>	<u>29,991</u>
Total current	<u>188,323</u>	<u>34,223</u>
<b>Net Position</b>		
Net investment in capital assets	627,283	627,283
Unrestricted	<u>48,524</u>	<u>38,540</u>
<i>Total net position</i>	\$ <u><u>675,807</u></u>	\$ <u><u>665,823</u></u>

# Cuyahoga Heights Community Improvement Corporation

## Statements of Revenues, Expenses and Changes in Net Position

**For the Years Ended December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
Operating revenues:		
Donations	\$ <u>855,450</u>	\$ <u>95,767</u>
Operating expenses:		
Grant expense	835,306	41,991
Professional fees	5,957	7,468
Property taxes	3,524	4,102
Other	<u>1,564</u>	<u>1,302</u>
Total operating expenses	<u>846,351</u>	<u>54,863</u>
Operating income	9,099	40,904
Non-operating revenues:		
Investment income	<u>885</u>	<u>505</u>
Change in net position	9,984	41,409
Net position at beginning of year	<u>665,823</u>	<u>624,414</u>
Net position at end of year	\$ <u><u>675,807</u></u>	\$ <u><u>665,823</u></u>

# Cuyahoga Heights Community Improvement Corporation

## Statements of Cash Flows

**For the Years Ended December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash receipts for donations	\$ 650,000	\$ 85,000
Cash payments for grants	(684,991)	(12,000)
Cash payments for goods and services	<u>(7,269)</u>	<u>(10,675)</u>
Net cash (used) provided by operating activities	<u>(42,260)</u>	<u>62,325</u>
Cash flows from investing activities:		
Interest and dividends received	<u>885</u>	<u>505</u>
Net cash provided by investing activities	<u>885</u>	<u>505</u>
Net change in cash and cash equivalents	(41,375)	62,830
Cash and cash equivalents at beginning of year	<u>72,089</u>	<u>9,259</u>
Cash and cash equivalents at end of year	\$ <u><u>30,714</u></u>	\$ <u><u>72,089</u></u>
<i>Reconciliation of operating income to net cash from operating activities:</i>		
Operating income	\$ 9,099	\$ 40,904
Changes in operating assets and liabilities:		
Increase in prepaid insurance	(9)	(674)
Increase in accounts receivable – related party	(205,450)	-
Increase in grants payable	150,315	29,991
Increase (decrease) in accounts payable	<u>3,785</u>	<u>(7,896)</u>
Net cash (used) provided by operating activities	\$ <u><u>(42,260)</u></u>	\$ <u><u>62,325</u></u>

### Supplemental disclosures of cash flow information:

Non-cash financing activity:		
Land transferred from Cuyahoga County Land Reutilization Corporation	\$ -	\$ 70,604

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements

### For the Years Ended December 31, 2018 and 2017

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#### **Note 1: REPORTING ENTITY**

The Cuyahoga Heights Community Improvement Corporation (the “Corporation”) is a non-profit organization incorporated in the State of Ohio on June 15, 1982 for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Cuyahoga Heights (the “Village”) and the territory surrounding the Village. Operations commenced March 9, 2005.

The Corporation acts as the agency and instrumentality of the Village for the industrial, commercial, distribution, and research development in the Village in accordance with Section 1724.01 of the Ohio Revised Code.

The Corporation is affiliated with a governmental unit because the purpose of the Corporation is to facilitate the Village’s mission in improving the quality of life and economic environment for the citizens of the Village. The primary funding for the Corporation is supplied by the Village, and in the event the Corporation ceases to operate, all remaining funds and assets are transferred to the Village. Additionally, no less than two-fifths of the governing board of the Corporation shall be comprised of appointed or elected officers of the Village or other political subdivision designating the Corporation as its agency pursuant to Section 1724.01 of the Ohio Revised Code.

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Corporation’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 Corporation uses enterprise fund accounting to prepare the financial statements. Enterprise fund accounting focuses on the determination of operating income, changes in net position, financial position and cash flows.

#### Basis of Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

#### Measurement Focus and Basis of Accounting

The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included in the statement of net position. The operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position and distinguishes between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Corporation’s purpose. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements (continued)

### For the Years Ended December 31, 2018 and 2017

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#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

##### Concentrations

Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist primarily of periodic temporary investments of excess cash. The Corporation places its temporary excess cash in high-quality financial institutions.

