



OHIO AUDITOR OF STATE
KEITH FABER



**NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION
 CUYAHOGA COUNTY
 DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Newburgh Heights Community Improvement Corporation
Cuyahoga County
3801 Harvard Avenue
Newburgh Heights, Ohio 44145

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Newburgh Heights Community Improvement Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the years ended December 31, 2020 and 2019, 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 Corporation, as of December 31, 2020 and 2019, and the respective changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 5 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, 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

November 12, 2021

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management’s Discussion and Analysis

For the year ended December 31, 2020

(Unaudited)

The discussion and analysis for the Newburgh Heights Community Improvement Corporation’s (the “Corporation”) financial performance provides and overall review of the Corporation for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Corporation’s performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation’s financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- In total, net position for 2020 increased \$354,421 since 2019.
- Total assets increased \$344,535, which was due to an increase in land.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include a statement of net position, statement of revenues, expenses and changes in fund net position, and a statement of cash flows. Since the Corporation only uses one fund for its operations, the entity wide and the fund presentation information is the same.

FINANCIAL ANALYSIS

An analysis of 2020 and 2019 is presented below:

	<u>2020</u>	<u>2019</u>	Increase <u>(Decrease)</u>
Current and other assets	\$ 8,536	\$ 1,821	\$ 6,715
Land held for resale	<u>705,838</u>	<u>368,018</u>	<u>337,820</u>
Total assets	<u>714,374</u>	<u>369,839</u>	<u>344,535</u>
Current liabilities	<u>-</u>	<u>9,886</u>	<u>(9,886)</u>
Total liabilities	<u>-</u>	<u>9,886</u>	<u>(9,886)</u>
Net position			
Unrestricted	714,374	359,953	354,421
Total net position	<u>\$ 714,374</u>	<u>\$ 359,953</u>	<u>\$ 354,421</u>

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2020

(Unaudited)

Changes in Net Position

The following table shows the changes in fund net position for the fiscal years 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
<u>Operating revenues:</u>			
Purchase of land	\$ 1,000	\$ 1,500	\$ (500)
Other	<u>177</u>	<u>-</u>	<u>177</u>
Total operating revenues	<u>1,177</u>	<u>1,500</u>	<u>(323)</u>
<u>Operating expenses:</u>			
Support services:			
Contractual services	\$ 37,550	\$ -	\$ 37,550
Real estate taxes	12,431	19,074	(6,643)
Sale of property settlement charges	-	-	-
Professional fees	5,785	4,044	1,741
Utilities	1,569	916	653
Repairs	-	104	(104)
Miscellaneous	<u>515</u>	<u>419</u>	<u>96</u>
Total support services	<u>57,850</u>	<u>24,557</u>	<u>33,293</u>
Total operating expenses	<u>57,850</u>	<u>24,557</u>	<u>33,293</u>
Operating loss	(56,673)	(23,057)	(33,616)
<u>Nonoperating revenues (expenses):</u>			
Intergovernmental	<u>411,094</u>	<u>16,500</u>	<u>394,594</u>
Total nonoperating revenues (expenses)	<u>411,094</u>	<u>16,500</u>	<u>394,594</u>
Change in net position	<u>\$ 354,421</u>	<u>\$ (6,557)</u>	<u>\$ 360,978</u>

Total expenses were \$57,850 during 2020. The primary expenses were contractual services and real estate taxes.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management’s Discussion and Analysis

For the year ended December 31, 2020

(Unaudited)

NON-CURRENT ASSETS AND DEBT ADMINISTRATION

Land Held for Resale

At the end of 2020, the Corporation had \$705,838 invested in land held for resale. The following table shows the 2020 balance:

Land Held for Resale, at Year End

	<u>2020</u>
Land held for resale	<u>\$ 705,838</u>
Total land held for resale	<u>\$ 705,838</u>

Additional information on the Corporation’s capital assets can be found in Note 3.

DEBT

Currently, the Corporation does not have any debt obligations.

