

**SUMMIT COUNTY LAND  
REUTILIZATION CORPORATION**

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

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2021 & 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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

Board of Directors  
Summit County Land Reutilization Corporation  
400 S. Portage Path  
Akron, Ohio 44320

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, 2020 through December 31, 2021. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 03, 2022

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**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
(A COMPONENT UNIT OF SUMMIT COUNTY)  
SUMMIT COUNTY, OHIO**

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

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## Independent Auditor's Report

Summit County Land Reutilization Corporation  
Summit County  
400 S. Portage Path  
Akron, Ohio 44320

To the Board of Directors:

### Report on the Audit of the Financial Statements

#### *Opinions*

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, 2021 and 2020, 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.

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, as of December 31, 2021 and 2020, and the respective changes in financial position, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Summit County Land Reutilization Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As described in Note 11 to the financial statements for the year ended December 31, 2021, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Summit County Land Reutilization Corporation. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Summit County Land Reutilization Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Summit County Land Reutilization Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Summit County Land Reutilization Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Summit County Land Reutilization Corporation's basic financial statements. The accompanying Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)- General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, on our consideration of the Summit County Land Reutilization Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Summit County Land Reutilization Corporation's 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 Summit County Land Reutilization Corporation's internal control over financial reporting and compliance.

*Julian & Grube, Inc.*

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

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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, 2021. 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 2021 are as follows:

- Net position increased \$1,767,170, which represents a 2,019 percent increase from 2020.
- The Corporation received \$1,836,406 from Summit County in 2021 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

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### **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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

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### 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 2021 compared to 2020.

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

	Governmental activities	
	2021	2020
Assets		
Current and other assets	\$ 2,253,531	\$ 3,386,419
Capital assets	6,449,687	4,191,785
Other assets	55,036	150
Total Assets	8,758,254	7,578,354
Liabilities		
Current and other liabilities	1,277,724	1,168,835
Long-term liabilities	5,800,902	6,497,061
Total Liabilities	7,078,626	7,665,896
Net Position:		
Net investment in capital assets	913,005	(1,978,378)
Restricted	196,201	298,480
Unrestricted	570,422	1,592,356
Total Net Position	\$ 1,679,628	\$ (87,542)

In 2021 intergovernmental receivables decreased \$12,947 due to increased collections made on reimbursable grants.

During 2021, the Corporation acquired capital assets in the amount of \$2,390,768.

Also, in 2021, the Corporation's accounts payable and current liabilities increased by \$108,889 due to Knight House renovation costs not yet paid and accruals for business operations. Long-term liabilities decreased by \$696,159 due to re-class of long-term debt to current liabilities for payment in 2022 of \$705,148 netted by increase in business accruals of \$8,989. The increase in net investment of capital assets is due to the capitalization of the Knight House Renovation. The assumed leases for the Ohio Means Job Center cover the Corporation's debt service payments.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

Further details of the changes in net position between 2021 and 2020 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	
	2021	2020
Revenues:		
Program Revenues:		
Charges for services	\$ 3,674,710	\$ 1,612,506
Operating grants and contributions	468,110	380,358
Capital grants	75,972	637,500
General Revenues:		
Intergovernmental	1,836,406	1,473,052
Interest	11,564	23,214
Lease income - interest	126	-
Miscellaneous	840	2,956
Total Revenues	6,067,728	4,129,586
Program Expenses:		
Governmental activities:		
Professional and contract services	3,373,693	3,177,400
Administration	788,712	669,734
Interest	138,153	127,007
Total Expenses	4,300,558	3,974,141
Net Position, beginning	(87,542)	(242,987)
Increase/(Decrease) in Net Position	1,767,170	155,445
Net Position, ending	<u>\$ 1,679,628</u>	<u>\$ (87,542)</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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

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### 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 \$6,080,675 and expenditures of \$7,126,255.

### Capital Assets

At the end of year 2021, the Corporation had \$6,449,687 invested in capital assets. Table 3 shows fiscal year 2021 balances compared with 2020.

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

	Governmental Activities	
	2021	2020
Capital assets, being depreciated		
Buildings	\$ 6,294,052	\$ 4,161,750
Furniture and fixtures	155,635	30,035
Total	<u>\$ 6,449,687</u>	<u>\$ 4,191,785</u>

In 2020, the Corporation purchased the former residence of John S. Knight to be renovated for its new corporate headquarters. The purchase price was \$277,175. Due to the COVID-19 pandemic, the renovation was delayed until February 1, 2021. The renovation was completed November 2021 at a total cost of \$2,286,774. The Corporation's total capitalized purchases for 2021 amounted to \$2,390,768. See Note 5 for additional information about the Corporation's assets.

### Debt

As of December 31, 2021, 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. Contemporaneous with this transaction was the assumption of leases from CONXUSNEO which will cover the debt service of the note and bonds payable.



# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

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On December 15, 2020 the Corporation issued Special Revenue Bonds, Series 2020 in the amount of \$1,000,000 to the County of Summit. The Revenue Bonds bear interest at a rate of 2.35% per year from the closing date until December 1, 2025, as the first repricing date at the bond yield equivalent of the five year treasury plus 200 basis points. Interest and principal will be payable on June 1 and December 1 commencing on June 1, 2021. The term of the Special Revenue Bonds is fifteen years.

