



Dave Yost • Auditor of State

**CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION
CUYAHOGA COUNTY
DECEMBER 31, 2016 AND 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Cuyahoga Heights Community Improvement Corporation
Cuyahoga County
4863 E. 71st 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, 2016, 2015 and 2014, 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 overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County as of December 31, 2016, 2015 and 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2017, 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.



Dave Yost
Auditor of State
Columbus, Ohio

August 23, 2017

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2016 and 2015 (Unaudited)

This discussion and analysis, along with the accompanying financial report, 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 \$624,414 and \$640,363 on December 31, 2016 and 2015, respectively.

The Corporation's revenues have decreased \$565,873 from 2015 to 2016 and increased \$596,693 from 2014 to 2015. The Corporation's expenses increased \$65,290 from 2015 to 2016 and increased \$7,231 from 2014 to 2015.

During 2015, the Corporation purchased two properties for the purpose of preparing them for future economic development. 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. A receivable is recorded for the land, at December 31, 2016, as it was not transferred back to the Corporation until 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 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, 2016 and 2015 (Unaudited)

NET POSITION

Table 1 summarizes the net position of the Corporation.

TABLE 1

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------|-------------------|-------------------|------------------|
| Assets: | | | |
| Current assets | \$ 9,259 | \$ 23,860 | \$ 25,149 |
| Other long-term assets | 70,604 | - | - |
| Capital assets, net | <u>556,679</u> | <u>627,283</u> | <u>-</u> |
| Total assets | <u>636,542</u> | <u>651,143</u> | <u>25,149</u> |
| Liabilities: | | | |
| Current liabilities | <u>12,128</u> | <u>10,780</u> | <u>-</u> |
| Net position: | | | |
| Net investment in capital assets | 556,679 | 627,283 | - |
| Unrestricted | <u>67,735</u> | <u>13,080</u> | <u>25,149</u> |
| Total net position | \$ <u>624,414</u> | \$ <u>640,363</u> | \$ <u>25,149</u> |

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2016 and 2015 (Unaudited)

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>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------------------------------|--------------------------|--------------------------|-------------------------|
| Operating revenues: | | | |
| Donations | \$ <u>60,780</u> | \$ <u>626,687</u> | \$ <u>30,000</u> |
| Operating expenses: | | | |
| Grant expense | 60,000 | - | - |
| Professional fees | 5,729 | 7,849 | 4,250 |
| Other | <u>11,042</u> | <u>3,632</u> | <u>-</u> |
| Total operating expenses | <u>76,771</u> | <u>11,481</u> | <u>4,250</u> |
| Operating (loss) income | <u>(15,991)</u> | <u>615,206</u> | <u>25,750</u> |
| Non-operating revenues: | | | |
| Investment income | <u>42</u> | <u>8</u> | <u>2</u> |
| Changes in net position | (15,949) | 615,214 | 25,752 |
| Net position at beginning of year | <u>640,363</u> | <u>25,149</u> | <u>(603)</u> |
| Net position at end of year | \$ <u><u>624,414</u></u> | \$ <u><u>640,363</u></u> | \$ <u><u>25,149</u></u> |

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.

Revenues increased by \$596,693 from 2014 to 2015 due to the fact that the Village of Cuyahoga Heights contributed \$625,000 to the Corporation in 2015. Expenses increased by \$7,231 from 2014 to 2015. The increase in expenses was a result of the purchase of properties in 2015 and utilities and property taxes related to the properties. The Corporation did not have similar activities in 2014.

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2016 and 2015 (Unaudited)

CAPITAL ASSETS

Capital Assets

The Corporation has land of \$556,679 and \$627,283 at December, 31 2016 and 2015, respectively.

CURRENT RELATED FINANCIAL ACTIVITIES

At December 31, 2016 and 2015 the Corporation had total assets of \$636,542 and \$651,143 and total net position of \$624,414 and \$640,363, respectively. This resulted in decrease in net position of \$15,949 for 2016 and an increase of \$615,214 for 2015. In 2016 and 2015, the Village of Cuyahoga Heights gave the Corporation \$50,000 and \$625,000, 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 Robert Unger, Village Clerk, Village of Cuyahoga Heights, 4863 East 71st Street, Cuyahoga Heights, Ohio 44125.