CURRENT FINANCIAL ISSUES AND CONCERNS

At December 31, 2020, the Corporation had a total net position of \$714,374. Management continues to monitor all activity affecting the condition of the Corporation.

The Corporation will continue to assist other local businesses with loans to attract new business for the Village. This and the continual review of properties for development will be the Corporation’s focus.

REQUEST FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, and consumers of the Village of Newburgh Heights with a general overview of the Corporation’s financial position. If you have any questions about this report or need additional financial information, contact Cathleen Nagorski, Newburgh Heights Community Improvement Corporation Treasurer, 3801 Harvard Avenue, Newburgh Heights, Ohio 44105, (216) 641-2717.

Newburgh Heights Community Improvement Corporation

Statement of Net Position

December 31, 2020

	<u>Assets</u>	
Current assets:		
Cash		\$ 8,536
Total current assets		<u>8,536</u>
Noncurrent assets:		
Land held for resale		<u>705,838</u>
Total noncurrent assets		<u>705,838</u>
Total assets		<u><u>714,374</u></u>
	<u>Net position</u>	
Unrestricted		<u>714,374</u>
Total net position		<u><u>\$ 714,374</u></u>

The accompanying notes are an integral part of these financial statements.

Newburgh Heights Community Improvement Corporation
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2020

<u>Operating revenues:</u>	
Land purchase	\$ 1,000
Miscellaneous	177
Total operating revenues	<u>1,177</u>
<u>Operating expenses:</u>	
Support services:	
Contractual services	37,550
Real estate taxes	12,431
Professional fees	5,785
Utilities	1,569
Miscellaneous	515
Total support services	<u>57,850</u>
Total operating expenses	<u>57,850</u>
Operating loss	(56,673)
<u>Nonoperating revenues:</u>	
Non-operating revenues:	
Intergovernmental	411,094
Total non-operating revenues	<u>411,094</u>
Change in net position	354,421
Net position at beginning of year	<u>359,953</u>
Net position at end of year	<u><u>\$ 714,374</u></u>

The accompanying notes are an integral part of these financial statements.

Newburgh Heights Community Improvement Corporation

Statement of Cash Flows

For the Year Ended December 31, 2020

Cash flows from operating activities:

Cash received from customers	\$ 1,000
Cash received for excess closing funds	177
Cash payments to suppliers for goods and services	<u>(405,556)</u>
Net cash used for operating activities	<u>(404,379)</u>

Cash flows from capital and related financing activities:

Intergovernmental proceeds	<u>411,094</u>
Net cash provided by capital and related financing activities	<u>411,094</u>

Net increase in cash and cash equivalents 6,715

Cash and cash equivalents at beginning of year	<u>1,821</u>
Cash and cash equivalents at end of year	<u>\$ 8,536</u>

Reconciliation of operating loss to net cash used for operating activities:

Operating loss \$ (56,673)

Adjustments to reconcile operating loss to net cash used for operating activities:

Change in assets and liabilities:	
(Increase) decrease in assets:	
Land held for resale	(337,820)
Increase (decrease) in liabilities:	
Accounts payable	(258)
Intergovernmental payable	<u>(9,628)</u>
Net cash used for operating activities	<u>\$ (404,379)</u>

The accompanying notes are an integral part of these financial statements.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Newburgh Heights Community Improvement Corporation (the “Corporation”) is a not-for-profit corporation that was formed on March 29, 2017 in the State of Ohio. The Corporation is a community improvement corporation as defined in Chapter 1724 of the Ohio Revised Code.

The sole purpose for which the corporation was formed was to advance, encourage, and promote the industrial, commercial, and civic development of the Village of Newburgh Heights, Ohio by acting as a designated agency of the Village, for the industrial, commercial, distribution, and research development in such political subdivision in accordance with Section 1724.10 of the Ohio Revised Code.

In accordance with Chapter 1724 of the Ohio Revised Code, not less than two-fifths of the Board of Trustees of the Corporation, is composed of appointed or elected officers of the Village of Newburgh Heights and at least one officer of the Village of Newburgh Heights.

