

**SUMMIT COUNTY LAND
REUTILIZATION CORPORATION**

**(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO**

**Basic Financial Statements
(Audited)**

**For the Years Ended
December 31, 2019 and 2018**



88 East Broad Street
Columbus, Ohio 43215
IPARReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Summit County Land Reutilization Corporation
1180 South Main Street, Suite 230
Akron, Ohio 44301

We have reviewed the *Independent Auditor's Report* of the Summit County Land Reutilization Corporation, Summit County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Summit County Land Reutilization Corporation is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2020

This page intentionally left blank.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF SUMMIT COUNTY**

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis – For the Year Ended December 31, 2019	3 - 9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – December 31, 2019	10
Statement of Activities – For the Year Ended December 31, 2019	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds – December 31, 2019.....	12
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position – December 31, 2019	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund – For the Year Ended December 31, 2019	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities – For the Year Ended December 31, 2019	15
Notes to the Basic Financial Statements – For the Year Ended December 31, 2019	16 - 34
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund – For the Year Ended December 31, 2019	35
Notes to the Supplementary Information – For the Year Ended December 31, 2019	36 - 37
Management’s Discussion and Analysis – For the Year Ended December 31, 2018	38 - 43
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – December 31, 2018	44
Statement of Activities – For the Year Ended December 31, 2018	45
Fund Financial Statements:	
Balance Sheet - Governmental Fund – December 31, 2018	46
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities – December 31, 2018.....	47
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund – For the Year Ended December 31, 2018.....	48
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental fund to the Statement of Activities – For the Year Ended December 31, 2018	49
Notes to the Basic Financial Statements – For the Year Ended December 31, 2018	50 - 63

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF SUMMIT COUNTY**

TABLE OF CONTENTS - CONTINUED

Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund – For the Year Ended December 31, 2018	64
Notes to the Supplementary Information – For the Year Ended December 31, 2018	65 - 66
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	67 - 68

Independent Auditor's Report

Summit County Land Reutilization Corporation
Summit County
1180 S. Main Street, Suite 230
Akron, Ohio 44301

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Summit County Land Reutilization Corporation, Summit County, Ohio, a component unit of Summit County, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Summit County Land Reutilization 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 Summit County Land Reutilization 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 Summit County Land Reutilization 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 respective financial position of the governmental activities and the major fund of the Summit County Land Reutilization Corporation, Summit County, Ohio, as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Summit County Land Reutilization Corporation. We did not modify our opinion regarding this matter.

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.

Supplementary Information

Our audit was conducted to opine on the Summit County Land Reutilization Corporation's basic financial statements taken as a whole.

The budgetary comparison schedule for the General Fund presents additional analysis and is not a required part of the basic financial statements.

The schedule is management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2020, on our consideration of the Summit County Land Reutilization 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 Summit County Land Reutilization Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 27, 2020

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The management's discussion and analysis of the Summit County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- Net position decreased \$2,644,421, which represents a 110 percent decrease from 2018.
- The Corporation received \$1,543,958 from Summit County in 2019 under an arrangement to receive 5 percent of delinquent taxes and assessments collected.

Using this Annual Financial Report

This annual report consists of financial statements and notes to the financial statements. These statements are prepared and organized so the reader can understand the Corporation as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Corporation, presenting both an aggregate view of the Corporation's finances and a longer-term view of those finances. The Statement of Activities shows changes to net position related to each department of the Corporation. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting the Corporation as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Reporting the Corporation as a Whole (Continued)

Statement of Net Position and the Statement of Activities (Continued)

These two statements report the Corporation's net position and changes in net position. This change in net position is important because it tells the reader whether, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. However, in evaluating the overall position of the Corporation, non-financial information of the Corporation will also need to be evaluated.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets/Deferred Outflows minus Liabilities/ Deferred Inflows)
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

Reporting on the Corporation's Most Significant Fund

Governmental Fund

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year-end and available for spending in future periods. The general fund is reported using the modified accrual basis of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The Summit County Land Reutilization Corporation as a Whole

Recall that the Statement of Net Position provides the perspective of the Corporation as a whole. Table 1 provides a summary of the Corporation's net position for 2019 compared to 2018.

**Table 1: Summit County Land Reutilization Corporation
Condensed Statement of Net Position as of December 31,**

	Governmental activities	
	2019	2018
Assets		
Current and other assets	\$ 3,407,705	\$ 2,751,894
Capital assets	3,926,585	19,583
Leased asset	-	265,136
Other assets	10,150	-
Total Assets	7,344,440	3,036,613
Liabilities		
Current and other liabilities	1,393,121	553,212
Long-term liabilities	6,194,306	81,967
Total Liabilities	7,587,427	635,179
Net Position:		
Net investment in capital assets	(2,857,277)	19,583
Restricted	1,683,357	1,272,710
Unassigned	930,933	1,109,141
Total Net Position	<u>\$ (242,987)</u>	<u>\$ 2,401,434</u>

In 2019 intergovernmental receivables decreased \$218,311 due to increased collections made on reimbursable grants.

During 2019, the Corporation acquired capital assets in the amount of \$3,962,793.

Also, in 2019, the Corporation's accounts payable and current liabilities increased by \$839,909, due to payments for ongoing demolition projects and various accruals totaling \$237,409, and current year bonds and notes payable totaling \$602,500. Long term liabilities increased by \$6,112,339 due to a long-term liability accrual decrease of \$69,023 and an increase in long term liabilities due to the assumption of debt service of previously issued bonds by DFA for the renovation of the facility of \$2,606,362 and notes payable of \$3,575,000 for the purchase of the Ohio Means Job Center building. The unrestricted deficit relates to Ohio Means Job Center purchase where the appraised value was less than the assumed debt and notes payable. The assumed leases cover the Corporation's debt service payments which will decrease this deficit over time.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The Summit County Land Reutilization Corporation as a Whole (Continued)

Further details of the changes in net position between 2019 and 2018 can be observed in Table 2.

**Table 2: Summit County Land Reutilization Corporation
Changes in Net Position for the Years Ended December 31,**

	Governmental activities	
	2019	2018
Revenues:		
Program Revenues:		
Charges for services	\$ 1,569,334	\$ 645,969
Operating grants and contributions	2,526,258	3,478,923
General Revenues:		
Intergovernmental	1,543,958	1,596,165
Interest	19,244	5,393
Lease income - interest	5,139	9,308
Miscellaneous	116	8,353
Total Revenues	5,664,049	5,744,111
Program Expenses:		
Governmental activities:		
Professional and contract services	4,829,999	4,714,390
Administration	499,860	817,092
Special item – assumption of debt	2,978,611	-
Total Expenses	8,308,470	5,531,482
Net Position, beginning	2,401,434	2,188,805
Increase/(Decrease) in Net Position	(2,644,421)	212,629
Net Position, ending	<u>\$ (242,987)</u>	<u>\$ 2,401,434</u>

Intergovernmental revenues represent the 5 percent delinquent tax and assessments from the County, which have remained stable since its origination in 2012. The collections of delinquent taxes and assessments can be volatile; therefore, the Corporation's five percent share may not be consistent from year to year.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The Summit County Land Reutilization Corporation as a Whole (Continued)

On July 31, 2019 the Corporation entered into an agreement to purchase the Ohio Means Job Center located at 1040 E. Tallmadge Ave, Akron, OH from the County of Summit for \$3,850,000 plus assumption of debt service of previously issued bonds by DFA for the renovation of the facility. This complex transaction created a Special item-Assumption of debt of \$2,978,611, which represents the excess of the notes payable and assumed debt (totaling \$6,925,000) over the appraised value of \$3,946,389 of the Ohio Means Job Center building. The assumed leases described in Footnote #9 will cover the debt service for the bonds and notes payable.

