



OHIO AUDITOR OF STATE
KEITH FABER



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

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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, 2018 and 2017, 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 financial position of the Newburgh Heights Community Improvement Corporation, Cuyahoga County, Ohio, as of December 31, 2018 and 2017, 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 October 1, 2019, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 1, 2019

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management’s Discussion and Analysis

For the year ended December 31, 2018

(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, 2018. 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 2018 are as follows:

- In total, net position for 2018 increased \$339,926 since 2017.
- Total assets increased \$367,081, which was due to land purchases.

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 2018 and 2017 is presented below:

	<u>2018</u>	<u>2017</u>	Increase <u>(Decrease)</u>
Current and other assets	\$ 26,052	\$ 1,989	\$ 24,063
Land held for resale	<u>368,018</u>	<u>25,000</u>	<u>343,018</u>
Total assets	<u>394,070</u>	<u>26,989</u>	<u>367,081</u>
Current liabilities	<u>27,560</u>	<u>405</u>	<u>27,155</u>
Total liabilities	<u>27,560</u>	<u>405</u>	<u>27,155</u>
Net position			
Unrestricted	<u>366,510</u>	<u>26,584</u>	<u>339,926</u>
Total net position	<u>\$ 366,510</u>	<u>\$ 26,584</u>	<u>\$ 339,926</u>

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2018

(Unaudited)

Changes in Net Position

The following table shows the changes in fund net position for the fiscal years 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
<u>Operating expenses:</u>			
Support services:			
Contractual services	\$ 30,000	\$ -	\$ 30,000
Real estate taxes	15,862	-	15,862
Sale of property settlement charges	3,500	-	3,500
Professional fees	43,174	-	43,174
Utilities	1,721	-	1,721
Repairs	75	-	75
Miscellaneous	292	1,416	(1,124)
Total support services	<u>94,624</u>	<u>1,416</u>	<u>93,208</u>
Total operating expenses	<u>94,624</u>	<u>1,416</u>	<u>93,208</u>
Operating loss	<u>(94,624)</u>	<u>(1,416)</u>	<u>(93,208)</u>
<u>Nonoperating revenues (expenses):</u>			
Intergovernmental	<u>434,550</u>	<u>28,000</u>	<u>406,550</u>
Total nonoperating revenues (expenses)	<u>434,550</u>	<u>28,000</u>	<u>406,550</u>
Change in net position	<u>\$ 339,926</u>	<u>\$ 26,584</u>	<u>\$ 313,342</u>

Total expenses were \$94,624 during 2018. The primary expenses were contractual services and professional fees.

NON-CURRENT ASSETS AND DEBT ADMINISTRATION

Land Held for Resale

At the end of 2018, the Corporation had \$368,018 invested in land held for resale. The following table shows the 2018 balance:

	<u>2018</u>
Land Held for Resale, at Year End (Net of Depreciation)	
Land held for resale	<u>\$ 368,018</u>
Total land held for resale	<u>\$ 368,018</u>

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

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2018

(Unaudited)

Debt

Currently, the Corporation does not have any debt obligations.

CURRENT FINANCIAL ISSUES AND CONCERNS

At December 31, 2018, the Corporation had a total net position of \$366,510. 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, 2018

<u>Assets</u>	
Current assets:	
Cash	\$ 26,052
Total current assets	<u>26,052</u>
Noncurrent assets:	
Land held for resale	<u>368,018</u>
Total noncurrent assets	<u>368,018</u>
Total assets	<u>394,070</u>
 <u>Liabilities</u>	
Current liabilities:	
Accounts payable	15,714
Intergovernmental payable	<u>11,846</u>
Total liabilities	<u>27,560</u>
 <u>Net position</u>	
Unrestricted	366,510
Total net position	<u>\$ 366,510</u>

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

Newburgh Heights Community Improvement Corporation
 Statements of Revenues, Expenses and Changes in Fund Net Position
 For the Year Ended December 31, 2018

<u>Operating expenses:</u>	
Support services:	
Contractual services	\$ 30,000
Real estate taxes	15,862
Sale of property settlement charges	3,500
Professional fees	43,174
Utilities	1,721
Repairs	75
Miscellaneous	292
Total support services	<u>94,624</u>
Total operating expenses	<u>94,624</u>
Operating loss	(94,624)
 <u>Nonoperating revenues:</u>	
Non-operating revenues:	
Intergovernmental	<u>434,550</u>
Total non-operating revenues	<u>434,550</u>
Change in net position	339,926
Net position at beginning of year	<u>26,584</u>
Net position at end of year	<u><u>\$ 366,510</u></u>

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

Newburgh Heights Community Improvement Corporation

Statements of Cash Flows

For the Year Ended December 31, 2018

Cash flows from operating activities:

Cash payments to suppliers for goods and services	\$ (67,469)
Net cash used for operating activities	<u>(67,469)</u>

Cash flows from capital and related financing activities:

Intergovernmental proceeds	434,550
Acquisition of land for resale	<u>(343,018)</u>
Net cash used for capital and related financing activities	<u>91,532</u>

Net increase in cash and cash equivalents 24,063

Cash and cash equivalents at beginning of year 1,989
Cash and cash equivalents at end of year \$ 26,052

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

Operating loss \$ (94,624)

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

Change in assets and liabilities:	
Increase (decrease) in liabilities:	
Accounts payable	15,309
Intergovernmental payable	<u>11,846</u>
Net cash used for operating activities	<u>\$ (67,469)</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, 2018

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, 2018

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 2018.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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 2018, as the Corporation has yet to purchase any 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, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded. There were on prepaid items at December 31, 2018.

