



OHIO AUDITOR OF STATE
KEITH FABER



**ELYRIA COMMUNITY IMPROVEMENT CORPORATION
LORAIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis – For the Year Ended June 30, 2018.....	3
Basic Financial Statements:	
Comparative Statement of Net Position – For the Fiscal Years Ended June 30, 2018 and June 30, 2017	5
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – For the Fiscal Years Ended June 30, 2018 and June 30, 2017	6
Comparative Statement of Cash Flows – For the Fiscal Years Ended June 30, 2018 and June 20, 2017	7
Notes to the Basic Financial Statements – For the Year Ended June 30, 2018	8
Management's Discussion and Analysis – For the Year Ended June 30, 2017	11
Basic Financial Statements:	
Statement of Net Position – June 30, 2017	13
Statement of Revenues, Expenses, and Changes in Fund Net Position – For the Year Ended June 30, 2017	14
Statement of Cash Flows – For the Year Ended June 30, 2017.....	15
Notes to the Basic Financial Statements – For the Year Ended June 30, 2017	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Elyria Community Improvement Corporation
Lorain County
131 Court Street
Elyria, Ohio 44035

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Elyria Community Improvement Corporation, Lorain County, Ohio (the Corporation), as of and for the year ended June 30, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Euclid Preparatory Corporation, Cuyahoga County as of June 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2020 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

June 10, 2020

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018 UNAUDITED

The management's discussion and analysis for Elyria Community Improvement Corporation's (ECIC) financial performance provides an overall review of ECIC for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at ECIC's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of ECIC's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position increased by \$565,195 for the year.
- Total assets increased by \$912,629 for the year.
- Total liabilities increased by \$347,434 for the year.

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 ECIC only uses one fund for its operations, the entity wide and the fund presentation information are the same.

Financial Analysis

Changes in Assets, Liabilities and Net Position for the years 2018 and 2017 listed below:

- Total Assets 2018 - \$1,236,170
- Total Assets 2017 - \$323,541

- Total Liabilities 2018 - \$350,000
- Total Liabilities 2017 - \$ 2,566

- Total Net Position 2018 - \$886,170
- Total Net Position 2017 - \$320,975

Summary of revenues, expenses, and net position for the years 2018 and 2017 listed below:

- Total Revenues 2018 - \$845,086
- Total Revenues 2017 - \$125,934

- Total Expenses 2018 - \$279,891
- Total Expenses 2017 - \$ 19,314

- Net Change in Position 2018 - \$565,195
- Net Change in Position 2017 - \$106,620

Additional information on the ECIC's revenues, expenses, and net position can be found on the enclosed basic financial statements and enclosed notes to the basic financial statements.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018 UNAUDITED

Summary changes in capital assets for the years 2018 and 2017 are listed below:

Total capital assets 2018 - \$395,320

Total capital assets 2017 - \$304,470

Current Financial Related Activities

The ECIC management continues to monitor all activity affecting the condition of the ECIC. At June 30, 2018, the ECIC had total assets of \$1,236,170 and a total net position of \$886,170.

Request for Information

This financial report is designed to provide the citizens, taxpayers, and consumers of the City of Elyria with a general overview of ECIC's financial position. If you have any questions about this report or need additional financial information, contact the President of the ECIC (the Mayor of the City of Elyria), 131 Court St., 3rd Floor, Elyria, Ohio 44035.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

Comparative Statement of Net Position For the Fiscal Years Ended June 30, 2018 and June 30, 2017

	2018	2017
<u>Assets</u>		
Current assets:		
Cash and Cash equivalents	\$ 97,960	\$ 19,071
Total current assets	97,960	19,071
Non-current assets:		
Capital assets and property held for sale or development	395,320	304,470
Accounts Receivable - Elyria Plastics	50,000	
Loans receivable - Johnny K's	500,000	
Due from other governments - Jobs Ohio	192,890	
Total Non-current assets:	1,138,210	304,470
Total assets	1,236,170	323,541
<u>Liabilities</u>		
Liabilities:		
Due to other governments - City of Elyria	350,000	
Due to other governments - Lorain County		2,566
Total Liabilities:	350,000	2,566
Unrestricted	886,170	320,975
Total net position	\$ 886,170	\$ 320,975