At December 31, 2021 the balance of debt is \$6,470,015.

### **Current Financial Related Activities**

The Corporation, established in June 2012, was designated by the County of Summit, Ohio as its agent for the reclamation, rehabilitation, and reutilization of abandoned, vacant, blighted, tax-foreclosed and other real property in Summit County. Principal operating revenues of the Corporation include proceeds from the sale and lease of property and contributions from Summit County's delinquent tax and assessment collection fund. From 2012 through 2021, the Corporation participated in two different residential demolition programs, both funded through the State of Ohio, receiving more than \$14 million in residential demolition funding. The Corporation was able to leverage additional funding for these programs, bringing the total investment in residential demolition for these two programs to more than \$17 million between 2012 and 2021. While the Corporation no longer participates in the two programs, it continues to offer demolition assistance and funding to the communities it serves. To fulfill its mission, the Corporation operates several programs to assist in returning property to productive tax use, including a Side Lot program for the acquisition and disposition of vacant lots, a Welcome Home (residential) and Building for Business (commercial/industrial) program for the acquisition and disposition of properties with structures, and Underground Storage Tank Removal Assistance (UST) program to assist communities with the assessment and cleanup of brownfield properties. Through the UST program, the Corporation was awarded \$213,000 in 2020 and \$250,000 in 2021 through the Abandoned Gas Station grant program through the Ohio Development Services Agency. The Corporation also operates a Matching Grant Fund program to award funds to communities and nonprofits for projects that help fulfill the Corporation's mission. In 2021, the Corporation awarded \$126,515 through this program, and has awarded nearly \$7 million for such projects since the program's creation.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

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### **Current Financial Related Activities (Continued)**

On January 6, 2020, the Corporation purchased the former residence of John S. Knight located at 400 S. Portage Path, Akron, OH for \$277,175 to renovate this local historic structure as the new corporate office for the Corporation. Due to the COVID-19 pandemic, the Corporation experienced delays in the renovation process and the renovation was completed November 2021. The Corporation was awarded a grant from the John S. and James L. Knight Foundation in the amount of \$637,500 to assist in funding this renovation. The Corporation met all the grant requirements in 2020 and has received the grant award in full. The Corporation was also awarded \$25,000 from the GAR Foundation, \$45,000 from the County of Summit and \$5,000 from the Read Family Foundation to assist with the completion of the renovation.

Beginning March 2020, the COVID-19 virus was declared a global pandemic and severely impacted the Corporation's business operations and continuity, including supply chains and consumer demand across a broad range of industries and countries. Due to the Corporation's ability to adapt, our staff worked remotely from March 2020 until July 2021. The Corporation returned to in office operations from July 2021 to November 2021 when the Corporation moved to the completed renovation of the John S. Knight House. To assist with the Corporation's ability to continue normal business operations the Corporation applied for and received funding through the Federal Government's Paycheck Protection Program (PPP) loan program expanded to include not for profit organizations. The Corporation applied for and was granted loan forgiveness in October 2021. The Corporation continues to strive to achieve its mission after this global pandemic with an anticipated return to pre-pandemic levels.

### **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, 400 S. Portage Path, Akron, Ohio 44320. The corporation website is [www.summitlandbank.org](http://www.summitlandbank.org).

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**STATEMENT OF NET POSITION**

For the Year Ended December 31, 2021

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	<b>Governmental Activities</b>
	<u>                    </u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,302,459
Intergovernmental and other receivables	125,629
Prepaid items	60,142
Inventory held for resale	765,301
Other assets	23,112
Lease receivable	31,924
Capital assets, net	<u>6,449,687</u>
Total assets	<u>8,758,254</u>
<b>LIABILITIES</b>	
Account payable and current liabilities	528,891
Accrued wages	13,187
Unearned lease interest revenue	1,069
Long-term liabilities	
Due within one year	734,577
Due in more than one year	<u>5,800,902</u>
Total liabilities	<u>7,078,626</u>
<b>NET POSITION</b>	
Net investment in capital assets	913,005
Restricted - grants awarded but not yet eligible for payment due to the grantee not meeting all of the eligibility requirements in the grant	196,201
Unrestricted	<u>570,422</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 1,679,628</u></u>

See accompanying notes to the basic financial statements.



