



**CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005



Mary Taylor, CPA
Auditor of State

**CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION
CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cuyahoga Heights Community Improvement Corporation
Cuyahoga County
4863 East 71st Street
Cuyahoga Heights, Ohio 44125

To the Board of Trustees:

We have audited the accompanying basic financial statements of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, Ohio, (the Corporation) as of and for the years ended December 31, 2006 and December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, Ohio, as of December 31, 2006 and December 31, 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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Mary Taylor, CPA
Auditor of State

May 14, 2008

Cuyahoga Heights Community Improvement Corporation

Cuyahoga County

Management's Discussion and Analysis

For The Years Ended December 31, 2006 and 2005 (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 total assets of the Corporation equaled liabilities and net assets on December 31, 2006 and 2005. The Corporation's net assets were \$550,969 and \$483,779 on December 31, 2006 and 2005 respectively.

The Corporation's revenues have decreased by \$422,463 or 84 percent from 2005 to 2006 and increased \$504,279 or 100 percent from 2004 to 2005. The Corporation's have expenses decreased by \$5,874 or 29 percent from 2005 to 2006 and increased \$20,500 or 100 percent from 2004 to 2005. There were no revenues or expenses in 2004.

The Corporation issued no long term debt in 2006 or 2005.

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 Financial Position** includes 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 assets (equity) are the difference between assets and liabilities.

The **Statements of Activities** provides 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 and investing activities.

**Cuyahoga Heights Community Improvement Corporation
Cuyahoga County**

Management's Discussion and Analysis (Continued)

For The Years Ended December 31, 2006 and 2005 (Unaudited)

NET ASSETS

Table 1 summarizes the Net Assets of the Corporation.

TABLE 1

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	\$ 101,825	\$ 58,822	\$ 43,003
Short-term investments	395,520	424,957	(29,437)
Accounts receivable–affiliate	<u>58,500</u>	<u>-</u>	<u>58,500</u>
Total assets	555,845	483,779	72,066
Liabilities:			
Accounts payable	<u>4,876</u>	<u>-</u>	<u>4,876</u>
Net assets:			
Unrestricted net assets	\$ <u>550,969</u>	\$ <u>483,779</u>	\$ <u>67,190</u>

STATEMENT OF ACTIVITIES

Table 2 below summarizes the changes in Revenues and Expenses and the resulting change in Net Assets.

TABLE 2

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Operating Revenues:			
Government support	\$ 58,500	\$ 500,000	\$ (441,500)
Investment income	<u>23,316</u>	<u>4,279</u>	<u>19,037</u>
Total operating revenues	<u>81,816</u>	<u>504,279</u>	<u>(422,463)</u>
Operating Expenses:			
Grants	-	20,000	20,000
Administrative	-	500	500
Professional fees	<u>14,626</u>	<u>-</u>	<u>(14,626)</u>
Total operating expenses	<u>14,626</u>	<u>20,500</u>	<u>5,874</u>
Changes in net assets	67,190	483,779	(416,589)
Net assets at beginning of year	<u>483,779</u>	<u>-</u>	<u>483,779</u>
Net assets at end of year	\$ <u>550,969</u>	\$ <u>483,779</u>	\$ <u>67,190</u>

**Cuyahoga Heights Community Improvement Corporation
Cuyahoga County**

Management's Discussion and Analysis (Continued)

For The Years Ended December 31, 2006 and 2005 (Unaudited)

Revenues decreased by \$422,463 or 84 percent from 2005 to 2006. Decreased revenues were due to government support of \$500,000 revenue issued by the Village of Cuyahoga Heights in 2005 compared to \$58,500 revenue issued by the Village of Cuyahoga Heights in 2006 to fund operations of the Corporation.

Expenses decreased by \$5,874 or 29 percent from 2005 to 2006. Decreased expenses were due to a grant given by the Corporation in 2005 and not in 2006 and professional fees expenses in 2006 and not in 2005.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Barb Biro, Village Clerk, Village of Cuyahoga Heights, 4863 East 71st Street, Cuyahoga Heights, Ohio 44125.