The accompanying notes are an integral part of the basic financial statements.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position For the Fiscal Years Ended June 30, 2018 and June 30, 2017

	2018	2017
Operating Revenues:		
Auction proceeds	\$	\$ 1,464
Total Operating Revenues	1,464	1,464
Operating Expenses:		
Repair and maintenance	1,554	
Property taxes	6,914	5,292
Site remediation	247,817	
Utilities	2,885	1,311
Property insurance	2,571	2,711
Total Operating Expenses	261,741	9,314
Operating Income (Loss)	(261,741)	(7,850)
Non-Operating Revenues (Expenses)		
Loan payments received from Johnny K's - interest only	1,306	
Loan from City of Elyria	242,890	
Donations from City of Elyria	500,000	104,470
Increase in property value	100,850	
Bank fees refunded	40	
Bank charges	(150)	
Donation to Elyria Arts Council	(8,000)	
Decrease in property value	(10,000)	
Easement		20,000
Settlement		(10,000)
Total Non-Operating Revenues (Expenses)	826,936	114,470
Net Change in Position	565,195	106,620
Net Position - Beginning of Year	320,975	214,355
Net Position - End of Year	\$ 886,170	\$ 320,975

The accompanying notes are an integral part of the basic financial statements.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

Comparative Statement of Cash Flows For the Fiscal Years Ended June 30, 2018 and June 30, 2017

	2018	2017
Cash flows from operating activities:		
Cash received from auction proceeds		\$ 1,464
Cash paid for operating expenses	\$ (264,307)	(9,314)
Net cash provided by (used for) operating activities	(264,307)	(7,850)
Cash flows from non-operating activities:		
Cash received from loans	351,306	
Cash received from donations	500,000	
Cash refunded from bank fees	40	
Cash paid for bank fees	(150)	
Cash paid for donations	(8,000)	
Cash paid for loans	(500,000)	
Cash received from easement		20,000
Cash paid for settlement		(10,000)
Net cash provided by (used in) non-operating activities:	343,196	10,000
Net increase in cash	78,889	2,150
Cash at beginning of year	19,071	16,921
Cash at end of year	\$ 97,960	\$ 19,071
 Reconciliation of Net Income to Net Cash Provided By (Used for) Operating Activities:		
Operating income (loss)	\$ (261,741)	\$ (7,850)
Adjustments to reconcile Operating income (loss) to net cash provided by (used for) operating activities:		
Increase in Due to other governments - Lorain County	(2,566)	
Net adjustments to reconcile Operating Income (loss) to net cash provided by (used for) operating activities:	(2,566)	
Net Cash Provided By (Used For) Operating Activities	\$ (264,307)	\$ (7,850)

The accompanying notes are an integral part of the basic financial statements.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Note 1 - Nature of Activities

The Elyria Community Improvement Corporation, Elyria, Ohio (ECIC), was incorporated on August 7, 2014 under the authority of Ohio Rev. Code Chapter 1724. The ECIC is governed by a Board of Directors, who shall be elected or appointed officials of the City of Elyria, including City employees. The ECIC was formed to advance, encourage, and promote the industrial, economic, commercial, distribution, research, and civic development of the City of Elyria, Ohio and to be at all times operated for charitable, educational or scientific purposes.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Accounting

The basic financial statements of ECIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. ECIC's significant accounting policies are described below. The ECIC's financial statements have been prepared using the accrual basis of accounting.

B. Basis of Presentation

The ECIC'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.

C. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

D. Community Development Loans

The ECIC issues loans to various businesses for the purpose of assisting the establishment of a new business enterprise in the City of Elyria and/or continuing or expanding existing business activity.

E. Capital Assets and Property Held for Sale or Development

Capital assets represent land and buildings donated or transferred to the ECIC by the City of Elyria and private entities to be used in future economic development projects. The land and buildings have been recorded at their assessed value as of year-end or at cost if purchased. The ECIC's property consists of the following at June 30, 2018.