**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2021

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	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,302,459
Intergovernmental and other receivables	125,629
Prepaid items	60,142
Inventory held for resale	765,301
Other assets	23,112
Lease receivable	31,924
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 2,308,567</b>
	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable and current liabilities	\$ 528,891
Accrued wages	13,187
Unearned lease interest revenue	1,069
	<hr/>
Total liabilities	543,147
	<hr/>
<b>FUND BALANCES</b>	
Nonspendable	
Prepaid items	60,142
Inventory	765,301
Restricted - grants awarded but not yet eligible for payment due to the grantee not meeting all of the eligibility requirements in the grant	196,201
Unrestricted	
Unassigned	743,776
	<hr/>
Total fund balance	1,765,420
	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,308,567</b>
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See accompanying notes to financial statements.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

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

For the Year Ended December 31, 2021

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 1,765,420
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	6,449,687
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences payable	(65,464)
Bonds and notes payable	<u>(6,470,015)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 1,679,628</u></u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

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

For the Year Ended December 31, 2021

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	<u>General</u>
<b>REVENUES</b>	
Intergovernmental	\$ 1,836,406
Operating grants and donations - admin	132,385
Operating grants and donations	206,302
Capital grants	75,972
Charges for services	20,225
Property sales	2,742,377
Lease income	912,108
Interest	11,690
Underground storage removal	129,423
Miscellaneous	840
	<hr/>
Total revenues	6,067,728
	<hr/>
<b>EXPENDITURES</b>	
Current	
General government	
Professional and contract services	3,373,693
Administration	639,017
Debt Service	
Principal	700,148
Interest	138,153
Capital outlay	2,390,768
	<hr/>
Total expenditures	7,241,779
	<hr/>
NET CHANGE IN FUND BALANCE	(1,174,051)
FUND BALANCES, JANUARY 1	2,939,471
	<hr/>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,765,420</b>
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**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, 2021

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ (1,174,051)</b>
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	2,390,768
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	(132,866)
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	(16,829)
The repayment of long-term debt is reported as an expenditures when due in governmental funds but as a reduction of principal on the government-wide financial statements	<u>700,148</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 1,767,170</u></u></b>

See accompanying notes to the basic financial statements.



# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 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 abandoned, blighted, certified tax delinquent properties to production 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 a component unit of Summit County.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 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.

#### 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.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Revenues - Exchange and Non-Exchange Transactions (Continued)

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 2021.

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.

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.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o. Capital Assets (Continued)**

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:

<u>Description</u>	<u>Estimated Useful Life</u>
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. 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.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Compensated Absences (Continued)

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 less any debt outstanding that was issued to acquire the capital asset. 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, 2021, of \$196,201 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.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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, 2021, 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 DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Protection of the Corporation's 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, 2021, the carrying amount of the Corporation's deposits was \$1,302,459 and the bank balance was \$1,306,492.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 3. DEPOSITS AND INVESTMENTS DEPOSITS (Continued)

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. \$1,056,492 was uninsured and uncollateralized. Although, the securities were held by the pledging institutions' trust department in the Corporation's name and all statutory requirements for the investment of money had been followed.

### 4. LIABILITIES

#### a. 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, Ohio, from the County for \$3,850,000 plus assumption of debt service of bonds previously issued by Development Finance Authority of Summit County (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 Agency 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. 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 2022 is \$454,815. The principal and interest payments are funded by the leases assumed from CONXUSNEO by the Corporation. The leases are described in Note 9.

On December 15, 2020, the Corporation issued Special Revenue Bonds, Series 2020 (direct placement) in the amount of \$1,000,000 to the County of Summit. The revenue bonds bear interest at a rate of 2.35% per year from the closing date until December 1, 2025, as the first repricing date at the bond yield equivalent of the five year treasury plus 200 basis points. Principal and interest will be payable on June 1 and December 1 commencing on June 1, 2021. The term of the special revenue bonds is fifteen years.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

**4. LIABILITIES (Continued)**

Changes in bonds payable are as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31	Due within One Year
2016C-1	\$ 1,539,333	\$ -	\$ 295,833	\$ 1,243,500	\$ 300,833
2016C-2	998,663	-	52,648	946,015	50,000
2016C-3	57,167	-	10,000	47,167	10,000
Special Revenue Bonds	1,000,000	-	66,667	933,333	66,667
<b>TOTAL BONDS PAYABLE</b>	<b>\$ 3,595,163</b>	<b>\$ -</b>	<b>\$ 425,148</b>	<b>\$ 3,170,015</b>	<b>\$ 427,500</b>

b. 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, Ohio, 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, 2022, is \$275,000. The principal 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 Note 9.

Changes in notes payable are as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31	Due within One Year
Notes payable	\$ 3,575,000	\$ -	\$ 275,000	\$ 3,300,000	\$ 275,000

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

**4. LIABILITIES (Continued)**

c. Long-Term Liabilities

Changes in governmental activities long-term debt during the fiscal year ended December 31, 2021, are as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31	Due within One Year
Compensated absences	\$ 48,635	\$ 36,913	\$ 20,084	\$ 65,464	\$ 32,077
Bonds payable	3,595,163	-	425,148	3,170,015	427,500
Notes payable	3,575,000	-	275,000	3,300,000	275,000
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 7,218,798</b>	<b>\$ 36,913</b>	<b>\$ 720,232</b>	<b>\$ 6,535,479</b>	<b>\$ 734,577</b>

d. Payroll Protection Program

On March 25, 2021, the Corporation submitted an application for a Payroll Protection Program (PPP) loan since its business was adversely affected by the COVID-19 pandemic in 2020 and 2021. The PPP loan program was expanded to not-for-profit organizations in 2021 based upon payroll and related payroll employer costs. On April 16, 2021, the Corporation was approved and funded in the amount of \$132,385. The PPP loan program had total loan forgiveness if the applicant met certain spending and business continuity conditions. The Corporation met these conditions and subsequently applied for forgiveness. The Corporation was granted total loan forgiveness on October 26, 2021 granting the loan paid in full.