##### Income Taxes

The Corporation has qualified for a tax exemption under Section 501c(3) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

##### Property and Equipment

All purchased property and equipment are stated at cost. Donated property is capitalized at its acquisition value at the date of donation. The Corporation depreciates the capital assets other than land using the straight-line method based on the estimated useful lives of the assets.

##### Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued.

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements (continued)

### For the Years Ended December 31, 2018 and 2017

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#### **Note 3: CASH AND CASH EQUIVALENTS**

At December 31, 2018 and 2017, the Corporation maintained its cash balance in money market accounts and the carrying value of cash and cash equivalents was \$30,714 and \$72,089, respectively. The Corporation's bank balances were covered by the Federal Depository Insurance Corporation at December 31, 2018 and 2017, respectively, as the balances were under \$250,000. At times, the Corporation may have deposits in financial institutions in excess of the federally insured limits.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of December 31, 2018 and 2017.

- The money market account is valued at amortized cost, which approximates fair value, and is considered a level 1 investment.

*Custodial Credit Risk* is the risk that in the event of bank failure, the Corporation's deposits may not be returned. The Corporation has a policy regarding custodial credit risk. In addition, state law does not require security for public deposits and investment to be maintained in the Corporation's name.

#### **Note 4: ACCOUNTS PAYABLE**

At December 31, 2018 and 2107, the accounts payable of the Corporation consisted of property taxes, grants and utility costs related to 2018 and 2017, respectively.

#### **Note 5: CAPITAL ASSETS**

In 2016, the Corporation transferred property to the Cuyahoga County Land Reutilization Corporation (the "Land Bank") for the purpose of having a building demolished on the property. The Land Bank agreed to transfer the land back the Corporation upon demolishing the building. The land was transferred back to the Corporation in January 2017.

A summary of changes in capital assets during 2018 follows:

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/18</u>
Non-depreciable assets:				
Land	\$ <u>627,283</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>627,283</u>



# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements (continued)

### For the Years Ended December 31, 2018 and 2017

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#### **Note 5: CAPITAL ASSETS (CONTINUED)**

A summary of changes in capital assets during 2017 follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/17</u>
Non-depreciable assets:				
Land	\$ <u>556,679</u>	\$ <u>70,604</u>	\$ <u>-</u>	\$ <u>627,283</u>

#### **Note 6: RELATED-PARTY TRANSACTIONS**

The Corporation transferred \$650,000 to the Village during 2018, which is reported as grant expense on the statement of revenues, expenses and changes in net position. The Corporation also has accounts receivable – related party, totaling \$205,450 at December 31, 2018, due from the Village. This same amount is included in donations revenue for the year ended December 31, 2018. The Village transferred \$85,000 to the Corporation during 2017, which is reported as donations revenue on the statement of revenues, expenses and changes in net position. The Village also paid property taxes on behalf of the Corporation during 2017. The amount paid, \$10,767, is reported as donations revenue in 2017.

#### **Note 7: CONTINGENCIES**

##### Grants

The Corporation offers a variety of grants in the course of developing, advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village. These grant agreements are contingent upon the grantee meeting certain criteria as set forth in the grant agreement. The Corporation records the related expense at the time they are incurred, \$835,306 and \$41,991 during 2018 and 2017, respectively.

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# Cuyahoga Heights Community Improvement Corporation

## Management's Discussion and Analysis

### For the Years Ended December 31, 2017 and 2016

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This discussion and analysis, along with the accompanying financial statements, of the Cuyahoga Heights Community Improvement Corporation (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

#### **FINANCIAL HIGHLIGHTS**

The Corporation's net position was \$665,823 and \$624,414 on December 31, 2017 and 2016, respectively.

The Corporation's revenues have increased \$35,450 from 2016 to 2017 and decreased \$565,873 from 2015 to 2016. The Corporation's expenses decreased \$21,908 from 2016 to 2017 and increased \$65,290 from 2015 to 2016.

In 2016, the Corporation transferred property to the Cuyahoga County Land Reutilization Corporation (the "Land Bank") for the purpose of having a building demolished on the property. The Land Bank agreed to transfer the land back the Corporation upon demolishing the building. The land was transferred back to the Corporation in January 2017. For additional information, see Notes 5 and 6.