The Corporation's General Fund

Information about the Corporation's governmental fund begins on page 4. This fund is accounted for using the modified accrual basis of accounting. The Corporation had revenues of \$6,097,294 and expenditures of \$5,419,658.

Capital Assets

At the end of year 2019, the Corporation had \$3,926,585 invested in capital assets. Table 3 shows fiscal year 2019 balances compared with 2018.

**Table 3: Summit County Land Reutilization Corporation
Capital Assets (Net of Depreciation)**
(\$ in whole dollars)

	Governmental Activities	
	2019	2018
Capital assets, being depreciated		
Buildings	\$ 3,904,332	\$ -
Furniture and fixtures	22,253	19,146
Vehicles	-	437
Total	<u>\$ 3,926,585</u>	<u>\$ 19,583</u>

In 2019, the Corporation entered into an agreement to purchase the Ohio Means Job Center located at 1040 E. Tallmadge Ave, Akron, OH from the County of Summit for \$3,850,000 plus assumption of debt service of previously issued bonds by DFA for the renovation of the facility. The appraised value of the building at time of purchase was \$3,946,389. The building will be depreciated over 30 years. The Corporation also purchased computers and office equipment in 2019. See Note 5 for additional information about the Corporation's assets.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Debt

As of December 31, 2019, the Corporation has the following debt on July 31, 2019 the Corporation entered into an agreement to purchase the Ohio Means Job Center located at 1040 E. Tallmadge Ave, Akron, OH from the County of Summit for \$3,850,000 plus assumption of debt service of previously issued bonds by DFA for the renovation of the facility. The total debt incurred from this transaction is \$6,925,000. At December 31, 2019 the balance of debt is \$6,783,862. Contemporaneous with this transaction was the assumption of leases from CONXUSNEO which will cover the debt service of the note and bonds payable. The Corporation has a line of credit with Ohio Housing Finance Agency with a limit of \$400,000 at zero percent interest. Details of the activity are listed in Note 4.

Current Financial Related Activities

The Corporation, established on June 4, 2012, has been designated by Summit County, Ohio as its agent for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed and other real property in Summit County. Principal operating revenues of the Corporation include contributions from Summit County's delinquent tax and assessment collection fund. The Corporation is participating in the Neighborhood Initiative Program, a total of \$9.9 million residential demolition grant funding has been awarded through the Ohio Housing Finance Agency. The purpose of the program is to assist communities with the demolition of abandoned and blighted residential properties. The Corporation began demolition of its existing inventory in 2015. The Corporation also operates a Side Lot & Vacant Land Transfer program to acquire and dispose of abandoned, vacant lots throughout Summit County, in an effort to return them to productive tax use. The Corporation began accepting applications for the Side Lot & Vacant Land Transfer Program in 2016. In 2017, the Corporation launched its Welcome Home and Building for Business program that allows for the acquisition and disposition of residential and commercial properties with structures. In 2019, the Corporation commenced the Underground Storage Tank Removal program and was awarded a \$213,000 grant from Ohio Development Services Agency to complete the remediation of a former gas station for a Summit County community. Additionally, the Corporation awarded \$1,308,500 in grant funds to local communities and nonprofits in 2019 for projects that further the mission of the Corporation.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Current Financial Related Activities (Continued)

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Request for Information

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Executive Director, Summit County Land Reutilization Corporation, 1180 S. Main St., Suite 230, Akron, Ohio 44301. The corporation website is www.summitlandbank.org.

BASIC FINANCIAL STATEMENTS

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

STATEMENT OF NET POSITION

December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,335,381
Intergovernmental and other receivables	342,669
Prepaid items	46,846
Inventory held for resale	682,809
Other assets	10,150
Depreciable capital assets, net	<u>3,926,585</u>
Total assets	<u>7,344,440</u>
LIABILITIES	
Account payable and current liabilities	747,494
Accrued wages	24,151
Long-term liabilities	
Due within one year	621,476
Due in more than one year	<u>6,194,306</u>
Total liabilities	<u>7,587,427</u>
NET POSITION	
Net investment in capital assets	(2,857,277)
Restricted	1,683,357
Unrestricted	<u>930,933</u>
TOTAL NET POSITION	<u><u>\$ (242,987)</u></u>

See accompanying notes to the basic financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION
A Component Unit of Summit County

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense)
	Expenses	Charges for Services/ Sales/Leases	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental Activities					
General government					
Professional and contract services	\$ 4,773,753	\$ 1,569,334	\$ 2,526,258	\$ -	\$ (678,161)
Administration	499,860	-	-	-	(499,860)
Interest and fiscal changes	56,246	-	-	-	(56,246)
Total governmental activities	5,329,859	1,569,334	2,526,258	-	(1,234,267)
			General revenues		
			Grants and entitlements not restricted to specific programs	1,543,958	
			Investment earnings	19,244	
			Lease interest income	5,139	
			Miscellaneous	116	
			Total	1,568,457	
			Special item		
			Assumption of debt	(2,978,611)	
			CHANGE IN NET POSITION		(2,644,421)
			NET POSITION, JANUARY 1		2,401,434
			NET POSITION, DECEMBER 31		\$ (242,987)

See accompanying notes to the basic financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**BALANCE SHEET
GOVERNMENTAL FUND**

December 31, 2019

	General Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 2,335,381
Intergovernmental and other receivables	342,669
Prepaid items	46,846
Inventory held for resale	682,809
Other assets	<u>10,150</u>
TOTAL ASSETS	<u><u>\$ 3,417,855</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and current liabilities	\$ 747,494
Accrued wages	<u>24,151</u>
Total liabilities	<u>771,645</u>
FUND BALANCES	
Nonspendable	
Prepaid items	46,846
Restricted	1,683,357
Unassigned	<u>916,007</u>
Total fund balance	<u>2,646,210</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,417,855</u></u>

See accompanying notes to the basic financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2019

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,646,210
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	3,926,585
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences payable	(31,920)
Bonds and notes payable	<u>(6,783,862)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (242,987)</u></u>

See accompanying notes to the basic financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND**

For the Year Ended December 31, 2019

	<u>General</u>
REVENUES	
Intergovernmental	\$ 1,543,958
Operating grants and donations	2,959,503
Charges for services/sales/leases	1,569,334
Interest	19,244
Lease interest income	5,139
Miscellaneous	<u>116</u>
Total revenues	<u>6,097,294</u>
EXPENDITURES	
Current	
General government	
Professional and contract services	4,731,696
Administration	490,578
Debt Service:	
Principal retirement	141,138
Interest and fiscal charges	<u>56,246</u>
Total expenditures	<u>5,419,658</u>
NET CHANGE IN FUND BALANCES	677,636
FUND BALANCES, JANUARY 1	<u>1,968,574</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 2,646,210</u></u>

See accompanying notes to the basic financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 677,636
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	3,962,793
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds Depreciation of capital assets	(55,791)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds Grants	(433,245)
Some expenses, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds Compensated absences	(11,952)
Governmental funds exclude debt and, therefore are not reported as outlays of funds Bonds and notes payable	<u>(6,783,862)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (2,644,421)</u></u>

See accompanying notes to the basic financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

1. DESCRIPTION OF THE REPORTING ENTITY

The Summit County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 4, 2012 when the Summit County Council authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 2012-214 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Summit County (the County) by returning vacant, abandoned and blighted properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed, and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation is composed of seven members including, (1) the County Fiscal Officer, (2) the County Executive, (3) a member of the County Council, (4) one representative of the municipal corporation in the County with the largest population, based on the population according to the most recent federal decennial census, (5) one representative of a township with a population of greater than 10,000 based on the population according to the most recent federal decennial census, and (6) two additional members selected by the Fiscal Officer, Executive, and Council Representative.