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 2018, 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, 2018

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, 2018 were \$26,052. 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.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management’s Discussion and Analysis

For the year ended December 31, 2017

(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, 2017. 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 2017 are as follows:

- In total, net position for 2017 decreased \$1,989 since creation during 2017.
- Total assets increased \$26,989 since creation, which was due to a land purchase.

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 2017 is presented below:

	<u>2017</u>
Current and other assets	\$ 1,989
Land held for resale	<u>25,000</u>
Total assets	<u>26,989</u>
Current liabilities	<u>405</u>
Total liabilities	<u>405</u>
Net position	
Unrestricted	<u>26,584</u>
Total net position	<u>\$ 26,584</u>

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2017

(Unaudited)

Changes in Net Position

The following table shows the changes in fund net position for the fiscal year 2017:

	<u>2017</u>
<u>Operating expenses:</u>	
Support services:	
Miscellaneous	\$ 1,416
Total support services	<u>1,416</u>
Total operating expenses	<u>1,416</u>
Operating loss	<u>(1,416)</u>
<u>Nonoperating revenues (expenses):</u>	
Intergovernmental	<u>28,000</u>
Total nonoperating revenues (expenses)	<u>28,000</u>
Change in net position	26,584
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ 26,584</u></u>

Total expenses were \$1,416 during 2017. The primary expense was miscellaneous expenses.

NON-CURRENT ASSETS AND DEBT ADMINISTRATION

Land Held for Resale

At the end of 2017, the Corporation had \$25,000 invested in land held for resale. The following table shows the 2017 balance:

Land Held for Resale, at Year End
(Net of Depreciation)

	<u>2017</u>
Land held for resale	\$ 25,000
Total land held for resale	<u><u>\$ 25,000</u></u>

Additional information on the Corporation's land held for resale can be found in Note 3.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2017

(Unaudited)

Debt

Currently, the Corporation does not have any debt obligations.

CURRENT FINANCIAL ISSUES AND CONCERNS

At December 31, 2017, the Corporation had a total net position of \$26,584. 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, 2017

<u>Assets</u>	
Current assets:	
Cash	\$ 1,989
Total current assets	<u>1,989</u>
Noncurrent assets:	
Land held for resale	<u>25,000</u>
Total noncurrent assets	<u>25,000</u>
Total assets	<u>26,989</u>
 <u>Liabilities</u>	
Current liabilities:	
Accounts payable	<u>405</u>
Total liabilities	405
 <u>Net position</u>	
Unrestricted	26,584
Total net position	<u>\$ 26,584</u>

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

Newburgh Heights Community Improvement Corporation
Statements of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2017

<u>Operating expenses:</u>	
Support services:	
Miscellaneous	\$ 1,416
Total operating expenses	<u>1,416</u>
Operating loss	<u>(1,416)</u>
 <u>Nonoperating revenues:</u>	
Non-operating revenues:	
Intergovernmental	<u>28,000</u>
Total non-operating revenues	<u>28,000</u>
Change in net position	26,584
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ 26,584</u></u>

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

Newburgh Heights Community Improvement Corporation

Statements of Cash Flows

For the Year Ended December 31, 2017

Cash flows from operating activities:

Cash payments to suppliers for goods and services	\$ (1,011)
Net cash used for operating activities	<u>(1,011)</u>

Cash flows from capital and related financing activities:

Intergovernmental proceeds	28,000
Acquisition of land for resale	<u>(25,000)</u>
Net cash used for capital and related financing activities	<u>3,000</u>

Net increase in cash and cash equivalents 1,989

Cash and cash equivalents at beginning of year -
Cash and cash equivalents at end of year \$ 1,989

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

Operating loss \$ (1,416)

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

Change in assets and liabilities:	
Increase (decrease) in liabilities:	
Accounts payable	405
Net cash used for operating activities	<u>\$ (1,011)</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, 2017

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, 2017

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 2017.

NEWBURGH HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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 2017, as the Corporation has yet to purchase any 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, 2017, 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, 2017.

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 2017, 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, 2017

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, 2017 were \$1,989. 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

The Corporation purchased one parcel of unoccupied land on November 11, 2017 for a purchase price of \$25,000, of which \$25,000 was donated by the Village of Newburgh Heights.

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, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated October 1, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Keith Faber
Auditor of State

Columbus, Ohio

October 1, 2019

OHIO AUDITOR OF STATE KEITH FABER



NEWBURGH 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
OCTOBER 17, 2019**