#### **OVERVIEW OF BASIC FINANCIAL STATEMENTS**

The Corporation is a single enterprise fund using proprietary fund accounting, similar to a private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the Corporation's assets and liabilities. This statement provides information about the nature and amounts of investments in resources owned by the Corporation (assets) and obligations owed by the Corporation (liabilities). The Corporation's net position (equity) is the difference between assets and liabilities.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, financing and investing activities.

# Cuyahoga Heights Community Improvement Corporation

## Management's Discussion and Analysis

### For the Years Ended December 31, 2017 and 2016

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#### NET POSITION

Table 1 summarizes the net position of the Corporation.

TABLE 1

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current assets	\$ 72,763	\$ 9,259	\$ 23,860
Other long-term assets	-	70,604	-
Capital assets, net	<u>627,283</u>	<u>556,679</u>	<u>627,283</u>
Total assets	<u>700,046</u>	<u>636,542</u>	<u>651,143</u>
Liabilities:			
Current liabilities	<u>34,223</u>	<u>12,128</u>	<u>10,780</u>
Net position:			
Net investment in capital assets	627,283	556,679	627,283
Unrestricted	<u>38,540</u>	<u>67,735</u>	<u>13,080</u>
Total net position	\$ <u>665,823</u>	\$ <u>624,414</u>	\$ <u>640,363</u>

# Cuyahoga Heights Community Improvement Corporation

## Management's Discussion and Analysis

### For the Years Ended December 31, 2017 and 2016

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#### REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net position.

TABLE 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues:			
Donations	\$ <u>95,767</u>	\$ <u>60,780</u>	\$ <u>626,687</u>
Operating expenses:			
Grant expense	41,991	60,000	-
Professional fees	7,468	5,729	7,849
Property taxes	4,102	10,767	2,998
Other	<u>1,302</u>	<u>275</u>	<u>634</u>
Total operating expenses	<u>54,863</u>	<u>76,771</u>	<u>11,481</u>
Operating income (loss)	<u>40,904</u>	<u>(15,991)</u>	<u>615,206</u>
Non-operating revenues:			
Investment income	<u>505</u>	<u>42</u>	<u>8</u>
Changes in net position	41,409	(15,949)	615,214
Net position at beginning of year	<u>624,414</u>	<u>640,363</u>	<u>25,149</u>
Net position at end of year	\$ <u><u>665,823</u></u>	\$ <u><u>624,414</u></u>	\$ <u><u>640,363</u></u>

Revenues increased by \$35,450 from 2016 to 2017. The increase in revenue was due to the fact that the Village of Cuyahoga Heights gifted \$85,000 to the Corporation in 2017, while only \$50,000 was gifted in 2016. Expenses decreased by \$21,908 from 2016 to 2017. The decrease in expenses was a result of the lower grant disbursements in the current year compared to the prior year.

Revenues decreased by \$565,873 from 2015 to 2016. The decrease in revenue was due to the fact that the Village of Cuyahoga Heights gifted \$625,000 to the Corporation in 2015, while only \$50,000 was gifted in 2016. Expenses increased by \$65,290 from 2015 to 2016. The increase in expenses was a result of the Corporation funding a grant for improvements to 4922 East 49th Street for \$60,000 in 2016.

# **Cuyahoga Heights Community Improvement Corporation**

## **Management's Discussion and Analysis**

### **For the Years Ended December 31, 2017 and 2016**

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#### **CAPITAL ASSETS**

The Corporation has land of \$627,283 and \$556,679 at December 31, 2017 and 2016, respectively.

#### **CURRENT RELATED FINANCIAL ACTIVITIES**

At December 31, 2017 and 2016 the Corporation had total assets of \$700,046 and \$636,542 and total net position of \$665,823 and \$624,414, respectively. This resulted in an increase in net position of \$41,409 for 2017 and a decrease of \$15,949 for 2016. In 2017 and 2016, the Village of Cuyahoga Heights gave the Corporation \$85,000 and \$50,000, respectively. Management continues to monitor all activity affecting the condition of the Corporation.

#### **CONTACT INFORMATION**

Questions regarding this report and requests for additional information should be forwarded to Angel Meriwether, Chief Fiscal Officer, Village of Cuyahoga Heights, 4863 East 71<sup>st</sup> Street, Cuyahoga Heights, Ohio 44125.