The Corporation is dedicated to strategically acquiring abandoned, blighted and tax delinquent property through the Board of Revision, Sheriff's Sale, Bank Real Estate Owned, third parties, and through donations and by other means allowable by law. The Corporation then strives to put the properties back to productive use.

The reporting entity for the Corporation is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government consist of all funds, departments, boards, and agencies that are not legally separate from the Corporation and any other organizations that would need to be included to ensure the financial statements of the Corporation are not misleading.

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board; and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation authorizes the issuance of debt, or the levying of taxes, or determines the budget. There are no component units included as part of this report.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation is reported as a component unit of Summit County, Ohio, as defined by the provisions of GASB statement No. 14, 39 and 61. As such, its activities are reported within the County's Comprehensive Annual Financial Report.

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

a. Basis of Presentation

The Corporation's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

b. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation, however, does not have any business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Corporation at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fund Financial Statements

During the year, the Corporation segregates transactions related to certain corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

d. Fund Accounting

The Corporation uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions, or limitations. For financial statement presentation purposes, the Corporation's fund is classified as governmental.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the Corporation's only governmental fund:

General Fund

The General Fund accounts for all financial resources that are received from the Summit County Fiscal Officer from penalties collected on delinquent property taxes and interest on those delinquencies. The General Fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Corporation are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

The General Fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements; therefore, may include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

f. Basis of Accounting

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The General Fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Corporation, available means expected to be received within 60 days of year end.

Non-exchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Corporation must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Corporation on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, interest and grants revenue sources are considered to be both measurable and available at year end.

h. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. There was no such activity in 2019.

i. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required.

k. Federal Income Tax

Pursuant to Section 115(1) of the Internal Revenue Code, income derived by the Corporation is excluded from gross income for federal income purposes.

l. Cash and Cash Equivalents

All monies received by the Corporation are deposited in demand deposit accounts. The Corporation had no investments during the year or at the end of the year.

m. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

n. Inventory Held for Resale

Assets held for resale represent properties purchased by or donated to, or otherwise acquired by the Corporation. These properties are valued based upon a combination of the purchase price plus costs of maintenance, rehabilitation, or demolition of homes on the properties. The Corporation holds the properties until the property is sold to a new owner.

o. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Corporation maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Useful Life
Buildings and improvements	30 Years
Furniture and fixture	4 Years
Vehicles	4 Years

p. **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences and claims and judgements are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements.

q. **Compensated Absences**

The Corporation reports compensated absences in accordance with the provisions of GASB No. 16, Accounting for Compensated Absences. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Corporation has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rate at year end, taking into consideration any limits specified in the Corporation's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account matured compensated absences payable in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

r. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net investment in capital asset consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had restricted net position at December 31, 2019 of \$1,683,357 for grants awarded but not yet paid. The Corporation applies restricted resources first when an expense is incurred for which both restricted and unrestricted amounts are available.

s. Intergovernmental Revenue

The Corporation receives operating income through the County. This money represents the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are paid to the Corporation upon the Corporation's written request.

t. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted

Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation’s Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Corporation's Board of Directors. The Board of Directors has by resolution authorized the Executive Director to assign fund balance. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Corporation has not adopted a formal fund balance policy. The Corporation 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.

v. Receivables

Receivables at December 31, 2019, consisted primarily of intergovernmental receivables arising from grants, entitlements and shared revenues and other receivables. All receivables are deemed collectible in full and are expected to be received within one year.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. During 2019, the Corporation had a special item for the purchase of the Ohio Means Jobs 1040 building and assumption of related debt. See Note 10 for additional information about this special item.

3. DEPOSITS AND INVESTMENTS

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 deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of Corporation's fund shall be required to pledge security for repayment of all public moneys. The Corporation has no investment policy dealing with deposit custodial risk beyond the requirement in state statute that requires securities purchased pursuant to this division shall be delivered into the custody of the Treasurer or an agent designated by the Treasurer.

At December 31, 2019, the carrying amount of the Corporation's deposits was \$2,335,381 and the bank balance was \$2,336,097.

1. \$250,000 was covered by Federal Depository Insurance Corporation, by collateral held by the Corporation, or by collateral held by the Corporation's agent in the name of the Corporation; and
2. \$2,086,097 was uninsured and uncollateralized. Although, the securities were held by the pledging financial institutions' trust department in the Corporation's name and all statutory requirements for the investment of money had been followed.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

4. LIABILITIES

a. Line of Credit

Activity for the Corporation's line of credit is as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31, due within one year
Line of credit	\$ -	\$ 400,000	\$ 400,000	\$ -

b. Bonds Payable

On July 31, 2019 the Corporation entered into an agreement to purchase the Ohio Means Job Center building located at 1040 E. Tallmadge Ave, Akron, OH from the County for \$3,850,000 plus assumption of debt service of bonds previously issued by DFA for the renovation of the facility. This is a complicated transaction involving numerous parties. Contemporaneous with and to facilitate the purchase the Corporation assumed bonds originally issued to CONXUSNEO by the Development Finance Authority of Summit County. These bonds were issued by the Development Finance Authority of Summit County for the benefit of CONXUSNEO for the renovation and improvement of the facility as Series 2016C-1, 2016C-2, and 2016C-3 Bonds. Interest and principal payment vary depending on the bond series and are due monthly. Interest rates vary between 3% and 4% and maturity dates vary between November 15, 2025 and May 15, 2036. The principal and interest payment for 2020 is \$442,897. The principal and interest payments are funded by the leases assumed from CONXUSNEO by the Corporation. The leases are described in Footnote 9.

Changes in bonds payable are as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31	Due within one year
2016C-1	\$ -	\$ 1,931,833	\$ 115,833	\$ 1,816,000	\$ 276,667
2016C-2	-	1,085,167	25,305	1,059,862	50,000
2016C-3	-	58,000	-	58,000	833
Total bonds payable	\$ -	\$ 3,075,000	\$ 141,138	\$ 2,933,862	\$ 327,500

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

4. LIABILITIES (Continued)

c. Notes Payable

On July 31, 2019 the Corporation entered into an agreement to purchase the Ohio Means Job Center building located at 1040 E. Tallmadge Ave, Akron, OH from the County for \$3,850,000 plus the assumption of debt service of previously issued bonds by DFA for the renovation of the facility. This is a complicated transaction involving numerous parties. The Corporation entered into a Loan Agreement and Promissory Note with the County in the amount of \$3,850,000. The Promissory Note is payable over ten years with no interest. The principal amount due December 1, 2020 is \$275,000. The principal and interest payments are funded by the leases assumed from CONXUSNEO by the Corporation. In the event of default, the County Fiscal Officer, may, at its discretion, withhold from the Corporation's next DTAC Fee an amount equal to the then unpaid portion of such note payment plus interest at the default rate accrued to the date of such withholding by the County. Provided, however, if the failure to pay a note payment when due is the result of termination, non-renewal, or an Event of Default under, and as defined in, the County leases, then the County shall not be entitled to exercise the remedy described above. The leases are described in Footnote 9.