Cuyahoga Heights Community Improvement Corporation

Statements of Net Position

December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|----------------------------------|--------------------------|--------------------------|
| Assets | | |
| Current: | | |
| Cash and cash equivalents | \$ 9,259 | \$ 23,860 |
| Long-term: | | |
| Land receivable | 70,604 | - |
| Non-depreciable capital assets | <u>556,679</u> | <u>627,283</u> |
| Total long-term | <u>627,283</u> | <u>627,283</u> |
| <i>Total assets</i> | <u>636,542</u> | <u>651,143</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | <u>12,128</u> | <u>10,780</u> |
| Net Position | | |
| Net investment in capital assets | 556,679 | 627,283 |
| Unrestricted | <u>67,735</u> | <u>13,080</u> |
| <i>Total net position</i> | \$ <u><u>624,414</u></u> | \$ <u><u>640,363</u></u> |

The accompanying notes are an integral part of these financial statements

Cuyahoga Heights Community Improvement Corporation

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|--------------------------|--------------------------|
| Operating revenues: | | |
| Donations | \$ <u>60,780</u> | \$ <u>626,687</u> |
| Operating expenses: | | |
| Grant expense | 60,000 | - |
| Professional fees | 5,729 | 7,849 |
| Other | <u>11,042</u> | <u>3,632</u> |
| Total operating expenses | <u>76,771</u> | <u>11,481</u> |
| Operating (loss) income | (15,991) | 615,206 |
| Non-operating revenues: | | |
| Investment income | <u>42</u> | <u>8</u> |
| Change in net position | (15,949) | 615,214 |
| Net position at beginning of year | <u>640,363</u> | <u>25,149</u> |
| Net position at end of year | \$ <u><u>624,414</u></u> | \$ <u><u>640,363</u></u> |

The accompanying notes are an integral part of these financial statements

Cuyahoga Heights Community Improvement Corporation

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|---|---------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Cash receipts for donations | \$ 50,000 | \$ 625,000 |
| Cash payments for grants | (60,000) | - |
| Cash payments for goods and services | <u>(4,643)</u> | <u>(8,483)</u> |
| Net cash (used for) provided by operating activities | <u>(14,643)</u> | <u>616,517</u> |
| Cash flow from capital and related financing activities: | | |
| Purchase of land | <u>-</u> | <u>(617,814)</u> |
| Net cash used for financing activities | <u>-</u> | <u>(617,814)</u> |
| Cash flows from investing activities: | | |
| Interest and dividends received | <u>42</u> | <u>8</u> |
| Net cash provided by investing activities | <u>42</u> | <u>8</u> |
| Net change in cash and cash equivalents | (14,601) | (1,289) |
| Cash and cash equivalents at beginning of year | <u>23,860</u> | <u>25,149</u> |
| Cash and cash equivalents at end of year | \$ <u><u>9,259</u></u> | \$ <u><u>23,860</u></u> |
| <i>Reconciliation of operating (loss) income to net cash from operating activities:</i> | | |
| Operating (loss) income | \$ (15,991) | \$ 615,206 |
| Land donated | - | (1,687) |
| Changes in operating liabilities: | | |
| Increase in accounts payable | <u>1,348</u> | <u>2,998</u> |
| Net cash (used for) provided by operating activities | \$ <u><u>(14,643)</u></u> | \$ <u><u>616,517</u></u> |

Supplemental disclosures of cash flow information:

| | | |
|--|------|----------|
| Non-cash investing and financing activities: | | |
| Land purchased on account | \$ - | \$ 7,782 |

The accompanying notes are an integral part of these financial statements

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements

December 31, 2016 and 2015

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 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)

December 31, 2016 and 2015

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.

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.

Income taxes are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Corporation classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements. As of December 31, 2016, the Corporation has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

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 August 25, 2017, the date the financial statements were available to be issued.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

December 31, 2016 and 2015

Note 3: CASH AND CASH EQUIVALENTS

At December 31, 2016 and 2015, the Corporation maintained its cash balance in money market accounts and the carrying value of cash and cash equivalents was \$9,259 and \$23,860, respectively. The Corporation's bank balances were covered by the Federal Depository Insurance Corporation at December 31, 2016 and 2015, 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, 2016 and 2015.

- 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, 2016, the accounts payable of the Corporation consisted of professional service fees, property taxes, and utilities fees related to 2016. At December 31, 2015, the accounts payable of the Corporation consisted of the annual property tax bill on the purchased properties.

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 is reported as a receivable at December 31, 2016.

Note 6: CAPITAL ASSETS

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> |

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

December 31, 2016 and 2015

Note 6: CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets during 2015 follows:

| | <u>Balance</u> <u>12/31/14</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>12/31/15</u> |
|-------------------------|-----------------------------------|---------------------|-------------------|-----------------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ <u> -</u> | \$ <u> 627,283</u> | \$ <u> -</u> | \$ <u> 627,283</u> |

Note 7: RELATED-PARTY TRANSACTIONS

The Village transferred \$50,000 and \$625,000 to the Corporation during 2016 and 2015, respectively, which is reported as donations revenue on the statement of revenues, expenses and changes in net position.