# Cuyahoga Heights Community Improvement Corporation

## Statements of Net Position

**December 31, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current:		
Cash and cash equivalents	\$ 72,089	\$ 9,259
Prepaid insurance	<u>674</u>	<u>-</u>
Total current	72,763	9,259
Long-term:		
Land receivable	-	70,604
Non-depreciable capital assets	<u>627,283</u>	<u>556,679</u>
Total long-term	<u>627,283</u>	<u>627,283</u>
<i>Total assets</i>	<u>700,046</u>	<u>636,542</u>
<b>Liabilities</b>		
Current:		
Accounts payable	4,232	12,128
Grants payable	<u>29,991</u>	<u>-</u>
Total current	<u>34,223</u>	<u>12,128</u>
<b>Net Position</b>		
Net investment in capital assets	627,283	556,679
Unrestricted	<u>38,540</u>	<u>67,735</u>
<i>Total net position</i>	\$ <u><u>665,823</u></u>	\$ <u><u>624,414</u></u>

# Cuyahoga Heights Community Improvement Corporation

## Statements of Revenues, Expenses and Changes in Net Position

### For the Years Ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
Operating revenues:		
Donations	\$ <u>95,767</u>	\$ <u>60,780</u>
Operating expenses:		
Grant expense	41,991	60,000
Professional fees	7,468	5,729
Property taxes	4,102	10,767
Other	<u>1,302</u>	<u>275</u>
Total operating expenses	<u>54,863</u>	<u>76,771</u>
Operating income (loss)	40,904	(15,991)
Non-operating revenues:		
Investment income	<u>505</u>	<u>42</u>
Change in net position	41,409	(15,949)
Net position at beginning of year	<u>624,414</u>	<u>640,363</u>
Net position at end of year	\$ <u><u>665,823</u></u>	\$ <u><u>624,414</u></u>



# Cuyahoga Heights Community Improvement Corporation

## Statements of Cash Flows

### For the Years Ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash receipts for donations	\$ 85,000	\$ 50,000
Cash payments for grants	(12,000)	(60,000)
Cash payments for goods and services	<u>(10,675)</u>	<u>(4,643)</u>
Net cash provided (used) by operating activities	<u>62,325</u>	<u>(14,643)</u>
Cash flows from investing activities:		
Interest and dividends received	<u>505</u>	<u>42</u>
Net cash provided by investing activities	<u>505</u>	<u>42</u>
Net change in cash and cash equivalents	62,830	(14,601)
Cash and cash equivalents at beginning of year	<u>9,259</u>	<u>23,860</u>
Cash and cash equivalents at end of year	\$ <u><u>72,089</u></u>	\$ <u><u>9,259</u></u>
<i>Reconciliation of operating income (loss) to net cash from operating activities:</i>		
Operating income (loss)	\$ 40,904	\$ (15,991)
Changes in operating assets and liabilities:		
Increase in prepaid insurance	(674)	-
Increase in grants payable	29,991	-
(Decrease) increase in accounts payable	<u>(7,896)</u>	<u>1,348</u>
Net cash provided (used) by operating activities	\$ <u><u>62,325</u></u>	\$ <u><u>(14,643)</u></u>

### **Supplemental disclosures of cash flow information:**

Non-cash financing activity:		
Land transferred from Cuyahoga County Land Reutilization Corporation	\$ 70,604	\$ -

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements

### For the Years Ended December 31, 2017 and 2016

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#### **Note 1: REPORTING ENTITY**

The Cuyahoga Heights Community Improvement Corporation (the “Corporation”) is a non-profit organization incorporated in the State of Ohio on June 15, 1982 for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Cuyahoga Heights (the “Village”) and the territory surrounding the Village. Operations commenced March 9, 2005.

The Corporation acts as the agency and instrumentality of the Village for the industrial, commercial, distribution, and research development in the Village in accordance with Section 1724.01 of the Ohio Revised Code.

The Corporation is affiliated with a governmental unit because the purpose of the Corporation is to facilitate the Village’s mission in improving the quality of life and economic environment for the citizens of the Village. The primary funding for the Corporation is supplied by the Village, and in the event the Corporation ceases to operate, all remaining funds and assets are transferred to the Village. Additionally, no less than two-fifths of the governing board of the Corporation shall be comprised of appointed or elected officers of the Village or other political subdivision designating the Corporation as its agency pursuant to Section 1724.01 of the Ohio Revised Code.

