



Dave Yost • Auditor of State



**CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION  
CUYAHOGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

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

We have audited the accompanying financial statements of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the years ended December 31, 2014 and 2013, 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 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, 2014 and 2013, and the changes in its 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.

**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 26, 2015, 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 26, 2015

# Cuyahoga Heights Community Improvement Corporation

## Management's Discussion and Analysis

### For the Years Ended December 31, 2014 and 2013 (Unaudited)

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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 \$25,149 and (\$603) on December 31, 2014 and 2013, respectively.

The Corporation's revenues have decreased \$280,015 from 2013 to 2014 and increased \$309,991 from 2012 to 2013. The Corporation's expenses decreased \$513,046 from 2013 to 2014 and increased \$444,813 from 2012 to 2013.

The Corporation signed a promissory note for the purchase of property in 2012. In 2013, the Corporation sold the land and paid off the promissory note. 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** 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 position (equity) is the difference between assets and liabilities.

The **Statements of Revenues, Expenses and Changes in Net Position** 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

## Management's Discussion and Analysis

### For the Years Ended December 31, 2014 and 2013 (Unaudited)

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#### NET POSITION

Table 1 summarizes the net position of the Corporation.

TABLE 1

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets:			
Current assets	\$ 25,149	\$ 447	\$ 49,967
Capital assets, net	<u>-</u>	<u>-</u>	<u>451,426</u>
Total assets	<u>25,149</u>	<u>447</u>	<u>501,393</u>
Liabilities:			
Current liabilities	-	1,050	27,842
Long-term liabilities:			
Due within one year	-	-	50,196
Due in more than one year	<u>-</u>	<u>-</u>	<u>216,679</u>
Total liabilities	<u>-</u>	<u>1,050</u>	<u>294,717</u>
Net position:			
Net investment in capital assets	-	-	184,551
Unrestricted	<u>25,149</u>	<u>(603)</u>	<u>22,125</u>
Total net position	\$ <u>25,149</u>	\$ <u>(603)</u>	\$ <u>206,676</u>

# Cuyahoga Heights Community Improvement Corporation

## Management's Discussion and Analysis

### For the Years Ended December 31, 2014 and 2013 (Unaudited)

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

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

TABLE 2

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues:			
Donations	\$ <u>30,000</u>	\$ <u>310,000</u>	\$ <u>-</u>
Operating expenses:			
Grants	-	-	51,492
Professional fees	4,250	46,522	15,811
Other	-	<u>7,373</u>	<u>2,223</u>
Total operating expenses	<u>4,250</u>	<u>53,895</u>	<u>69,526</u>
Operating income (loss)	<u>25,750</u>	<u>256,105</u>	<u>(69,526)</u>
Non-operating revenues (expenses):			
Investment income	2	17	26
Loss on disposal of land	-	(451,425)	-
Interest and fiscal charges	-	<u>(11,976)</u>	<u>(2,957)</u>
Total non-operating revenues (expenses)	<u>2</u>	<u>(463,384)</u>	<u>(2,931)</u>
Changes in net position	25,752	(207,279)	(72,457)
Net position at beginning of year	<u>(603)</u>	<u>206,676</u>	<u>279,133</u>
Net position at end of year	\$ <u>25,149</u>	\$ <u>(603)</u>	\$ <u>206,676</u>

Revenues decreased by \$280,015 from 2013 to 2014. The decrease in revenue was due to the fact that the Village of Cuyahoga Heights transferred \$310,000 into the Corporation in 2013 and only \$30,000 in 2014. Expenses decreased by \$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 and professional fees related to work performed on the property. The Corporation did not have similar activities in 2014.

Revenue increased by \$309,991 from 2012 to 2013. The increase in revenue was due to transfers in from the Village of Cuyahoga Heights to the Corporation. Expenses increased \$444,813 from 2012 to 2013. The increase in expenses was a result of the sale of the land purchased in 2012 at a loss as discussed above.

# **Cuyahoga Heights Community Improvement Corporation**

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

### **For the Years Ended December 31, 2014 and 2013 (Unaudited)**

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#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### *Capital Assets*

The Corporation did not have any capital assets at December 31, 2014 and 2013. At December 31, 2012, the only capital asset was land for \$451,426. In 2013, the Corporation disposed of this land. Additional information can be found in Note 5.

##### *Debt*

The Corporation had no outstanding debt at December 31, 2014 and 2013. In 2012, the Corporation had \$266,875 in outstanding debt related to a promissory note signed for the purchase of property in 2012. This note was paid off in December 2013. Additional information can be found in Note 6.