Property held for sale or development	<u>\$395,320</u>
Total	<u>\$395,320</u>

The ECIC's land was donated by 1845 Lorain LLC, Richard Schmittgen, and B-Vest Properties, LLC.

F. Federal Income Tax

ECIC is exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code.

G. Net Position

Net position represents the difference between assets and liabilities on the statement of net position. Net position is reported as restricted in the financial statements when there are limitations imposed on its

ELYRIA COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

use through external restrictions imposed by creditors, grantors, laws or regulations. There was no restricted for economic development as of June 30, 2018.

H. Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted 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 support, revenues and expenses during the reporting period. Actual results could differ from these estimates.

I. Subsequent Events

ECIC has evaluated subsequent events through the date of the "Independent Auditor's Report," the date on which the financial statements were available to be issued. There were no events requiring disclosure.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the activity of ECIC. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of ECIC.

K. Cash and Cash Equivalents

At June 30, 2018, the carrying amount of the ECIC's deposits was \$97,960 and the bank balance was \$97,960. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2018, the entire bank balance of \$97,960 was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposits and investments of funds held by the ECIC, which was covered by federal depository insurance.

Note 3 - Related Parties

Three of the five Directors serving the ECIC are elected or appointed officials of the City of Elyria as mandated by the Ohio Revised Code.

The City of Elyria donated \$500,000 to the ECIC for the purpose of creating a gap financing loan fund to stimulate economic development within the City. This was approved by City of Elyria Ordinance 2017-157.

The City of Elyria loaned \$350,000 to the ECIC for site remediation and surface work on the former General Industries property located at 154 Olive Street, Elyria, Ohio 44035. A promissory note was signed stating that the loan shall bear 0% interest with no periodic payments required except that the principal amount shall be due and payable in full within five (5) days of the ECIC's receipt of reimbursement under a grant from JobsOhio with an effective date of February 27, 2017. This was approved by City of Elyria Ordinance 2017-192.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

Note 4 - Functional Classification of Revenues and Expenses

Revenues by function for the fiscal year ended June 30, 2018 were as follows:

Loan payments received from Johnny K's	\$1,306
Bank fees refunded	40
Loan from City of Elyria	242,890
Donations from City of Elyria	<u>500,000</u>
Total Revenues	<u>\$744,236</u>

Expenses by function for the fiscal year ended June 30, 2018 were as follows:

Bank charges	\$ 150
Donation to Elyria Arts Council	8,000
Property insurance	2,571
Property taxes	6,914
Repair and maintenance	1,554
Site remediation	247,817
Utilities	<u>2,885</u>
Total Expenses	<u>\$269,891</u>

Note 5 - Receivables and Due from Other Governments

The ECIC has an agreement in place with Elyria Plastics to sell a portion of the General Industries property for the amount of \$50,000. The ECIC had been approved for a \$300,000 reimbursement grant from Jobs Ohio for cleanup of the General Industries property. The ECIC only received a \$192,890 reimbursement from Jobs Ohio for the cleanup.

The ECIC has a promissory note dated April 27, 2018 for a \$500,000 loan to KE Elyria LLC (dba Johnny K's). The note includes interest at the rate of 2% per annum and principal and interest on this note is to be paid monthly with a maturity date of December 16, 2033.

Note 6 - Due to Other Governments

The ECIC received a loan in the amount of \$350,000 from the City of Elyria which was approved by Elyria City Council by Ordinance 2017-192 on December 4, 2017. A clause as part of the loan agreement forgives the balance of the loan amount for which the ECIC is not reimbursed by JobsOhio. The ECIC only received a \$192,890 reimbursement from Jobs Ohio for the cleanup.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017 UNAUDITED

The management's discussion and analysis for Elyria Community Improvement Corporation's (ECIC) financial performance provides an overall review of ECIC for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at ECIC's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of ECIC's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position increased by \$106,620 for the year.
- Total assets increased by \$106,620 for the year.
- Total liabilities decreased by \$57 for the year.

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 ECIC only uses one fund for its operations, the entity wide and the fund presentation information are the same.

Financial Analysis

Changes in Assets, Liabilities, and Net Position for the years 2017 and 2016 listed below:

- Total Assets 2017 - \$323,541
- Total Assets 2016 - \$216,921

- Total Liabilities 2017 - \$2,566
- Total Liabilities 2016 - \$2,623

- Total Net Position 2017 - \$320,975
- Total Net Position 2016 - \$214,355

Summary changes in revenues, expenses, and net position for the years 2017 and 2016 listed below:

- Total Revenues 2017 - \$125,934
- Total Revenues 2016 - \$19,500

- Total Expenses 2017 - \$19,314
- Total Expenses 2016 - \$ 2,655

- Net Change in Position 2017 – \$106,620
- Net Change in Position 2016 - \$16,845

Additional information on the ECIC's revenues, expenses, and net position can be found on the enclosed basic financial statements and enclosed notes to the basic financial statements.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017 UNAUDITED

Summary changes in capital assets for the years 2017 and 2016 are listed below:

Total capital assets 2017 - \$304,470

Total capital assets 2016 - \$200,000

Current Financial Related Activities

The ECIC management continues to monitor all activity affecting the condition of the ECIC. At June 30, 2017, the ECIC had total assets of \$323,541 and a total net position of \$320,975.

Request for Information

This financial report is designed to provide the citizens, taxpayers, and consumers of the City of Elyria with a general overview of ECIC's financial position. If you have any questions about this report or need additional financial information, contact the President of the ECIC (the Mayor of the City of Elyria), 131 Court St., 3rd Floor, Elyria, Ohio 44035.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

Statement of Net Position June 30, 2017

	<u>2017</u>
<u>Assets</u>	
Current assets:	
Cash and Cash equivalents	\$ 19,071
Total current assets	<u>19,071</u>
Non-current assets:	
Capital assets and property held for sale or development	304,470
Total Non-current assets:	<u>304,470</u>
Total assets	<u>323,541</u>
<u>Liabilities</u>	
Liabilities:	
Due to other governments - Lorain County	2,566
Total Liabilities:	<u>2,566</u>
<u>Net Position</u>	
Unrestricted	320,975
Total net position	<u>\$ 320,975</u>

The accompanying notes are an integral part of the basic financial statements.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

Statement of Revenues, Expenses, and Changes in Fund Net Position For the Year Ended June 30, 2017

	<u>2017</u>
Operating Revenues:	
Auction proceeds	\$ 1,464
Total Operating Revenues	<u>1,464</u>
Operating Expenses:	
Property taxes	5,292
Utilities	1,311
Property insurance	2,711
Total Operating Expenses	<u>9,314</u>
Operating Income (Loss)	<u>(7,850)</u>
Non-Operating Revenues (Expenses)	
Donations from City of Elyria	104,470
Easement	20,000
Settlement	(10,000)
Total Non-Operating Revenues (Expenses)	<u>114,470</u>
Net Change in Position	106,620
Net Position - Beginning of Year	<u>214,355</u>
Net Position - End of Year	<u>\$ 320,975</u>

The accompanying notes are an integral part of the basic financial statements.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION

Statement of Cash Flows For the Year Ended June 30, 2017

	<u>2017</u>
Cash flows from operating activities:	
Cash received from auction proceeds	\$ 1,464
Cash paid for operating expenses	<u>(9,314)</u>
Net cash provided by (used for) operating activities	<u>(7,850)</u>
Cash flows from non-operating activities:	
Cash received from easement	20,000
Cash paid for settlement	<u>(10,000)</u>
Net cash provided by (used in) non-operating activities:	<u>10,000</u>
Net increase in cash	<u>2,150</u>
Cash at beginning of year	<u>16,921</u>
Cash at end of year	<u><u>19,071</u></u>
Reconciliation of Net Income to Net Cash Provided By (Used for) Operating Activities:	
Operating Income (Loss)	<u>\$ (7,850)</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ (7,850)</u></u>