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
PPP loan	\$ -	\$ 132,385	\$ 132,385	\$ -	\$ -
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 132,385</b>	<b>\$ 132,385</b>	<b>\$ -</b>	<b>\$ -</b>

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

**4. LIABILITIES (Continued)**

Principal and interest requirements to retire the outstanding debt at December 31, 2021, are as follows:

Year Ending December 31,	<u>Bonds Payable</u>			<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 427,500	\$ 115,524	\$ 543,024	\$ 275,000	\$ -	\$ 275,000
2023	443,334	102,700	546,034	275,000	-	275,000
2024	457,500	88,267	545,767	275,000	-	275,000
2025	749,667	70,239	819,906	275,000	-	275,000
2026	140,334	45,797	186,131	550,000	-	550,000
2027-2031	664,168	171,350	835,518	1,650,000	-	1,650,000
2032-2036	<u>287,512</u>	<u>66,119</u>	<u>353,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,170,015</u>	<u>\$ 659,996</u>	<u>\$ 3,830,011</u>	<u>\$ 3,300,000</u>	<u>\$ -</u>	<u>\$ 3,300,000</u>

**5. CAPITAL ASSETS**

A summary of changes in capital assets during 2021 follows:

	Balances January 1	Additions	Retirements	Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Construction in progress	\$ 326,338	\$ -	\$ 326,338	\$ -
Total capital assets not being depreciated	<u>326,338</u>	<u>-</u>	<u>326,338</u>	<u>-</u>
Capital assets being depreciated				
Buildings	3,978,682	2,574,302	-	6,552,984
Furniture and fixtures	75,596	142,804	-	218,400
Vehicles	1,750	-	-	1,750
Total capital assets being depreciated	<u>4,056,028</u>	<u>2,717,106</u>	<u>-</u>	<u>6,773,134</u>
Less accumulated depreciation for				
Buildings	143,270	115,661	-	258,931
Furniture and fixtures	45,561	17,205	-	62,766
Vehicles	1,750	-	-	1,750
Total accumulated depreciation	<u>190,581</u>	<u>132,866</u>	<u>-</u>	<u>323,447</u>
Total capital assets being depreciated, net	<u>3,865,447</u>	<u>2,584,240</u>	<u>-</u>	<u>6,449,687</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 4,191,785</u>	<u>\$ 2,584,240</u>	<u>\$ 326,338</u>	<u>\$ 6,449,687</u>

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 5. CAPITAL ASSETS (Continued)

Depreciation expense of \$132,866 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, Ohio, 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 totaled \$6,925,000, which resulted in a separate line item, Special Item - Assumption of Debt of \$2,978,611 recorded in the statement of activities for 2019. The building will be depreciated over 30 years.

### 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 had a lease agreement, which was terminated with the completion of the John S. Knight House renovation, with the County for its current office space for the period January 1 through October 31, 2021 with total lease payments of \$34,687. The Corporation renewed a service contract for various services with an annual payment of \$10,000 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, Ohio, from the County. The purchase is detailed in Notes 4, 5, and 9. In 2020, the Corporation issued special revenue bonds to the County. The issuance is detailed in Note 4.

### 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 8. EMPLOYEE BENEFITS

#### *Compensated Absences*

The Corporation employees earn vacation leave at varying rates based upon length of service. Employees earn vacation depending 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.



**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

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**8. EMPLOYEE BENEFITS (Continued)**

*Retirement Benefits (Continued)*

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 1.40% for each 1% of elective employee contribution up to the first 10%, with no match above this percentage. For the year ended December 31, 2021, employee contributions totaled \$47,593 and the Corporation recognized pension expense of \$65,503.

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.

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# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### 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, Ohio, 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 2021, the average allocated expense reimbursement amount was \$1,428 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. In July 2021, the initial lease was revised for term and amounts to reflect square footage usage between SAMWA and DJFS. The new lease monthly amount for SAMWA is \$42,501.50 with average allocated expense reimbursement of \$5,465.34. 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. In July 2021, the initial lease was revised for term and amounts to reflect square footage usage between SAMWA and SCDJFS. The new lease monthly amount for DJFS is \$19,530.48 with average allocated expense reimbursement of \$3,567.00. 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.

In 2020, the Corporation signed a lease with Family Promise, a local not-for-profit, to a one-year lease with four one-year renewal options with 1% yearly increase. The monthly lease invoice amount is \$1,100 plus allocated expense reimbursement of \$275. The allocated shared expenses are adjusted annually. In 2021, the Corporation signed a lease with Akron Snow Angels, a local not-for-profit, to a five-year lease with two options for additional five-year terms with 1% yearly increases. The monthly lease invoice amount is \$1,006 plus allocated expense reimbursement of \$359. The allocated shared expenses are adjusted annually.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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### **10. SUBSEQUENT EVENT**

On January 4, 2022, the Corporation was a party to a transaction for the purchase of several parcels that will be incorporated into a project that the Corporation will serve as the developer of townhouses. The development is for construction of 50 townhouses of which the Corporation shares in various compensation amounts. The purchase price of \$850,000 was financed by loan from the site contractor which will be repaid by the Corporation with the sales of each townhouse. On January 22, 2022, the Corporation completed the \$1,000,000 sale of the Special Revenue Bonds, Series 2022 to the Summit County Fiscal Office. The bond term is 15 years with interest at 3.5% per annum with interest payments on June 1 and December 1 starting on June 1, 2022.