B. Basis of Presentation

The Corporation’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows.

The Corporation uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

C. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of the Corporation are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in the net total position. The statement of cash flows provides information about how the Corporation finances and meets the cash flow needs of its enterprise activity.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Corporation's financial statements are prepared using the accrual basis of accounting.

Revenue is recorded on the accrual basis when the exchange takes place. Expenses are recognized at the time they are incurred.

E. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three months or less from the date of acquisition.

F. Donated Property

Donations of property are recorded as contributions at their estimated acquisition value at the date of donation. Such donations are reported as increases in invested in capital assets unless the donor has restricted such assets for specific purposes or management's intention is to sell the property.

G. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Corporation applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The Corporation did not have any restricted net position for 2020.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

H. Depreciation

Property, plant and equipment are carried at cost with depreciation computed on the straight-line method. The Corporation does not currently have a capitalization threshold. The following guideline years have been used in computing depreciation:

Buildings	10 - 39 years
Fixtures and equipment	10 - 39 years

There was no depreciation expense for 2020, as the Corporation has yet to purchase any depreciable capital assets.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded. There were no prepaid items at December 31, 2020.

K. Investments

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time of purchase are reported as cash equivalents on the financial statements.

During 2020, all cash was held in demand deposits and the Corporation did not have any investments.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Deposits and investments

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Protection of the Corporation's cash and deposits is provided by the Federal Deposit Insurance Corporation.

The carrying amount and bank balance of the Corporation's deposits at December 31, 2020 were \$8,536. Of the bank balances, none of the monies were collateralized with securities held by the pledging financial institutions trust department or agent but not in the Corporation's name.

Note 3 – Land Held for Resale

The Corporation has land held for resale in the amount of \$705,838. This land is intended to be sold later for economic development purposes.

Note 4 – Subsequent Events/Contingencies

Management believes there are no pending claims or lawsuits that could significantly adversely affect the Corporation.

Note 5 – COVID 19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Corporation. In addition, the impact on the Corporation's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management’s Discussion and Analysis

For the year ended December 31, 2019

(Unaudited)

The discussion and analysis for the Newburgh Heights Community Improvement Corporation’s (the “Corporation”) financial performance provides and overall review of the Corporation for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Corporation’s performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation’s financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 are as follows:

- In total, net position for 2019 decreased \$6,557 since 2018.
- Total assets decreased \$24,231, which was due to a decrease in contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include a statement of net position, statement of revenues, expenses and changes in fund net position, and a statement of cash flows. Since the Corporation only uses one fund for its operations, the entity wide and the fund presentation information is the same.

FINANCIAL ANALYSIS

An analysis of 2019 and 2018 is presented below:

	<u>2019</u>	<u>2018</u>	Increase <u>(Decrease)</u>
Current and other assets	\$ 1,821	\$ 26,052	\$ (24,231)
Land held for resale	<u>368,018</u>	<u>368,018</u>	<u>-</u>
Total assets	<u>369,839</u>	<u>394,070</u>	<u>(24,231)</u>
Current liabilities	<u>9,886</u>	<u>27,560</u>	<u>(17,674)</u>
Total liabilities	<u>9,886</u>	<u>27,560</u>	<u>(17,674)</u>
Net position			
Unrestricted	359,953	366,510	(6,557)
Total net position	<u>\$ 359,953</u>	<u>\$ 366,510</u>	<u>\$ (6,557)</u>

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2019

(Unaudited)