Changes in notes payable are as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31	Due within one year
Notes payable	\$ -	\$ 3,850,000	\$ -	\$ 3,850,000	\$ 275,000

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

4. LIABILITIES (Continued)

d. Long-Term Liabilities

Changes in governmental activities long-term debt during the fiscal year ended December 31, 2019 are as follows:

GOVERNMENTAL ACTIVITIES	Balances			Balances December 31	Due within one year
	January 1	Additions	Reductions		
Compensated absences	\$ 19,968	\$ 28,226	\$ 16,274	\$ 31,920	\$ 18,976
Bonds payable	-	3,075,000	141,138	2,933,862	327,500
Notes payable	-	3,850,000	-	3,850,000	275,000
TOTAL GOVERNMENTAL ACTIVITIES	\$ 19,968	\$ 6,953,226	\$ 157,412	\$ 6,815,782	\$ 621,476

Principal and interest requirements to retire the outstanding debt at December 31, 2019, are as follows:

Year Ending December 31,	Bonds Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 327,500	\$ 115,397	\$ 442,897	\$ 275,000	\$ -	\$ 275,000
2021	355,833	105,065	460,898	275,000	-	275,000
2022	360,833	93,982	454,815	275,000	-	275,000
2023	376,667	82,725	459,392	275,000	-	275,000
2024	390,833	69,859	460,692	275,000	-	275,000
2025-2029	634,000	162,028	796,028	2,475,000	-	2,475,000
2030-2034	375,833	81,594	457,427	-	-	-
2035-2036	112,363	10,792	123,155	-	-	-
Total	\$ 2,933,862	\$ 721,442	\$ 3,655,304	\$ 3,850,000	\$ -	\$ 3,850,000

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

5. CAPITAL ASSETS

A summary of changes in capital assets during 2019 follows:

	Balances			Balances	
	January 1, 2019	Additions	Retirements	December 31, 2019	
GOVERNMENTAL ACTIVITIES					
Capital assets being depreciated					
Buildings	\$ -	\$ 3,946,389	\$ -	\$ 3,946,389	
Furniture and fixtures	39,882	16,404	-	56,286	
Vehicles	1,750	-	-	1,750	
Total capital assets being depreciated	<u>41,632</u>	<u>3,962,793</u>	<u>-</u>	<u>4,004,425</u>	
Less accumulated depreciation for					
Buildings	-	42,057	-	42,057	
Furniture and fixtures	20,736	13,297	-	34,033	
Vehicles	1,313	437	-	1,750	
Total accumulated depreciation	<u>22,049</u>	<u>55,791</u>	<u>-</u>	<u>77,840</u>	
Total capital assets being depreciated, net	<u>19,583</u>	<u>3,907,002</u>	<u>-</u>	<u>3,926,585</u>	
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET					
	<u>\$ 19,583</u>	<u>\$ 3,907,002</u>	<u>\$ -</u>	<u>\$ 3,926,585</u>	

Depreciation expense of \$55,791 has been included in administration expenses in the statement of activities.

Ohio Means Job Building 1040 Building

On July 31, 2019 the Corporation entered into an agreement to purchase the Ohio Means Job Center building located at 1040 E. Tallmadge Ave, Akron, OH from the County for \$3,850,000 plus assumption of debt service of previously issued bonds by DFA for the renovation of the facility. This is a complicated transaction involving numerous parties. The building at that date of purchase was appraised for \$3,946,389. The total of the County Promissory Note and assumption of bonds total \$6,925,000, resulting in a separate line item, Special Item - Assumption of Debt of \$2,978,611 to be recorded in the statement of activities for 2019. The building will be depreciated over 30 years.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

5. CAPITAL ASSETS (Continued)

Leased Asset

In 2017, the Corporation purchased and renovated a structure that was leased to an addiction recovery organization. The purchase and renovation totaled \$205,340. The lease was a 15-year lease. In 2019, the Corporation received 6 monthly lease payments. FI Community Housing has terminated the lease as of November 2019. Open lease payments were written off as operating bad debt. The Corporation has taken the necessary steps to ready this asset to be leased again in 2020.

6. TRANSACTIONS WITH SUMMIT COUNTY

Pursuant to and in accordance with Section 321.261(B) of the Ohio Revised Code, the Corporation has been authorized by the Summit County Council to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations. The Corporation has a lease agreement with the County for its current office space with quarterly rent payments, a service contract for various services with an annual payment of \$35,000 as well as joint participation in several economic development projects. In July 2019, the Corporation entered into an agreement to purchase the Ohio Means Job Center building located at 1040 E. Tallmadge Ave, Akron, OH from the County. The purchase is detailed in Notes 4, 5, and 9.

7. RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The Corporation maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability, and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past years, nor has insurance coverage been significantly reduced from the prior year.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

8. EMPLOYEE BENEFITS

Compensated Absences

The Corporation employees earn vacation leave at varying rates based upon length of service. Annual vacation eligibility is as of the anniversary of employment and unused vacation may be carried over indefinitely.

Vacation leave is accrued at the rate for the County employees set forth in the Codified Ordinances of Summit County, except that earned vacation shall be made available upon the successful completion and favorable performance review of a six-month probationary period as determined by the Executive Director. After six months of service with the Corporation, an employee will be credited with vacation earned during the first six months of employment. New employees with no prior public service are eligible for paid vacation only after six months of employment. If a new employee with no prior service credit terminates employment before serving six months of employment, he/she will receive no vacation pay out. Otherwise, when an employee terminates employment, he or she will receive the balance of unused, earned vacation time.

Employees earn sick leave at the rate of 4.6 hours per 80 hours worked with no maximum accumulation. No sick leave is paid out at termination, but upon retirement, employees receive 25% of their sick leave balance not to exceed 240 hours.

Health Insurance Benefits

The Corporation makes available to all full-time employees comprehensive major medical/hospitalization health care insurance. Participating employees may elect coverage (i.e., single, family, etc.) as provided under the offered plan(s). Eligible employees may elect applicable coverage. Employee participation costs, as may be applicable, shall be made through payroll deduction.

Retirement Benefits

The Corporation's 401(k) plan was created January 1, 2018. The 401(k) plan allows for employee contributions and employer match with a three year vesting schedule to encourage employee retention.

The plan name is the Summit County Land Reutilization Corporation 401(k) and is a defined contribution pension plan. Benefit terms are established and may be amended by the Corporation with Board approval. Employees are allowed to make contributions to the plan, up to applicable Internal Revenue Code limits. The plan requires the Corporation to match 1.4% for each 1% of elective employee contribution up to the first 10%, with no match above this percentage. For the year ended December 31, 2019, employee contributions totaled \$29,019 and the Corporation recognized pension expense of \$40,626.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

8. EMPLOYEE BENEFITS (Continued)

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the Corporation contributions and earnings after completion of three years of creditable service with the Corporation. Non-vested Corporation contributions are forfeited upon termination of employment. Such forfeitures are used at the Corporations discretion to reduce administrative expenses or reduce Corporation match.