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Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2015 and 2014 (Unaudited)

This discussion and analysis, along with the accompanying financial report, 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 \$640,363 and \$25,149 on December 31, 2015 and 2014, respectively.

The Corporation's revenues have increased \$596,693 from 2014 to 2015 and decreased \$280,015 from 2013 to 2014. The Corporation's expenses increased \$7,231 from 2014 to 2015 and decreased \$513,046 from 2013 to 2014.

During 2015, the Corporation purchased two properties for the purpose of preparing them for future economic development. For additional information see Note 5.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Corporation is a single enterprise fund using proprietary fund accounting, similar to 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 (assets) owned by the Corporation 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, 2015 and 2014 (Unaudited)

NET POSITION

Table 1 summarizes the net position of the Corporation.

TABLE 1

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|----------------------------------|-------------------|------------------|-----------------|
| Assets: | | | |
| Current assets | \$ 23,860 | \$ 25,149 | \$ 447 |
| Capital assets, net | <u>627,283</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>651,143</u> | <u>25,149</u> | <u>447</u> |
| Liabilities: | | | |
| Current liabilities | <u>10,780</u> | <u>-</u> | <u>1,050</u> |
| Net position: | | | |
| Net investment in capital assets | 627,283 | - | - |
| Unrestricted | <u>13,080</u> | <u>25,149</u> | <u>(603)</u> |
| Total net position | \$ <u>640,363</u> | \$ <u>25,149</u> | \$ <u>(603)</u> |

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2015 and 2014 (Unaudited)

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>2015</u> | <u>2014</u> | <u>2013</u> |
|---|--------------------------|-------------------------|------------------------|
| Operating revenues: | | | |
| Donations | \$ <u>626,687</u> | \$ <u>30,000</u> | \$ <u>310,000</u> |
| Operating expenses: | | | |
| Professional fees | 7,849 | 4,250 | 46,522 |
| Other | <u>3,632</u> | <u>-</u> | <u>7,373</u> |
| Total operating expenses | <u>11,481</u> | <u>4,250</u> | <u>53,895</u> |
| Operating income (loss) | <u>615,206</u> | <u>25,750</u> | <u>256,105</u> |
| Non-operating revenues (expenses): | | | |
| Investment income | 8 | 2 | 17 |
| Loss on disposal of land | - | - | (451,425) |
| Interest and fiscal charges | <u>-</u> | <u>-</u> | <u>(11,976)</u> |
| Total non-operating revenues (expenses) | <u>8</u> | <u>2</u> | <u>(463,384)</u> |
| Changes in net position | 615,214 | 25,752 | (207,279) |
| Net position at beginning of year | <u>25,149</u> | <u>(603)</u> | <u>206,676</u> |
| Net position at end of year | \$ <u><u>640,363</u></u> | \$ <u><u>25,149</u></u> | \$ <u><u>(603)</u></u> |

Revenues increased by \$596,693 from 2014 to 2015. The increase in revenue was due to the fact that the Village of Cuyahoga Heights transferred \$625,000 to the Corporation in 2015. Expenses increased by \$7,231 from 2014 to 2015. The increase in expenses was a result of the purchase of properties in 2015 and utilities and property taxes related to the properties. The Corporation did not have similar activities in 2014.

Revenue decreased by \$280,015 from 2013 to 2014. The decrease in revenue was due to a smaller amount of transfers in from the Village of Cuyahoga Heights to the Corporation. Expenses decreased \$513,046 from 2013 to 2014. The decrease in expenses was a result of the sale of the land purchased in 2012 at a loss.

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2015 and 2014 (Unaudited)

CAPITAL ASSETS

Capital Assets

The Corporation has land of \$627,283 at December, 31 2015. The Corporation did not have any capital assets at December 31, 2014 and 2013.

CURRENT RELATED FINANCIAL ACTIVITIES

At December 31, 2015 and 2014 the Corporation had total assets of \$651,143 and \$25,149 and total net position of \$640,363 and \$25,149, respectively. This resulted in an increase in net position of \$615,214 and \$25,752 for 2015 and 2014, respectively. In 2015 and 2014, the Village of Cuyahoga Heights transferred into the Corporation \$625,000 and \$30,000, 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 Robert Unger, Village Clerk, Village of Cuyahoga Heights, 4863 East 71st Street, Cuyahoga Heights, Ohio 44125.