Changes in Net Position

The following table shows the changes in fund net position for the fiscal years 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
<u>Operating revenues:</u>			
Purchase of land	\$ 1,500	\$ -	\$ 1,500
Total operating revenues	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<u>Operating expenses:</u>			
<u>Support services:</u>			
Contractual services	\$ -	\$ 30,000	\$ (30,000)
Real estate taxes	19,074	15,862	3,212
Sale of property settlement charges	-	3,500	(3,500)
Professional fees	4,044	43,174	(39,130)
Utilities	916	1,721	(805)
Repairs	104	75	29
Miscellaneous	419	292	127
Total support services	<u>24,557</u>	<u>94,624</u>	<u>(70,067)</u>
Total operating expenses	<u>24,557</u>	<u>94,624</u>	<u>(70,067)</u>
Operating loss	<u>(23,057)</u>	<u>(94,624)</u>	<u>71,567</u>
<u>Nonoperating revenues (expenses):</u>			
Intergovernmental	<u>16,500</u>	<u>434,550</u>	<u>(418,050)</u>
Total nonoperating revenues (expenses)	<u>16,500</u>	<u>434,550</u>	<u>(418,050)</u>
Change in net position	<u>\$ (6,557)</u>	<u>\$ 339,926</u>	<u>\$ (346,483)</u>

Total expenses were \$24,557 during 2019. The primary expenses were real estate taxes and professional fees.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2019

(Unaudited)

NON-CURRENT ASSETS AND DEBT ADMINISTRATION

Land Held for Resale

At the end of 2019, the Corporation had \$368,018 invested in land held for resale. The following table shows the 2019 balance:

Land Held for Resale, at Year End	
	<u>2019</u>
Land held for resale	\$ 368,018
Total land held for resale	<u>\$ 368,018</u>

Additional information on the Corporation's capital assets can be found in Note 3.

Debt

Currently, the Corporation does not have any debt obligations.

CURRENT FINANCIAL ISSUES AND CONCERNS

At December 31, 2019, the Corporation had a total net position of \$359,953. Management continues to monitor all activity affecting the condition of the Corporation.

The Corporation will continue to assist other local businesses with loans to attract new business for the Village. This and the continual review of properties for development will be the Corporation's focus.

REQUEST FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, and consumers of the Village of Newburgh Heights with a general overview of the Corporation's financial position. If you have any questions about this report or need additional financial information, contact Cathleen Nagorski, Newburgh Heights Community Improvement Corporation Treasurer, 3801 Harvard Avenue, Newburgh Heights, Ohio 44105, (216) 641-2717.

Newburgh Heights Community Improvement Corporation

Statement of Net Position

December 31, 2019

	<u>Assets</u>	
Current assets:		
Cash		\$ 1,821
Total current assets		<u>1,821</u>
Noncurrent assets:		
Land held for resale		<u>368,018</u>
Total noncurrent assets		<u>368,018</u>
Total assets		<u>369,839</u>
	<u>Liabilities</u>	
Current liabilities:		
Accounts payable		258
Intergovernmental payable		<u>9,628</u>
Total liabilities		<u>9,886</u>
	<u>Net position</u>	
Unrestricted		<u>359,953</u>
Total net position		<u>\$ 359,953</u>
Total liabilities and net position		<u>\$ 369,839</u>

The accompanying notes are an integral part of these financial statements.

Newburgh Heights Community Improvement Corporation
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2019

<u>Operating revenues:</u>	
Land purchase	\$ 1,500
Total operating revenues	<u>1,500</u>
<u>Operating expenses:</u>	
Support services:	
Real estate taxes	\$ 19,074
Professional fees	4,044
Utilities	916
Supplies and materials	104
Miscellaneous	419
Total support services	<u>24,557</u>
Total operating expenses	<u>24,557</u>
Operating loss	(23,057)
<u>Nonoperating revenues:</u>	
Non-operating revenues:	
Intergovernmental	<u>16,500</u>
Total non-operating revenues	<u>16,500</u>
Change in net position	(6,557)
Net position at beginning of year	<u>366,510</u>
Net position at end of year	<u>\$ 359,953</u>

The accompanying notes are an integral part of these financial statements.