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Corporation’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 Corporation uses enterprise fund accounting to prepare the financial statements. Enterprise fund accounting focuses on the determination of operating income, changes in net position, financial position and cash flows.

#### Basis of Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

#### Measurement Focus and Basis of Accounting

The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included in the statement of net position. The operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position and distinguishes between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Corporation’s purpose. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements (continued)

### For the Years Ended December 31, 2017 and 2016

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#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

##### Concentrations

Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist primarily of periodic temporary investments of excess cash. The Corporation places its temporary excess cash in high-quality financial institutions.

##### Income Taxes

The Corporation has qualified for a tax exemption under Section 501c(3) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

##### Property and Equipment

All purchased property and equipment are stated at cost. Donated property is capitalized at estimated fair value at the date of donation. The Corporation depreciates the capital assets other than land using the straight-line method based on the estimated useful lives of the assets.

##### Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued.

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements (continued)

### For the Years Ended December 31, 2017 and 2016

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#### **Note 3: CASH AND CASH EQUIVALENTS**

At December 31, 2017 and 2016, the Corporation maintained its cash balance in money market accounts and the carrying value of cash and cash equivalents was \$72,089 and \$9,259, respectively. The Corporation's bank balances were covered by the Federal Depository Insurance Corporation at December 31, 2017 and 2016, respectively, as the balances were under \$250,000. At times, the Corporation may have deposits in financial institutions in excess of the federally insured limits.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of December 31, 2017 and 2016.

- The money market account is valued at amortized cost, which approximates fair value.

*Custodial Credit Risk* is the risk that in the event of bank failure, the Corporation's deposits may not be returned. The Corporation has a policy regarding custodial credit risk. In addition, State law does not require security for public deposits and investment to be maintained in the Corporation's name.

#### **Note 4: ACCOUNTS PAYABLE**

At December 31, 2017, the accounts payable of the Corporation consisted of property taxes and utilities fees related to 2017. At December 31, 2016, the accounts payable of the Corporation consisted of professional service fees, property taxes, and utilities fees related to 2016.

#### **Note 5: LAND RECEIVABLE**

During 2016, the Corporation transferred title of property with a value of \$70,604 to the Cuyahoga County Land Reutilization Corporation (the "Land Bank") for the purpose of having buildings demolished. The Land Bank agreed to transfer the property back to the Corporation upon demolition of the building. The land was transferred back to the Corporation in January 2017 and was reported as a receivable at December 31, 2016.

#### **Note 6: CAPITAL ASSETS**

A summary of changes in capital assets during 2017 follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/17</u>
Non-depreciable assets:				
Land	\$ <u>556,679</u>	\$ <u>70,604</u>	\$ <u>-</u>	\$ <u>627,283</u>

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements (continued)

### For the Years Ended December 31, 2017 and 2016

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#### **Note 6: CAPITAL ASSETS (CONTINUED)**

A summary of changes in capital assets during 2016 follows:

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/16</u>
Non-depreciable assets:				
Land	\$ <u>627,283</u>	\$ <u>-</u>	\$ <u>(70,604)</u>	\$ <u>556,679</u>

#### **Note 7: RELATED-PARTY TRANSACTIONS**

The Village transferred \$85,000 and \$50,000 to the Corporation during 2017 and 2016, respectively, which is reported as donations revenue on the statement of revenues, expenses and changes in net position. The Village also paid property taxes on behalf of the Corporation during 2017. The amount paid, \$10,767, is reported as donations revenue in 2017.

#### **Note 8: CONTINGENCIES**

##### Grants

The Corporation offers a variety of grants in the course of developing, advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village. These grant agreements are contingent upon the grantee meeting certain criteria as set forth in the grant agreement. The Corporation records the related expense at the time they are incurred, \$41,991 and \$60,000 during 2017 and 2016, respectively.

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# OHIO AUDITOR OF STATE KEITH FABER



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615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Cuyahoga Heights Community Improvement Corporation  
Cuyahoga County  
4863 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

To the Board of Trustees:

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 Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, (the Corporation) as of and for the years ended December 31, 2018, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 22, 2019.

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

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

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

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

August 22, 2019



OHIO AUDITOR OF STATE  
**KEITH FABER**



**CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 17, 2019**