Cuyahoga Heights Community Improvement Corporation

Statements of Net Position

December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|--------------------------|-------------------------|
| Assets | | |
| Current: | | |
| Cash and cash equivalents | \$ 23,860 | \$ 25,149 |
| Long-term: | | |
| Non-depreciable capital assets (Note 5) | <u>627,283</u> | <u>-</u> |
| <i>Total assets</i> | <u>651,143</u> | <u>25,149</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | <u>10,780</u> | <u>-</u> |
| Net Position | | |
| Net investment in capital assets | 627,283 | - |
| Unrestricted | <u>13,080</u> | <u>25,149</u> |
| <i>Total net position</i> | \$ <u><u>640,363</u></u> | \$ <u><u>25,149</u></u> |

The accompanying notes are an integral part of these financial statements

Cuyahoga Heights Community Improvement Corporation

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|------------------------------------|--------------------------|-------------------------|
| Operating revenues: | | |
| Donations | \$ <u>626,687</u> | \$ <u>30,000</u> |
| Operating expenses: | | |
| Professional fees | 7,849 | 4,250 |
| Other | <u>3,632</u> | <u>-</u> |
| Total operating expenses | <u>11,481</u> | <u>4,250</u> |
| Operating income | <u>615,206</u> | <u>25,750</u> |
| Non-operating revenues (expenses): | | |
| Investment income | <u>8</u> | <u>2</u> |
| Change in net position | 615,214 | 25,752 |
| Net position at beginning of year | <u>25,149</u> | <u>(603)</u> |
| Net position at end of year | \$ <u><u>640,363</u></u> | \$ <u><u>25,149</u></u> |

The accompanying notes are an integral part of these financial statements

Cuyahoga Heights Community Improvement Corporation

Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|------------------|
| Cash flows from operating activities: | | |
| Cash receipts for donations | \$ 625,000 | \$ 30,000 |
| Cash payments for goods and services | <u>(8,483)</u> | <u>(5,300)</u> |
| Net cash provided by operating activities | <u>616,517</u> | <u>24,700</u> |
| Cash flow from capital and related financing activities: | | |
| Purchase of land | <u>(617,814)</u> | <u>-</u> |
| Net cash used for financing activities | <u>(617,814)</u> | <u>-</u> |
| Cash flows from investing activities: | | |
| Interest and dividends received | <u>8</u> | <u>2</u> |
| Net cash provided by investing activities | <u>8</u> | <u>2</u> |
| Net change in cash and cash equivalents | (1,289) | 24,702 |
| Cash and cash equivalents at beginning of year | <u>25,149</u> | <u>447</u> |
| Cash and cash equivalents at end of year | \$ <u>23,860</u> | \$ <u>25,149</u> |
| <i>Reconciliation of operating income to net cash from operating activities:</i> | | |
| Operating income | \$ 615,206 | \$ 25,750 |
| Land donated | (1,687) | - |
| Changes in operating liabilities: | | |
| Decrease (increase) in accounts payable | <u>2,998</u> | <u>(1,050)</u> |
| Net cash provided by operating activities | \$ <u>616,517</u> | \$ <u>24,700</u> |

Supplemental disclosures of cash flow information:

| | | |
|--|----------|------|
| Non-cash investing and financing activities: | | |
| Land purchased on account | \$ 7,782 | \$ - |

The accompanying notes are an integral part of these financial statements

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements

December 31, 2015 and 2014

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 (“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 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 on 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)

December 31, 2015 and 2014

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.

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.

Income taxes are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Corporation classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements. As of December 31, 2015, the Corporation has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

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.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

December 31, 2015 and 2014

Note 3: CASH AND CASH EQUIVALENTS

At December 31, 2015 and 2014, the Corporation maintained its cash balance in money market accounts and the carrying value of cash and cash equivalents was \$23,860 and \$25,149, respectively. The Corporation's bank balances were covered by the Federal Depository Insurance Corporation, as the balances were under \$250,000.

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, 2015, the accounts payable of the Corporation consisted of the annual property tax bill on the purchased properties. At December 31, 2014, the Corporation did not have any accounts payable.

Note 5: CAPITAL ASSETS

A summary of changes in capital assets during 2015 follows:

| | <u>Balance</u> <u>12/31/14</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>12/31/15</u> |
|-------------------------|-----------------------------------|---------------------|-----------------------|-----------------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ <u> -</u> | \$ <u> 627,283</u> | \$ <u> -</u> | \$ <u> 627,283</u> |

At December 31, 2014, the Corporation did not have any capital assets.

Note 6: RELATED-PARTY TRANSACTIONS

The Village transferred \$625,000 and \$30,000 to the Corporation during 2015 and 2014, respectively, and is reported as donations revenue on the statement of revenues, expenses and changes in net position.



Dave Yost • Auditor of State

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 E. 71st 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, 2016, 2015, and 2014, 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 23, 2017.

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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

August 23, 2017



Dave Yost • Auditor of State

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 5, 2017**