9. LEASES

Ohio Means Job Building 1040 Building

On July 31, 2019 the Corporation entered into an agreement to purchase the Ohio Means Job Center building located at 1040 E. Tallmadge Ave, Akron, OH from the County. This is a complicated transaction involving numerous parties. The transaction resulted in the Corporation assuming three leases from CONXUSNEO. Two of the three leases are from non-related parties, NUCO Education Corporation (Fortis College), and Summit and Medina Workforce Area Council of Governments (SAMWA), the third lease is from a related party, the County of Summit (DJFS). The Fortis College lease is a five-year lease term that was renewed on July 1, 2019. The effective dates for the renewed lease term are November 1, 2019 through October 31, 2024. The base rent is \$6,278.74 with a 2% increase per year plus an allocation of common area expenses. For 2019, the average allocated expense reimbursement amount was \$1,160 per month. The allocated shared expenses are adjusted semiannually. The initial SAMWA lease is a five-year lease that commenced on July 2, 2017 with two additional renewal options to extend the term five additional years (15 years total lease). The initial lease payment is \$27,024.77 per month plus an allocation of common area expenses. For 2019, the average allocated expense reimbursement is \$4,445.92. The allocated shared expenses are adjusted annually. If the parties cannot agree on base rent for the first renewal option, then the base rent will increase 3% for the first year and 1% more per year thereafter. If the parties cannot agree on base rent for the second renewal option, then the base rent will increase 1% more than the prior year. The initial DJFS lease is a five-year lease that commenced on July 2, 2017 with two additional renewal options to extend the term five additional years (15 years total lease). The initial lease payment is \$30,935.87 per month plus an allocation of common area expenses. For 2019, the average allocated expense reimbursement is \$8,116.67. The allocated shared expenses are adjusted annually. If the parties cannot agree on base rent for the first renewal option, then the base rent will increase 3% for the first year and 1% more per year thereafter. If the parties cannot agree on base rent for the second renewal option, then the base rent will increase 1% more than the prior year.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

10. SPECIAL ITEM - ASSUMPTION OF DEBT

Ohio Means Job Building 1040 Building

On July 31, 2019 the Corporation entered into an agreement to purchase the Ohio Means Job Center building located at 1040 E. Tallmadge Ave, Akron, OH from the County for \$3,850,000 plus assumption of debt service of previously issued bonds by DFA for the renovation of the facility. This is a complicated transaction involving numerous parties. The building at that date of purchase was appraised for \$3,946,389. The total of the County of Summit Promissory Note and assumption of bonds total \$6,925,000, resulting in a separate line item, Special Item - Assumption of Debt of \$2,978,611 to be recorded in the statement of activities for 2019.

11. SUBSEQUENT EVENTS

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

12. CONTINGENCIES

The Corporation received financial assistance from State agencies in the form of grants. the disbursements of funds received under those programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation.

SUPPLEMENTARY INFORMATION

SUMMIT COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF SUMMIT COUNTY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental	\$ 1,674,000	\$ 1,544,000	\$ 1,543,958	\$ (42)
Operating grants	2,327,120	2,451,120	2,421,092	(30,028)
Interest	1,800	11,175	24,383	13,208
Charges for services	20,000	10,600	10,925	325
Property sales	1,352,000	1,436,200	1,486,030	49,830
Lease income	20,412	411,422	395,856	(15,566)
Other	-	116	116	-
Total revenues	<u>5,395,332</u>	<u>5,864,633</u>	<u>5,882,360</u>	<u>17,727</u>
EXPENDITURES				
Current				
General government				
Professional and contract services	3,844,428	5,815,567	4,859,652	955,915
Administration	747,824	757,649	560,574	197,075
Total expenditures	<u>4,592,252</u>	<u>6,573,216</u>	<u>5,420,226</u>	<u>1,152,990</u>
NET CHANGE IN FUND BALANCE	<u>\$ 803,080</u>	<u>\$ (708,583)</u>	462,134	<u>\$ 1,170,717</u>
FUND BALANCE, JANUARY 1			<u>1,873,247</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 2,335,381</u>	

See accompanying notes to the supplementary information

SUMMIT COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF SUMMIT COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION

December 31, 2019

1. BUDGETARY PROCESS

The budgetary process that is followed by the Corporation is for control purposes and is set forth in its Code of Regulations. At least 30 days prior to the end of each fiscal year, the Executive Director or authorized staff of the Management Agent shall present to the Board of Directors the annual budget of the Corporation for the next succeeding fiscal year. The Board of Directors shall, at a regular or special meeting, conduct a public hearing on such budget and shall, at such meeting or at another meeting called for the purpose, adopt the annual budget which shall govern the expenditures of the Corporation during the fiscal year to which such budget applies. On and after the commencement of a fiscal year, the annual budget adopted for such fiscal year may be amended or supplemented by the Board of Directors as circumstances warrant. No binding monetary obligation of the Corporation shall be entered into unless there exists at the time in the applicable budget line item an unencumbered balance in an amount no less than lesser of (a) the amount of the monetary obligation to be incurred without either the amendment or supplement of such budget and line item by the Board of Directors and (b) the amount of the monetary obligation that will be due and payable in the fiscal year in which the monetary obligation is incurred. Nothing in this budgetary process shall be construed as prohibiting the Executive Director from approving the transfer of an unencumbered balance from any line item, account, or fund to a line item, account, or fund with respect to which an insufficient unencumbered balance exists when it is in the best interests of the Corporation to enter into the binding monetary obligation. In the event that due to unforeseen circumstances the annual budget has not been adopted and is not ready for adoption by the last day of the fiscal year immediately preceding the year of which such budget is to be effective, the Board of Directors may adopt a temporary budget governing fiscal matters for the first three months of the new fiscal year.

2. BUDGETARY BASIS OF ACCOUNTING

While the Corporation is reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The schedule of revenues, expenditures, and changes in fund balance budget (Non-GMP Basis) and actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GMP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).

SUMMIT COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF SUMMIT COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION (Continued)

2. BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile GAAP basis statements to the budgetary basis schedule for the general fund.

NET CHANGE IN FUND BALANCE

GAAP basis	\$ 677,636
Net adjustment for revenue accruals	(214,934)
Net adjustment for expenditure accruals	<u>(568)</u>
Budget basis	<u>\$ 462,134</u>

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2018

The management's discussion and analysis of the Summit County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position increased \$212,629, which represents a 9.7 percent increase from 2017.
- The Corporation received \$1,596,165 from Summit County in 2018 under an arrangement to receive 5 percent of delinquent taxes and assessments collected.

Using this Annual Financial Report

This annual report consists of financial statements and notes to the financial statements. These statements are prepared and organized so the reader can understand the Corporation as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Corporation, presenting both an aggregate view of the Corporation's finances and a longer-term view of those finances. The Statement of Activities shows changes to net position related to each department of the Corporation. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting the Corporation as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Reporting the Corporation as a Whole (Continued)

Statement of Net Position and the Statement of Activities (Continued)

These two statements report the Corporation's net position and changes in net position. This change in net position is important because it tells the reader whether, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. However, in evaluating the overall position of the Corporation, non-financial information of the Corporation will also need to be evaluated.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets

- Deferred Outflows of Resources

- Liabilities

- Deferred Inflows of Resources

- Net Position (Assets/Deferred Outflows minus Liabilities/ Deferred Inflows)

- Program Expenses and Revenues

- General Revenues

- Net Position Beginning and End of Year

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Reporting on the Corporation's Most Significant Fund

Governmental Fund

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year-end and available for spending in future periods. The general fund is reported using the modified accrual basis of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

The Summit County Land Reutilization Corporation as a Whole

Recall that the Statement of Net Position provides the perspective of the Corporation as a whole. Table 1 provides a summary of the Corporation's net position for 2018 compared to 2017.