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

At December 31, 2014 and 2013 the Corporation had total assets of \$25,149 and \$447 and total net position of \$25,149 and \$(603), respectively. This resulted in an increase in net position of \$25,752 and a decrease of \$207,279 for 2014 and 2013, respectively. In 2014 and 2013, the Village of Cuyahoga Heights transferred into the Corporation \$30,000 and \$310,000, 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 71<sup>st</sup> Street, Cuyahoga Heights, Ohio 44125.

**Cuyahoga Heights Community Improvement Corporation**

**Statements of Net Position**

**December 31, 2014 and 2013**

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	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Current:		
Cash and cash equivalents	\$ 25,149	\$ 447
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	<u>-</u>	<u>1,050</u>
<b>Net Position</b>		
Unrestricted	\$ <u>25,149</u>	\$ <u>(603)</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, 2014 and 2013

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

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	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash receipts for donations	\$ 30,000	\$ 310,000
Cash payments for goods and services	<u>(5,300)</u>	<u>(80,005)</u>
Net cash provided by operating activities	<u>24,700</u>	<u>229,995</u>
Cash flow from capital and related financing activities:		
Proceeds from sale of land	-	1
Interest paid	-	(12,658)
Principal payments on long-term debt	<u>-</u>	<u>(266,875)</u>
Net cash used for financing activities	<u>-</u>	<u>(279,532)</u>
Cash flows from investing activities:		
Interest and dividends received	<u>2</u>	<u>17</u>
Net change in cash and cash equivalents	24,702	(49,520)
Cash and cash equivalents at beginning of year	<u>447</u>	<u>49,967</u>
Cash and cash equivalents at end of year	\$ <u><u>25,149</u></u>	\$ <u><u>447</u></u>
<i>Reconciliation of operating income to net cash from operating activities:</i>		
Operating income	\$ 25,750	\$ 256,105
Changes in operating liabilities:		
Decrease in accounts payable	<u>(1,050)</u>	<u>(26,110)</u>
Net cash provided by operating activities	\$ <u><u>24,700</u></u>	\$ <u><u>229,995</u></u>

The accompanying notes are an integral part of these financial statements

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements

**December 31, 2014 and 2013**

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

The Cuyahoga Heights Community Improvement Corporation (the “Corporation”) is a non-profit organization incorporated in the State of Ohio on June 15, 1982 for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Cuyahoga Heights (“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, 2014 and 2013**

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

#### Use of Estimates

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

#### Cash and Cash Equivalents

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

#### 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, 2014, 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.

The Corporation believes it is no longer subject to examinations by the Internal Revenue Service for fiscal years prior to December 31, 2011.

#### 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, 2014 and 2013

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**Note 3: CASH AND CASH EQUIVALENTS**

At December 31, 2014 and 2013, the Corporation maintained its cash balance in money market accounts and the carrying value of cash and cash equivalents was \$25,149 and 447, 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, 2014, the Corporation did not have any accounts payable. At December 31, 2013, the accounts payable of the Corporation consisted of fees for professional services.

**Note 5: CAPITAL ASSETS**

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

A summary of changes in capital assets during 2013 follows:

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/13</u>
Non-depreciable assets:				
Land	\$ <u>451,426</u>	\$ <u>-</u>	\$ <u>451,426</u>	\$ <u>-</u>

**Note 6: LONG-TERM DEBT**

At December 31, 2014, the Corporation did not have any long-term debt.

Long-term debt activity during 2013 is comprised of the following:

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/13</u>	<u>Due Within One Year</u>
Promissory Note Payable, due through October 2017	\$ <u>266,875</u>	\$ <u>-</u>	\$ <u>266,875</u>	\$ <u>-</u>	\$ <u>-</u>

In December 2013, the Corporation sold the land attached to the promissory note and repaid the note balance.

# Cuyahoga Heights Community Improvement Corporation

## Notes to Basic Financial Statements (continued)

**December 31, 2014 and 2013**

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**Note 7: RELATED-PARTY TRANSACTIONS**

During 2014, the Village transferred \$30,000 to the Corporation and is being reported as donations revenue on the statement of revenues, expenses, and changes in net position.

During 2013, the Village transferred \$310,000 to the Corporation and is being reported as donations revenue on the statement of revenues, expenses, and changes in net position.

**Note 8: SUBSEQUENT EVENTS**

In April 2015, the Corporation purchased property in the Village of Cuyahoga Heights for \$507,797. To fund the purchase, the Village transferred \$600,000 to the Corporation.

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# 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. 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, (the Corporation) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2015.

### ***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 26, 2015



# 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 8, 2015**