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**Cuyahoga Heights Community Improvement Corporation
Cuyahoga County**

Statement of Financial Position

December 31, 2006 and 2005

	<u>Assets</u>	
	<u>2006</u>	<u>2005</u>
Assets:		
Cash and cash equivalents	\$ 101,825	\$ 58,822
Short-term investments	395,520	424,957
Accounts receivable - affiliate	<u>58,500</u>	<u>-</u>
Total assets	<u>\$ 555,845</u>	<u>\$ 483,779</u>
	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable	\$ <u>4,876</u>	\$ <u>-</u>
Net Assets:		
Unrestricted	<u>550,969</u>	<u>483,779</u>
Total liabilities and net assets	<u>\$ 555,845</u>	<u>\$ 483,779</u>

The accompanying notes are an integral part of these financial statements

**Cuyahoga Heights Community Improvement Corporation
Cuyahoga County**

Statement of Activities

For The Years Ended December 31, 2006 and 2005

	2006 <u>Unrestricted</u>	2005 <u>Unrestricted</u>
Revenue:		
Government support	\$ 58,500	\$ 500,000
Investment income	<u>23,316</u>	<u>4,279</u>
Total revenue	<u>81,816</u>	<u>504,279</u>
Expenses:		
Grants	-	20,000
Administrative	-	500
Professional fees	<u>14,626</u>	<u>-</u>
Total expenses	<u>14,626</u>	<u>20,500</u>
Increases in net assets	67,190	483,779
Net assets at beginning of year	<u>483,779</u>	<u>-</u>
Net assets at end of year	\$ <u>550,969</u>	\$ <u>483,779</u>

The accompanying notes are an integral part of these financial statements

Cuyahoga Heights Community Improvement Corporation
Cuyahoga County

Statement of Cash Flows

For The Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ <u>67,190</u>	\$ <u>483,779</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
(Increase) in accounts receivable - affiliate	(58,500)	-
Increase in accounts payable	<u>4,876</u>	<u>-</u>
Net cash used for operating activities	<u>(53,624)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Purchase of short-term investments	(1,580,679)	(846,548)
Sale of short-term investments	1,629,000	421,591
Gain on sale of short-term investments	<u>(18,884)</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>29,437</u>	<u>(424,957)</u>
Net increase in cash and cash equivalents	43,003	58,822
Cash and cash equivalents at beginning of year	<u>58,822</u>	<u>-</u>
Cash and cash equivalents at end of year	\$ <u><u>101,825</u></u>	\$ <u><u>58,822</u></u>

The accompanying notes are an integral part of these financial statements

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Cuyahoga Heights Community Improvement Corporation Cuyahoga County

Notes to Basic Financial Statements

December 31, 2006 and 2005

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

The Corporation acts as the agency and instrumentality of the Village of Cuyahoga Heights for the industrial, commercial, distribution and research development in the Village in accordance with Section 1724.10 of the Ohio Revised Code.

The Corporation is affiliated with a governmental unit because the purpose of the Corporation is to facilitate the Village of Cuyahoga Heights' mission in improving the quality of life and economic environment for the citizens of the Village of Cuyahoga Heights. 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 of Cuyahoga Heights or other political subdivision designating the Corporation as its agency pursuant to Section 1724.10 of the Ohio Revised Code.

Basis of Accounting

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

Basis of Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. The Corporation does not have any temporarily restricted or permanently restricted net assets.

Cuyahoga Heights Community Improvement Corporation Cuyahoga County

Notes to Basic Financial Statements (Continued)

December 31, 2006 and 2005

A. 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.

Short-term Investments

Short-term investments consist of taxable bonds at financial institutions maturing in one year or less and are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in investment income.

Concentrations of Credit Risk

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. At December 31, 2006 and 2005, there were no uninsured cash balances maintained in financial institutions. Additionally, the Corporation had approximately \$101,825 in 2006 and \$58,822 in 2005 invested in a money market account at a local brokerage firm, which is not insured by the Federal Deposit Insurance Corporation.

Income Taxes

The Corporation is tax exempt, under Section 501(c)(3) of the Internal Revenue Code of 1986. No provision for Federal income taxes has been reported in its financial statements.

B. ACCOUNTS RECEIVABLE - AFFILIATE

At December 31, 2006, the accounts receivable – affiliate represents an amount due from the Village of Cuyahoga Heights for payments made by the Corporation for professional fees.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 71st Street
Cuyahoga Heights, Ohio 44125

To the Board of Trustees:

We have audited the financial statements of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, Ohio, (the Corporation) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated May 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Corporation's management in a separate letter dated May 14, 2008.

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, providing an opinion 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*.

We did note certain noncompliance or other matters that we reported to the Corporation's management in a separate letter dated May 14, 2008.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.

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Mary Taylor, CPA
Auditor of State

May 14, 2008



Mary Taylor, CPA
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
JUNE 10, 2008**