**Table 1: Summit County Land Reutilization Corporation
Condensed Statement of Net Position as of December 31,**

	Governmental activities	
	2018	2017
Assets		
Current and other assets	\$ 2,751,894	\$ 2,742,451
Capital assets	19,583	22,835
Leased Asset	265,136	274,237
Total Assets	3,036,613	3,039,523
Liabilities		
Current and other liabilities	553,212	771,222
Long-term liabilities	81,967	79,496
Total Liabilities	635,179	850,718
Net Position:		
Net investment in capital assets	19,583	22,835
Restricted	1,272,710	1,086,476
Unrestricted	1,109,141	1,079,494
Total Net Position	\$ 2,401,434	\$ 2,188,805

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2018

In 2018 intergovernmental receivables decreased \$1,184,234 due to increased collections made on reimbursable grants.

During 2018, the Corporation acquired capital assets in the amount of \$6,649.

Also in 2018, the Corporation's accounts payable and current liabilities decreased by \$218,010 due to payments for ongoing demolition projects and grants payable at year-end.

Further details of the changes in net position between 2018 and 2017 can be observed in Table 2.

The Summit County Land Reutilization Corporation as a Whole (Continued)

**Table 2: Summit County Land Reutilization Corporation
Changes in Net Position for the Years Ended December 31,**

	Governmental activities	
	2018	2017
Revenues:		
Program Revenues:		
Charges for services	\$ 16,300	\$ 11,800
Operating grants	3,478,923	1,764,721
General Revenues:		
Intergovernmental	1,596,165	1,682,584
Property sales	629,669	149,247
Interest	5,393	3,645
Lease income - interest	9,308	1,701
Miscellaneous	8,353	701
Total Revenues	5,744,111	3,614,399
Program Expenses:		
Governmental activities:		
Professional and contract services	4,714,390	2,696,352
Administration	817,092	735,288
Total Expenses	5,531,482	3,431,640
Net Position, beginning	2,188,805	2,006,046
Increase in Net Position	212,629	182,759
Net Position, ending	\$ 2,401,434	\$ 2,188,805

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Intergovernmental revenues represent the 5 percent delinquent tax and assessments from the County, which have stabilized since its origination in 2012. The collections of delinquent taxes and assessments can be volatile; therefore, the Corporation's five percent share may not be consistent from year to year.

The Corporation's General Fund

Information about the Corporation's governmental fund begins on page 4. This fund is accounted for using the modified accrual basis of accounting. The Corporation had revenues of \$6,748,761 and expenditures of \$5,519,732.

Capital Assets

At the end of year 2018, the Corporation had \$19,583 invested in capital assets. Table 3 shows fiscal year 2018 balances compared with 2017.

**Table 3: Summit County Land Reutilization Corporation
Capital Assets (Net of Depreciation)**
(\$ in thousands)

	Governmental Activities	
	2018	2017
Capital assets, being depreciated		
Furniture and fixtures	\$ 19,146	\$ 21,960
Vehicles	437	875
Total	<u>\$ 19,583</u>	<u>\$ 22,835</u>

The Corporation purchased computers and office equipment in 2018. See Note 5 for additional information about the Corporation's assets.

Debt

As of December 31, 2018, the Corporation does not have any debt. The Corporation has a line of credit with Ohio Housing Finance Agency with a limit of \$400,000 at zero percent interest. Details of 2018 activity is listed in Note 4.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Current Financial Related Activities

The Corporation, established on June 4, 2012, has been designated by Summit County, Ohio as its agent for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed and other real property in Summit County. Principal operating revenues of the Corporation include contributions from Summit County's delinquent tax and assessment collection fund. The Corporation is participating in the Neighborhood Initiative Program, a \$9.5 million residential demolition grant has been awarded through the Ohio Housing Finance Agency. The purpose of the program is to assist communities with the demolition of abandoned, vacant and blighted residential properties. The Corporation continues to acquire properties for the Neighborhood Initiative Program and began demolition of its existing inventory in 2015. The Corporation also operates a Side Lot & Vacant Land Transfer program to acquire and dispose of abandoned, vacant lots throughout Summit County, in an effort to return them to productive tax use. The Corporation began accepting applications for the Side Lot & Vacant Land Transfer Program in 2016. In 2017, the Corporation launched its Welcome Home and Building for Business program that allows for the acquisition and disposition of residential and commercial properties with structures. Additionally, the Corporation awarded more than \$720,000 in grant funds to local communities and nonprofits in 2018 for projects that further the mission of the Corporation.

Request for Information

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Executive Director, Summit County Land Reutilization Corporation, 1180 S. Main St., Suite 230, Akron, Ohio 44301. The corporation website is www.summitlandbank.org.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

STATEMENT OF NET POSITION

December 31, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,873,247
Intergovernmental and other receivables	512,423
Prepaid items	26,626
Inventory held for resale	339,598
Leased Asset	265,136
Depreciable capital assets, net	<u>19,583</u>
Total assets	<u>3,036,613</u>
LIABILITIES	
Account payable and current liabilities	533,714
Accrued wages	19,498
Long-term liabilities	
Due within one year	14,780
Due in more than one year	5,188
Unearned lease interest revenue	<u>61,999</u>
Total liabilities	<u>635,179</u>
NET POSITION	
Investment in capital assets	19,583
Restricted	1,272,710
Unrestricted	<u>1,109,141</u>
TOTAL NET POSITION	<u><u>\$ 2,401,434</u></u>

See accompanying notes to the basic financial statements

SUMMIT COUNTY LAND REUTILIZATION CORPORATION
A Component Unit of Summit County

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental Activities					
General government					
Professional and contract services	\$ 4,714,390	\$ 16,300	\$ 3,478,923	\$ -	\$ (1,219,167)
Administration	817,092	-	-	-	(817,092)
Total governmental activities	5,531,482	16,300	3,478,923	-	(2,036,259)
			General revenues		
			Grants and entitlements not restricted to specific programs	1,596,165	
			Investment earnings	5,393	
			Property sales	629,669	
			Lease interest income	9,308	
			Miscellaneous	8,353	
			Total	2,248,888	
			CHANGE IN NET POSITION		212,629
			NET POSITION, JANUARY 1		2,188,805
			NET POSITION, DECEMBER 31		\$ 2,401,434

See accompanying notes to the basic financial statements

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**BALANCE SHEET
GOVERNMENTAL FUND**

December 31, 2018

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,873,247
Intergovernmental and other receivables	512,423
Prepaid items	26,626
Inventory held for resale	339,598
Leased Asset	<u>265,136</u>
TOTAL ASSETS	<u>\$ 3,017,030</u>
LIABILITIES	
Accounts payable and current liabilities	\$ 533,714
Accrued wages	19,498
Unearned lease interest revenue	<u>61,999</u>
Total liabilities	<u>615,211</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants	<u>433,245</u>
Total liabilities and deferred inflows of resources	<u>1,048,456</u>
FUND BALANCES	
Nonspendable	
Prepaid items	26,626
Restricted	1,272,710
Unassigned	<u>669,238</u>
Total fund balance	<u>1,968,574</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,017,030</u>