### **11. COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Corporation received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

### **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**

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND

For the Year Ended December 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Intergovernmental	\$ 1,500,000	\$ 1,836,406	\$ 1,836,406	\$ -
Operating grants and donations - admin	-	-	132,385	132,385
Operating grants	37,500	197,259	219,249	21,990
Capital grants	95,000	125,973	75,972	(50,001)
Interest	13,500	10,000	11,690	1,690
Charges for services	11,000	19,300	20,225	925
Property sales	1,442,589	3,017,692	2,742,377	(275,315)
Lease income	914,247	913,975	912,108	(1,867)
Underground storage removal	532,500	182,859	129,423	(53,436)
Miscellaneous	-	840	840	-
<b>Total revenues</b>	<b>4,546,336</b>	<b>6,304,304</b>	<b>6,080,675</b>	<b>(223,629)</b>
<b>EXPENDITURES</b>				
Current				
General government				
Professional and contract services	2,882,477	3,798,274	3,251,903	(546,371)
Administration	695,569	692,515	645,283	(47,232)
Debt service				
Principal	767,503	697,503	700,148	2,645
Interest and fiscal charges	161,637	138,153	138,153	-
Capital outlay	1,445,500	2,420,598	2,390,768	(29,830)
<b>Total expenditures</b>	<b>5,952,686</b>	<b>7,747,043</b>	<b>7,126,255</b>	<b>(620,788)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(1,406,350)</b>	<b>(1,442,739)</b>	<b>(1,045,580)</b>	<b>397,159</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	800,000	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (606,350)</b>	<b>\$ (1,442,739)</b>	<b>(1,045,580)</b>	<b>\$ 397,159</b>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Net adjustment for revenue accruals			(12,947)	
Net adjustments for expenditure accruals			(115,524)	
<b>Total adjustments to GAAP basis</b>			<b>(128,471)</b>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>(1,174,051)</b>	
<b>FUND BALANCE, JANUARY 1</b>			<b>2,939,471</b>	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 1,765,420</b>	

(See accompanying notes to the supplementary information)

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE SUPPLEMENTARY INFORMATION

December 31, 2021

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### 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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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, 2020. 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 2020 are as follows:

- Net position increased \$155,445, which represents a 64 percent increase from 2019.
- The Corporation received \$1,473,052 from Summit County in 2020 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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### **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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

### 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 2020 compared to 2019.

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

	Governmental activities	
	2020	2019
Assets		
Current and other assets	\$ 3,386,419	\$ 3,407,705
Capital assets	4,191,785	3,926,585
Other assets	150	10,150
Total Assets	7,578,354	7,344,440
Liabilities		
Current and other liabilities	1,168,835	1,393,121
Long-term liabilities	6,497,061	6,194,306
Total Liabilities	7,665,896	7,587,427
Net Position:		
Net investment in capital assets	(1,978,378)	(2,857,277)
Restricted	298,480	1,683,357
Unassigned	1,592,356	930,933
Total Net Position	<u>\$ (87,542)</u>	<u>\$ (242,987)</u>

In 2020 intergovernmental receivables decreased \$242,403 due to increased collections made on reimbursable grants.

During 2020, the Corporation acquired capital assets in the amount of \$377,941.

Also, in 2020, the Corporation's accounts payable and current liabilities decreased by \$224,286, due to payments for ongoing demolition projects and various accruals. Long term liabilities increased by \$302,755 due to a long-term liability accrual increase of \$11,454 and an increase in long term liabilities due to the issuance of Special Revenue Bonds Series 2020 in the amount of \$1,000,000 less DFA bond debt service payments of \$613,699 and \$95,000 long-term debt reclassification to current liability. 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**

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

Further details of the changes in net position between 2020 and 2019 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	
	2020	2019
Revenues:		
Program Revenues:		
Charges for services	\$ 1,612,506	\$ 1,569,334
Operating grants and contributions	380,358	2,526,258
Capital grants	637,500	-
General Revenues:		
Intergovernmental	1,473,052	1,543,958
Interest	23,214	19,244
Lease income - interest	-	5,139
Miscellaneous	2,956	116
Total Revenues	4,129,586	5,664,049
Program Expenses:		
Governmental activities:		
Professional and contract services	3,177,400	4,829,999
Administration	669,734	499,860
Interest	127,007	-
Special item – assumption of debt	-	2,978,611
Total Expenses	3,974,141	8,308,470
Net Position, beginning	(242,987)	2,401,434
Increase/(Decrease) in Net Position	155,445	(2,644,421)
Net Position, ending	\$ (87,542)	\$ (242,987)

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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.