Newburgh Heights Community Improvement Corporation

Statement of Cash Flows

For the Year Ended December 31, 2019

Cash flows from operating activities:

Cash received from customers	\$ 1,500
Cash payments to suppliers for goods and services	(42,231)
Net cash used for operating activities	<u>(40,731)</u>

Cash flows from capital and related financing activities:

Intergovernmental proceeds	16,500
Net cash provided by capital and related financing activities	<u>16,500</u>

Net decrease in cash and cash equivalents (24,231)

Cash and cash equivalents at beginning of year	26,052
Cash and cash equivalents at end of year	<u>\$ 1,821</u>

Reconciliation of operating loss to net cash used for operating activities:

Operating loss \$ (23,057)

Adjustments to reconcile operating loss to net cash used for operating activities:

Change in assets and liabilities:	
Increase (decrease) in liabilities:	
Accounts payable	(15,456)
Intergovernmental payable	(2,218)
Net cash used for operating activities	<u>\$ (40,731)</u>

The accompanying notes are an integral part of these financial statements.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Newburgh Heights Community Improvement Corporation (the “Corporation”) is a not-for-profit corporation that was formed on March 29, 2017 in the State of Ohio. The Corporation is a community improvement corporation as defined in Chapter 1724 of the Ohio Revised Code.

The sole purpose for which the corporation was formed was to advance, encourage, and promote the industrial, commercial, and civic development of the Village of Newburgh Heights, Ohio by acting as a designated agency of the Village, for the industrial, commercial, distribution, and research development in such political subdivision in accordance with Section 1724.10 of the Ohio Revised Code.

In accordance with Chapter 1724 of the Ohio Revised Code, not less than two-fifths of the Board of Trustees of the Corporation, is composed of appointed or elected officers of the Village of Newburgh Heights and at least one officer of the Village of Newburgh Heights.

B. Basis of Presentation

The Corporation’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows.

The Corporation uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

C. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of the Corporation are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in the net total position. The statement of cash flows provides information about how the Corporation finances and meets the cash flow needs of its enterprise activity.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Corporation's financial statements are prepared using the accrual basis of accounting.

Revenue is recorded on the accrual basis when the exchange takes place. Expenses are recognized at the time they are incurred.

E. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three months or less from the date of acquisition.

F. Donated Property

Donations of property are recorded as contributions at their estimated acquisition value at the date of donation. Such donations are reported as increases in invested in capital assets unless the donor has restricted such assets for specific purposes or management's intention is to sell the property.

G. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Corporation applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The Corporation did not have any restricted net position for 2019.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

H. Depreciation

Property, plant and equipment are carried at cost with depreciation computed on the straight-line method. The Corporation does not currently have a capitalization threshold. The following guideline years have been used in computing depreciation:

Buildings	10 - 39 years
Fixtures and equipment	10 - 39 years

There was no depreciation expense for 2019, as the Corporation has yet to purchase any depreciable capital assets.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded. There were no prepaid items at December 31, 2019.

K. Investments

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time of purchase are reported as cash equivalents on the financial statements.

During 2019, all cash was held in demand deposits and the Corporation did not have any investments.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 2 – Deposits and investments

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Protection of the Corporation's cash and deposits is provided by the Federal Deposit Insurance Corporation.

The carrying amount and bank balance of the Corporation's deposits at December 31, 2019 were \$1,821. Of the bank balances, none of the monies were collateralized with securities held by the pledging financial institutions trust department or agent but not in the Corporation's name.

Note 3 – Land Held for Resale

The Corporation has land held for resale in the amount of \$368,018. This land is intended to be sold later for economic development purposes.

Note 4 – Subsequent Events/Contingencies

Management believes there are no pending claims or lawsuits that could significantly adversely affect the Corporation.

OHIO AUDITOR OF STATE KEITH FABER



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

Newburgh Heights Community Improvement Corporation
Cuyahoga County
3801 Harvard Avenue
Newburgh Heights, Ohio 44145

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 Newburgh Heights Community Improvement Corporation, Cuyahoga County, (the Corporation) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated November 12, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our 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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 12, 2021

OHIO AUDITOR OF STATE KEITH FABER



NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/30/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov