

Lorain - Elyria Township Joint Economic Development District

Lorain County, Ohio

Statement of Receipts, Disbursements

and Changes in Fund Balances (Regulatory Cash Basis)

For the Year Ended December 31, 2021

	<u>General</u>
Cash Receipts	
Income Taxes	<u>\$184,565</u>
<i>Total Cash Receipts</i>	<u>184,565</u>
Cash Disbursements	
Current:	
Administration Fees	5,537
Intergovernmental-Lorain Distribution	134,271
Intergovernmental-Elyria Township Distribution	<u>26,531</u>
<i>Total Cash Disbursements</i>	<u>166,339</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,226</u>
<i>Net Change in Fund Cash Balances</i>	18,226
<i>Fund Cash Balances, January 1</i>	<u>1,826</u>
<i>Fund Cash Balances, December 31</i>	<u>\$20,052</u>

See accompanying notes to the basic financial statements

Lorain-Elyria Township Joint Economic Development District

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Lorain-Elyria Township Joint Economic Development District, Lorain County (the “District”), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.83 as a result of an agreement between the City of Lorain (the “City”) and Elyria Township (the “Township”) on March 6, 2020. The District is directed by a five member Board of Directors established in accordance with ORC Section 715.72(P)(1). The Directors are appointed as provided in the District contract. The City appoints two Board members; one member representing the City and one member representing persons working in the District. The Township appoints two members; one representing the Township and one member representing the owners of businesses operating in the District. The remaining member is selected by the other four Board members of the District. The District’s purpose is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the City, the Township and the District. The territorial boundaries of the District are located in the Township. The District’s primary source of revenue is a tax on income earned in the District.

The District’s management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the General Fund.

Fund Accounting

The Entity uses funds 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. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. All activities of the District are reported in the General Fund. The District has no other funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This regulatory basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Lorain-Elyria Township Joint Economic Development District

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Budgetary Process

The Ohio Revised Code does not require the District to budget annually; therefore, budgetary information for the General Fund is not presented in the basic financial statements.

Deposits and Investments

As permitted by the Ohio Revised Code, the City of Lorain holds the District's deposits as the District's custodian. The City holds the District's assets in its investment pool, and is valued at the reported carrying amount.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board of Directors can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board of Directors amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Lorain-Elyria Township Joint Economic Development District

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 3 – Deposits and Investments

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at year end was \$20,052 and was insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Taxes

Property Taxes

Property taxes assessed by Lorain County on property within the District shall be distributed to the Township with no portion going to the City or District.

Income Taxes

The District levies a municipal income tax of 2.5%, which is the same rate as the City. The income tax rate may change from time to time so that is equal to the rate of the municipal income tax levied by the City. The tax is levied upon substantially all earned income arising from employment and on the net profits of business activities within the District. Employers within the District are required to withhold income tax on employee earnings and remit the tax to the District monthly or quarterly depending on the amount of taxes involved. The income tax is also imposed upon the net profits of all businesses located within the District. Individual taxpayers, whose only income is subject to withholding by the employers of the District, are not required to file annual returns. Businesses within the District are required to file annual returns and pay quarterly estimates if required. The proceeds of the income tax are placed into the General Fund and shall be used for the purpose of the District and the contracting parties pursuant to the District's contract and may be used for any purpose not prohibited by law.

The net income tax revenue received, after all appropriate operation deductions have been accounted for by the District, is distributed at the rate of 75% to the City of Lorain and 25% to Elyria Township. The distributions to the City and Township are required to be made quarterly. The amount to be retained for long-term maintenance of the District is .001% of the gross income tax revenue collected.

Note 5 – Contributions to the District

As part of the contract forming the District, The City and Township provide certain services to the District. The City provides sanitary sewer services for the district. The City also assists the District with activities to promote, complement and benefit economic development in the District and, per the income tax agreement, administers the income tax collected by the District. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to, general administration, maintenance of township roads, fire protection, and zoning.

Lorain-Elyria Township Joint Economic Development District

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 6 – Contractual Commitments

The District contracts with the City of Lorain for the collection and distribution of the income tax. The Board of Directors compensates the City for all expenses, including legal fees incurred, in connection with the collection and administration of the income tax. More specifically, the City receives a fee of 3% of the gross income tax collections for the services performed in the administration of the District's income tax. The administration fees paid to the City in 2021 were \$5,537.