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 \$4,129,586 and expenditures of \$4,836,325.

### Capital Assets

At the end of year 2020, the Corporation had \$4,191,785 invested in capital assets. Table 3 shows fiscal year 2020 balances compared with 2019.

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

	Governmental Activities	
	2019	2019
Capital assets, being depreciated		
Buildings	\$ 4,161,750	\$ 3,904,332
Furniture and fixtures	30,035	22,253
Total	<u>\$ 4,191,785</u>	<u>\$ 3,926,585</u>

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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In 2020, the Corporation purchased the former residence of John S. Knight to be renovated for its new corporate headquarters. The purchase price was \$277,175. Due to the COVID-19 pandemic, the renovation was delayed until February 1, 2021. The renovation is estimated to be completed in July 2021. The final renovation costs will be reported with the 2021 financial statements. The Corporation also purchased computers, office furniture, and made building improvements. See Note 5 for additional information about the Corporation's assets.

### **Debt**

As of December 31, 2020, 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. Contemporaneous with this transaction was the assumption of leases from CONXUSNEO which will cover the debt service of the note and bonds payable.

On December 15, 2020 the Corporation issued Special Revenue Bonds, Series 2020 in the amount of \$1,000,000 to the County of Summit. The Revenue Bonds bear interest at a rate of 2.35% per year from the closing date until December 1, 2025, as the first repricing date at the bond yield equivalent of the five year treasury plus 200 basis points. Interest and principal will be payable on June 1 and December 1 commencing on June 1, 2021. The term of the Special Revenue Bonds is fifteen years.

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.

At December 31, 2020 the balance of debt is \$7,170,163.

### **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 \$10.1 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.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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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 \$150,000 in grant funds to local communities and nonprofits in 2020 for projects that further the mission of the Corporation.

### **Current Financial Related Activities (Continued)**

On January 6, 2020, the Corporation purchased the former residence of John S. Knight located at 400 S. Portage Path, Akron, OH for \$277,175 to renovate this local historic structure as the new corporate office for the Corporation. Due to the COVID-19 pandemic, the Corporation experienced delays in the renovation process and the revised estimated renovation completion date is now July 2021. The Corporation was awarded a grant from the John S. Knight Foundation in the amount of \$637,500 to assist in funding this renovation. The Corporation met all the grant requirements in 2020 and has received the grant award in full.

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](http://www.summitlandbank.org).

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**STATEMENT OF NET POSITION**

For the Year Ended December 31, 2020

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	<b>Governmental Activities</b>
	<u>                    </u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,348,039
Intergovernmental and other receivables	136,825
Prepaid items	14,464
Inventory held for resale	887,091
Other assets	150
Capital assets, net	<u>4,191,785</u>
 Total assets	 <u>7,578,354</u>
<b>LIABILITIES</b>	
Account payable and current liabilities	438,339
Accrued wages	8,759
Long-term liabilities	
Due within one year	721,737
Due in more than one year	<u>6,497,061</u>
 Total liabilities	 <u>7,665,896</u>
<b>NET POSITION</b>	
Net investment in capital assets	(1,978,378)
Restricted - grants awarded but not yet eligible for payment due to the grantee not meeting all of the eligibility requirements in the grant	298,480
Unrestricted	<u>1,592,356</u>
 <b>TOTAL NET POSITION</b>	 <u>\$ (87,542)</u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services/Sales/Leases	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
Capital grants					
General government					
Professional and contract services	\$ 3,177,400	\$ 1,612,506	\$ 380,358	\$ 637,500	\$ (547,036)
Administration	669,734	-	-	-	(669,734)
Interest	127,007	-	-	-	(127,007)
Total governmental activities	3,974,141	1,612,506	380,358	637,500	(1,343,777)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,974,141</b>	<b>\$ 1,612,506</b>	<b>\$ 380,358</b>	<b>\$ 637,500</b>	<b>(1,343,777)</b>
		General revenues			
		Grants and entitlements not restricted to specific programs		1,473,052	
		Investment earnings		23,214	
		Miscellaneous		2,956	
		Total		1,499,222	
		CHANGE IN NET POSITION			155,445
		NET POSITION (DEFICIT), JANUARY 1			(242,987)
		NET POSITION (DEFICIT), DECEMBER 31			\$ (87,542)

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2020

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	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,348,039
Intergovernmental and other receivables	136,825
Prepaid items	14,464
Inventory held for resale	887,091
Other assets	<u>150</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,386,569</u></b>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable and current liabilities	\$ 438,339
Accrued wages	<u>8,759</u>
Total liabilities	<u>447,098</u>
<b>FUND BALANCES</b>	
Nonspendable	
Prepaid items	14,464
Inventory	887,091
Restricted - grants awarded but not yet eligible for payment due to the grantee not meeting all of the eligibility requirements in the grant	298,480
Unrestricted	
Unassigned	<u>1,739,436</u>
Total fund balance	<u>2,939,471</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 3,386,569</u></b>

See accompanying notes to the basic financial statements.



**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

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

For the Year Ended December 31, 2020

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 2,939,471
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	4,191,785
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences payable	(48,635)
Bonds and notes payable	<u>(7,170,163)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (87,542)</u></u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

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

For the Year Ended December 31, 2020

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	<u>General</u>
<b>REVENUES</b>	
Intergovernmental	\$ 1,473,052
Operating grants and donations	375,358
Capital grants	637,500
Charges for services	10,925
Property sales	617,962
Lease income	983,619
Interest	23,214
Underground storage removal	5,000
Miscellaneous	2,956
	<hr/>
Total revenues	4,129,586
	<hr/>
<b>EXPENDITURES</b>	
Current	
General government	
Professional and contract services	3,177,400
Administration	586,750
Debt Service	
Principal	613,699
Interest	127,007
Capital outlay	331,469
	<hr/>
Total expenditures	4,836,325
	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(706,739)</b>
	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>	
Bonds issued	1,000,000
	<hr/>
NET CHANGE IN FUND BALANCE	293,261
FUND BALANCES, JANUARY 1	2,646,210
	<hr/>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 2,939,471</b>
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**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, 2020

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 293,261</b>
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	377,941
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	(112,741)
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	(16,715)
The proceeds from issuance of bonds are recorded as an other financing source in the governmental funds but as a liability in the statement of activities	(1,000,000)
The repayment of long-term debt is reported as an expenditures when due in governmental funds but as a reduction of principal on the government-wide financial statements	<u>613,699</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 155,445</u></u></b>

See accompanying notes to the basic financial statements.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 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 a component unit of Summit County.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 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.

#### 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.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### g. Revenues - Exchange and Non-Exchange Transactions (Continued)

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 2020.

#### 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.

#### 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.



# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2020

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o. Capital Assets (Continued)**

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. 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.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Compensated Absences (Continued)

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 less any debt outstanding that was issued to acquire the capital asset. 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, 2020, of \$298,480 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.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2020

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2020, 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 DEPOSITS**

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Protection of the Corporation's 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, 2020, the carrying amount of the Corporation's deposits was \$2,348,039 and the bank balance was \$2,348,039.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2020

**3. DEPOSITS AND INVESTMENTS DEPOSITS (Continued)**

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. \$2,098,039 was uninsured and uncollateralized. Although, the securities were held by the pledging institutions’ trust department in the Corporation’s name and all statutory requirements for the investment of money had been followed.

**4. LIABILITIES**

- a. Line of Credit (Direct Placement)

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 Development Finance Authority of Summit County (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 Agency 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. 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 2021 is \$460,898. The principal and interest payments are funded by the leases assumed from CONXUSNEO by the Corporation. The leases are described in Footnote 9.

On December 15, 2020, the Corporation issued Special Revenue Bonds, Series 2020 (direct placement) in the amount of \$1,000,000 to the County of Summit. The revenue bonds bear interest at a rate of 2.35% per year from the closing date until December 1, 2025, as the first repricing date at the bond yield equivalent of the five year treasury plus 200 basis points. Principal and interest will be payable on June 1 and December 1 commencing on June 1, 2021. The term of the special revenue bonds is fifteen years.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2020

**4. LIABILITIES (Continued)**

Changes in bonds payable are as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31	Due within one year
2016C-1	\$ 1,816,000	\$ -	\$ 276,667	\$ 1,539,333	\$ 295,833
2016C-2	1,059,862	-	61,199	998,663	50,000
2016C-3	58,000	-	833	57,167	10,000
Special Revenue Bonds	-	1,000,000	-	1,000,000	66,667
Total bonds payable	\$ 2,933,862	\$ 1,000,000	\$ 338,699	\$ 3,595,163	\$ 422,500

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, 2021, is \$275,000. The principal 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	\$ -	\$ 275,000	\$ 3,575,000	\$ 275,000

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2020

**4. LIABILITIES (Continued)**

d. Long-Term Liabilities

Changes in governmental activities long-term debt during the fiscal year ended December 31, 2020, are as follows:

GOVERNMENTAL ACTIVITIES	Balances			Balances December 31	Due within one year
	January 1	Additions	Reductions		
Compensated absences	\$ 31,920	\$ 30,578	\$ 13,863	\$ 48,635	\$ 24,237
Bonds payable	2,933,862	1,000,000	338,699	3,595,163	422,500
Notes payable	3,850,000	-	275,000	3,575,000	275,000
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 6,815,782</b>	<b>\$ 1,030,578</b>	<b>\$ 627,562</b>	<b>\$ 7,218,798</b>	<b>\$ 721,737</b>

Principal and interest requirements to retire the outstanding debt at December 31, 2020, are as follows:

Year Ending December 31,	Bonds Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 422,500	\$ 193,926	\$ 616,426	\$ 275,000	\$ -	\$ 275,000
2022	427,500	115,524	543,024	275,000	-	275,000
2023	443,334	102,700	546,034	275,000	-	275,000
2024	457,500	88,267	545,767	275,000	-	275,000
2025	749,667	70,239	819,906	275,000	-	275,000
2026-2030	668,335	190,747	859,082	2,200,000	-	2,200,000
2031-2035	253,577	89,894	343,471	-	-	-
2036	172,750	2,625	175,375	-	-	-
<b>Total</b>	<b>\$ 3,595,163</b>	<b>\$ 853,923</b>	<b>\$ 4,449,086</b>	<b>\$ 3,575,000</b>	<b>\$ -</b>	<b>\$ 3,575,000</b>