See accompanying notes to the basic financial statements

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,968,574
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	19,583
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources	
Grant	433,245
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences payable	<u>(19,968)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,401,434</u></u>

See accompanying notes to the basic financial statements

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND**

For the Year Ended December 31, 2018

	<u>General</u>
REVENUES	
Intergovernmental	\$ 1,596,165
Operating grants	4,483,573
Charges for services	16,300
Interest	5,393
Property sales	629,669
Lease interest income	9,308
Miscellaneous	<u>8,353</u>
Total revenues	<u>6,748,761</u>
EXPENDITURES	
Current	
General government	
Professional and contract services	4,714,390
Administration	<u>805,342</u>
Total expenditures	<u>5,519,732</u>
NET CHANGE IN FUND BALANCES	1,229,029
FUND BALANCES, JANUARY 1	<u>739,545</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 1,968,574</u></u>

See accompanying notes to the basic financial statements

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,229,029
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	6,649
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation of capital assets	(9,901)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (i.e., earned but unavailable revenues)	
Grants	(1,004,650)
Some expenses, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Compensated absences	<u>(8,498)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 212,629</u></u>

See accompanying notes to the basic financial statements

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

1. DESCRIPTION OF THE REPORTING ENTITY

The Summit County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 4, 2012 when the Summit County Council authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 2012-214 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Summit County (the County) by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed, and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of seven members including, (1) the County Fiscal Officer, (2) the County Executive, (3) a member of the County Council, (4) one representative of the City of Akron, as the municipal corporation in Summit County with the largest population, based on the population according to the most recent federal decennial census, (5) one representative of a township with a population of greater than 10,000 based on the population according to the most recent federal decennial census, and (6) two additional members selected by the Fiscal Officer, Executive, and Council Representative.

The Corporation is dedicated to strategically acquiring abandoned, blighted and tax delinquent property through the Board of Revision, Sheriff's Sale, Bank Real Estate Owned, third parties, and through donations and by other means allowable by law. The Corporation then strives to put the properties back to productive use.

The reporting entity for the Corporation is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government consist of all funds, departments, boards, and agencies that are not legally separate from the Corporation and any other organizations that would need to be included to ensure the financial statements of the Corporation are not misleading.

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board; and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation authorizes the issuance of debt, or the levying of taxes, or determines the budget. There are no component units included as part of this report.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation is reported as a component unit of Summit County, Ohio, as defined by the provisions of GASB statement No. 14, 39 and 61. As such, its activities are reported within the County's Comprehensive Annual Financial Report.

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

a. Basis of Presentation

The Corporation's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

b. Government- Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation; however, does not have any business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Corporation at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

d. Fund Accounting

The Corporation uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions, or limitations. For financial statement presentation purposes, the Corporation's fund is classified as governmental.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the Corporation's only governmental fund:

General Fund

The General Fund accounts for all financial resources that are received from the Summit County Fiscal Officer from penalties collected on delinquent property taxes and interest on those delinquencies. The General Fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Corporation are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

The General Fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements; therefore, may include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

f. Basis of Accounting

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The General Fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Corporation, available means expected to be received within 60 days of year end.

Non-exchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Corporation must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Corporation on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, interest and grants revenue sources are considered to be both measurable and available at year end.

h. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. The balance sheet has one item which qualifies for reporting in this category, unavailable revenue-grants, which is deferred due to funds not received within the period of availability.

i. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

j. Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required.

k. Federal Income Tax

Pursuant to Section 115(1) of the Internal Revenue Code, income derived by the Corporation is excluded from gross income for federal income purposes.

l. Cash and Cash Equivalents

All monies received by the Corporation are deposited in demand deposit accounts. The Corporation had no investments during the year or at the end of the year.

m. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

n. Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon a combination of the purchase price plus costs of maintenance, rehabilitation, or demolition of homes on the properties. The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, or the home on the property is demolished, and lot is sold as a side lot.

o. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Corporation maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Useful Life
Buildings and improvements	30 Years
Furniture and fixture	4 Years
Vehicles	4 Years

p. **Accrued Liabilities and Long- Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences and claims and judgements are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements.

q. **Compensated Absences**

The Corporation reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Corporation has identified as probable of receiving payment in the future.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The amount is based on accumulated sick leave and employees' wage rate at year end, taking into consideration any limits specified in the Corporation's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account matured compensated absences payable in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

r. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Investment in capital asset consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had restricted net position at December 31, 2018 of \$1,272,710. The Corporation applies restricted resources first when an expense is incurred for which both restricted and unrestricted amounts are available.

s. Intergovernmental Revenue

The Corporation receives operating income through Summit County. This money represents the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are paid to the Corporation upon the Corporation's written request.

t. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

u. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

u. Fund Balance (Continued)

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted

Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation’s Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Corporation’s Board of Directors. The Board of Directors has by resolution authorized the Executive Director to assign fund balance. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

u. Fund Balance (Continued)

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Corporation has not adopted a formal fund balance policy. The Corporation 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.

v. Receivables

Receivables at December 31, 2018, consisted primarily of intergovernmental receivables arising from grants, entitlements and shared revenues and other receivables. All receivables are deemed collectible in full and are expected to be received within one year.

3. DEPOSITS AND INVESTMENTS

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 deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of Corporation's fund shall be required to pledge security for repayment of all public moneys. The Corporation has no investment policy dealing with deposit custodial risk beyond the requirement in state statute that requires securities purchased pursuant to this division shall be delivered into the custody of the Treasurer or an agent designated by the Treasurer.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

3. DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2018, the carrying amount of the Corporation’s deposits was \$1,873,247 and the bank balance was \$1,876,286.

1. \$250,000 was covered by Federal Depository Insurance Corporation, by collateral held by the Corporation, or by collateral held by the Corporation’s agent in the name of the Corporation; and
2. \$1,626,286 was uninsured and uncollateralized. Although, the securities were held by the pledging financial institutions’ trust department in the Corporation’s name and all statutory requirements for the investment of money had been followed.

4. LIABILITIES

a. Long term Liabilities

Long-term liabilities consist of accrued compensated absences. Changes in compensated absences for December 31, 2018 are as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31	Due within one year
Compensated absences	\$ 11,470	\$ 23,083	\$ 14,585	\$ 19,968	\$ 14,780

b. Line of Credit

Activity for the Corporation’s line of credit is as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31, due within one year
Line of credit	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

5. CAPITAL ASSETS

A summary of changes in capital assets during 2018 follows:

	Balances January 1,	Additions	Retirements	Balances December 31
GOVERNMENTAL ACTIVITIES				
Capital assets being depreciated				
Furniture and fixtures	\$ 33,233	\$ 6,649	\$ -	\$ 39,882
Vehicles	1,750	-	-	1,750
Total capital assets being depreciated	34,983	6,649	-	41,632
Less accumulated depreciation for				
Furniture and fixtures	\$ 11,273	\$ 9,463	\$ -	\$ 20,736
Vehicles	875	438	-	1,313
Total accumulated depreciation	12,148	9,901	-	22,049
Total capital assets being depreciated, net	22,835	(3,252)	-	19,583
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 22,835	\$ (3,252)	\$ -	\$ 19,583

Depreciation expense of \$9,901 has been included in administration expenses in the statement of activities.