The accompanying notes are an integral part of the basic financial statements.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note 1 - Nature of Activities

Elyria Community Improvement Corporation, Elyria, Ohio (ECIC), was incorporated on August 7, 2014 under the authority of Ohio Rev. Code Chapter 1724. The ECIC is governed by a Board of Directors, who shall be elected or appointed officials of the City of Elyria, including City employees. The ECIC was formed to advance, encourage, and promote the industrial, economic, commercial, distribution, research, and civic development of the City of Elyria, Ohio and to be at all times operated for charitable, educational or scientific purposes.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Accounting

The basic financial statements of ECIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. ECIC’s significant accounting policies are described below. The ECIC’s financial statements have been prepared using the accrual basis of accounting.

B. Basis of Presentation

The ECIC’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.

C. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

D. Community Development Loans

The ECIC issues loans to various businesses for the purpose of assisting the establishment of a new business enterprise in the City of Elyria and/or continuing or expanding existing business activity.

E. Capital Assets and Property Held for Sale or Development

Capital assets represent land and buildings donated or transferred to the ECIC by the City of Elyria and private entities to be used in future economic development projects. The land and buildings have been recorded at their assessed market value as of year-end or at cost if purchased. The ECIC’s property consists of the following at June 30, 2017.

Property held for sale or development	<u>\$304,470</u>
Total	<u>\$304,470</u>

The ECIC’s land was donated by 1845 Lorain LLC, Richard Schmittgen, and B-Vest Properties, LLC.

F. Federal Income Tax

ECIC is exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code.

G. Net Position

Net position represents the difference between assets and liabilities on the statement of net position. Net position is reported as restricted in the financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations. There was no restricted for economic development as of June 30, 2017.

ELYRIA COMMUNITY IMPROVEMENT CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

H. Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted 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 support, revenues and expenses during the reporting period. Actual results could differ from these estimates.

I. Subsequent Events

ECIC has evaluated subsequent events through the date of the “Independent Auditor’s Report,” the date on which the financial statements were available to be issued. There were no events requiring disclosure.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the activity of ECIC. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of ECIC.

K. Cash and Cash Equivalents

At June 30, 2017, the carrying amount of the ECIC’s deposits was \$19,071 and the bank balance was \$19,071. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2017, the entire bank balance of \$19,071 was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposits and investments of funds held by the ECIC, which was covered by federal depository insurance.

Note 3 - Related Parties

Three of the five Directors serving the ECIC are elected or appointed officials of the City of Elyria as mandated by the Ohio Revised Code.

In December 2016 the City of Elyria completed a transfer of property to the ECIC which was authorized by City of Elyria Ordinance 2016-150. The property located at 154 Olive Street, Elyria, Ohio 44035 was formerly owned by General Industries.

Note 4 - Functional Classification of Revenues and Expenses

Revenues by function for the fiscal year ended June 30, 2017 were as follows:

Auction proceeds	\$1,464
Easement	20,000
Donations from City of Elyria	<u>104,470</u>
Total Revenues	<u>\$125,934</u>

Expenses by function for the fiscal year ended June 30, 2017 were as follows:

Settlement	\$10,000
Property insurance	2,711
Property taxes	5,292
Utilities	<u>1,311</u>
Total Expenses	<u>\$19,314</u>

ELYRIA COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note 5 - Due to Other Governments

The ECIC had property taxes due the Lorain County Treasurer at June 30, 2017 in the amount of \$2,566.

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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

Elyria Community Improvement Corporation
Lorain County
131 Court Street
Elyria, Ohio 44035

To the Board of Directors:

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 Elyria Community Improvement Corporation, Lorain County, (the Corporation) as of and for the years ended June 30, 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 June 10, 2020.

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.



Keith Faber
Auditor of State

Columbus, Ohio

June 10, 2020

OHIO AUDITOR OF STATE KEITH FABER



ELYRIA COMMUNITY IMPROVEMENT CORPORATION

LORAIN 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 23, 2020**