**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2020

**5. CAPITAL ASSETS**

A summary of changes in capital assets during 2020 follows:

	Balances January 1	Additions	Retirements	Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 326,338	\$ -	\$ 326,338
Total capital assets not being depreciated	-	326,338	-	326,338
Capital assets being depreciated				
Buildings	3,946,389	32,293	-	3,978,682
Furniture and fixtures	56,286	19,310	-	75,596
Vehicles	1,750	-	-	1,750
Total capital assets being depreciated	4,004,425	51,603	-	4,056,028
Less accumulated depreciation for				
Buildings	42,057	101,213	-	143,270
Furniture and fixtures	34,033	11,528	-	45,561
Vehicles	1,750	-	-	1,750
Total accumulated depreciation	77,840	112,741	-	190,581
Total capital assets being depreciated, net	3,926,585	(61,138)	-	3,865,447
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 3,926,585</b>	<b>\$ 265,200</b>	<b>\$ -</b>	<b>\$ 4,191,785</b>

Depreciation expense of \$112,741 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 totaled \$6,925,000, which resulted in a separate line item, Special Item - Assumption of Debt of \$2,978,611 recorded in the statement of activities for 2019. The building will be depreciated over 30 years.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### **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. In 2020, the Corporation issued special revenue bonds to the County. The issuance is detailed in Note 4.

### **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.

### **8. EMPLOYEE BENEFITS**

#### *Compensated Absences*

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

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 8. EMPLOYEE BENEFITS (Continued)

#### *Compensated Absences (Continued)*

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 1.40% for each 1% of elective employee contribution up to the first 10%, with no match above this percentage. For the year ended December 31, 2020, employee contributions totaled \$43,149 and the Corporation recognized pension expense of \$60,408.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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### 8. EMPLOYEE BENEFITS (Continued)

#### *Retirement 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 2020, 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 2020, 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 2020, the average allocated expense reimbursement is \$12,044.57. 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Year Ended December 31, 2020

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**9. LEASES (Continued)**

In 2020, the Corporation signed a lease with Family Promise, a local not-for-profit, to a one-year lease with four one-year renewal options with 1% yearly increase. The monthly lease invoice amount is \$1,100 plus allocated expense reimbursement of \$275. The allocated shared expenses are adjusted annually.

**10. 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**

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND

For the Year Ended December 31, 2020

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Intergovernmental	\$ 1,575,000	\$ 1,471,936	\$ 1,473,052	\$ 1,116
Operating grants	231,500	221,875	617,761	395,886
Capital grants	637,500	637,500	637,500	-
Interest	9,000	18,707	23,214	4,507
Charges for services	16,375	13,600	10,925	(2,675)
Property sales	2,103,900	764,752	617,962	(146,790)
Lease income	911,323	953,847	983,619	29,772
Underground storage removal	639,000	106,500	5,000	(101,500)
Miscellaneous	-	1,237	2,956	1,719
<b>Total revenues</b>	<b>6,123,598</b>	<b>4,189,954</b>	<b>4,371,989</b>	<b>182,035</b>
<b>EXPENDITURES</b>				
Current				
General government				
Professional and contract services	4,038,326	3,676,608	3,715,798	39,190
Administration	694,714	635,763	571,358	(64,405)
Debt service				
Principal	613,699	613,699	613,699	-
Interest and fiscal charges	127,007	127,007	127,007	-
Capital outlay	415,000	415,000	331,469	(83,531)
<b>Total expenditures</b>	<b>5,888,746</b>	<b>5,468,077</b>	<b>5,359,331</b>	<b>(108,746)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>234,852</b>	<b>(1,278,123)</b>	<b>(987,342)</b>	<b>290,781</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	1,000,000	1,000,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 234,852</b>	<b>\$ (278,123)</b>	<b>12,658</b>	<b>\$ 290,781</b>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Net adjustment for revenue accruals			(242,403)	
Net adjustments for expenditure accruals			523,006	
<b>Total adjustments to GAAP basis</b>			<b>280,603</b>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>293,261</b>	
<b>FUND BALANCE, JANUARY 1</b>			<b>2,646,210</b>	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 2,939,471</b>	

(See notes to the supplementary information)

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

## NOTES TO THE SUPPLEMENTARY INFORMATION

December 31, 2020

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### 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).



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Summit County Land Reutilization Corporation  
Summit County  
400 S. Portage Path  
Akron, Ohio 44320

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2021 and 2020, 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 June 8, 2022, wherein we noted as described in Note 11 to the financial statements for the year ended December 31, 2021, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Summit County Land Reutilization Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Summit County Land Reutilization Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Summit County Land Reutilization Corporation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Summit County Land Reutilization Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Summit County Land Reutilization Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion 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 in accordance with *Government Auditing Standards* in considering the Summit County Land Reutilization Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

June 8, 2022

# 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 8/16/2022**

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](http://www.ohioauditor.gov)