Leased Asset

In 2017, the Corporation purchased and renovated a structure that is being leased to an addiction recovery organization. The purchase and renovation totaled \$205,340. The lease is a 15-year lease. In 2018, the Corporation received 12 monthly lease payments.

6. TRANSACTIONS WITH SUMMIT COUNTY

Pursuant to and in accordance with Section 321.261(B) of the Ohio Revised Code, the Corporation has been authorized by the Summit County Council to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

7. RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The Corporation maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability, and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years, nor has insurance coverage been significantly reduced from the prior year.

8. EMPLOYEE BENEFITS

Compensated Absences

The Corporation employees earn vacation leave at varying rates based upon length of service. Annual vacation eligibility is as of the anniversary of employment and unused vacation may be carried over indefinitely.

Vacation leave is accrued at the rate for County of Summit employees, set forth in the Codified Ordinances of Summit County, except that earned vacation shall be made available upon the successful completion, and favorable performance review, of a six-month probationary period as determined by the Executive Director. After six months of service with Summit County Land Reutilization Corporation, an employee will be credited with vacation earned during the first six months of employment. New employees with no prior public service are eligible for paid vacation only after six months of employment. If a new employee with no prior service credit terminates employment before serving six months of employment, he/she will receive no vacation pay out. Otherwise, when an employee terminates employment, he or she will receive the balance of unused, earned vacation time.

Employees earn sick leave at the rate of 4.6 hours per 80 hours worked with no maximum accumulation. No sick leave is paid out at termination, but upon retirement, employees receive 25% of their sick leave balance not to exceed 240 hours.

Health Insurance Benefits

The Corporation makes available to all full time employees comprehensive major medical/hospitalization health care insurance. Participating employees may elect coverage (i.e., single, family, etc.) as provided under the offered plan(s). Eligible employees may elect applicable coverage. Employee participation costs, as may be applicable, shall be made through payroll deduction.

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

8. EMPLOYEE BENEFITS (Continued)

Retirement Benefits

The Summit County Land Reutilization Corporation 401(k) plan was created January 1, 2018. The new 401(k) plan allows higher employee contributions and employer match with a three year vesting schedule to encourage employee retention.

The plan name is the Summit County Land Reutilization Corporation 401(k) and is a defined contribution pension plan. Benefit terms are established and may be amended by the Corporation with Board approval. Employees are allowed to make contributions to the plan, up to applicable Internal Revenue Code limits. The plan requires the Corporation to match 1.4% for each 1% of elective employee contribution up to the first 10%, with no match above this percentage. For the year ended December 31, 2018, employee contributions totaled \$14,674 and the Corporation recognized pension expense of \$20,670.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the Corporation contributions and earnings after completion of three years of creditable service with the Corporation. Non-vested Corporation contributions are forfeited upon termination of employment. Such forfeitures are used at the Corporations discretion to reduce administrative expenses or reduce Corporation match.

SUPPLEMENTARY INFORMATION

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND**

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental	\$ 1,681,000	\$ 1,596,165	\$ 1,596,165	\$ -
Operating grants	4,832,800	3,500,000	4,663,157	1,163,157
Interest	2,400	4,246	5,393	1,147
Charges for services	40,500	26,700	16,300	(10,400)
Property sales	666,996	601,726	629,669	27,943
Lease interest income	20,400	20,517	9,308	(11,209)
Other	-	104	8,353	8,249
Total revenues	<u>7,244,096</u>	<u>5,749,458</u>	<u>6,928,345</u>	<u>1,178,887</u>
EXPENDITURES				
Current				
General government				
Professional and contract services	5,998,940	5,232,530	4,954,988	277,542
Administration	972,433	920,883	1,006,323	(85,440)
Total expenditures	<u>6,971,373</u>	<u>6,153,413</u>	<u>5,961,311</u>	<u>192,102</u>
NET CHANGE IN FUND BALANCE	<u>\$ 272,723</u>	<u>\$ (403,955)</u>	967,034	<u>\$ 1,370,989</u>
FUND BALANCE, JANUARY 1			<u>906,213</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,873,247</u>	

See accompanying notes to the supplementay information

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

NOTES TO THE SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2018

1. BUDGETARY PROCESS

The budgetary process that is followed by the Corporation is for control purposes and is set forth in its Code of Regulations. At least 30 days prior to the end of each fiscal year, the Executive Director or authorized staff of the Management Agent shall present to the Board of Directors the annual budget of the Corporation for the next succeeding fiscal year. The Board of Directors shall, at a regular or special meeting, conduct a public hearing on such budget and shall, at such meeting or at another meeting called for the purpose, adopt the annual budget which shall govern the expenditures of the Corporation during the fiscal year to which such budget applies. On and after the commencement of a fiscal year, the annual budget adopted for such fiscal year may be amended or supplemented by the Board of Directors as circumstances warrant. No binding monetary obligation of the Corporation shall be entered into unless there exists at the time in the applicable budget line item an unencumbered balance in an amount no less than lesser of (a) the amount of the monetary obligation to be incurred without either the amendment or supplement of such budget and line item by the Board of Directors and (b) the amount of the monetary obligation that will be due and payable in the fiscal year in which the monetary obligation is incurred. Nothing in this budgetary process shall be construed as prohibiting the Executive Director from approving the transfer of an unencumbered balance from any line item, account, or fund to a line item, account, or fund with respect to which an insufficient unencumbered balance exists when it is in the best interests of the Corporation to enter into the binding monetary obligation. In the event that due to unforeseen circumstances the annual budget has not been adopted and is not ready for adoption by the last day of the fiscal year immediately preceding the year of which such budget is to be effective, the Board of Directors may adopt a temporary budget governing fiscal matters for the first three months of the new fiscal year.

2. BUDGETARY BASIS OF ACCOUNTING

While the Corporation is reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).

SUMMIT COUNTY LAND REUTILIZATION CORPORATION
NOTES TO THE SUPPLEMENTARY INFORMATION (Continued)

2. BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile GAAP basis statements to the budgetary basis schedule for the general fund.

NET CHANGE IN FUND BALANCE

GAAP Basis	\$ 1,229,029
Net adjustment for revenue accruals	179,584
Net adjustment for expenditure accruals	<u>(441,579)</u>
Budget Basis	<u>\$ 967,034</u>

This page intentionally left blank.

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Required by *Government Auditing Standards***

Summit County Land Reutilization Corporation
Summit County
1180 S. Main Street, Suite 230
Akron, Ohio 44301

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 governmental activities and the major fund of the Summit County Land Reutilization Corporation, Summit County, Ohio, a component unit of Summit County, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Summit County Land Reutilization Corporation's basic financial statements and have issued our report thereon dated July 27, 2020; wherein we noted as discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Summit County Land Reutilization 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 Summit County Land Reutilization 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 Summit County Land Reutilization 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 Summit County Land Reutilization 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 Summit County Land Reutilization Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Summit County Land Reutilization Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
July 27, 2020

OHIO AUDITOR OF STATE KEITH FABER



SUMMIT COUNTY LAND REUTILIZATION CORPORATION

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/8/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov