

**CUYAHOGA COUNTY LAND  
REUTILIZATION CORPORATION  
CUYAHOGA COUNTY, OHIO**

***REGULAR AUDIT***

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**



Rea & associates

[www.reacpa.com](http://www.reacpa.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Directors  
Cuyahoga County Land Reutilization Corporation  
812 Huron Road, Suite 800  
Cleveland, Ohio 44115

We have reviewed the *Independent Auditor's Report* of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 Cuyahoga 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

**June 16, 2021**

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**Cuyahoga County Land Reutilization Corporation**  
**Cuyahoga County, Ohio**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management  
Cuyahoga County Land Reutilization Corporation  
Cuyahoga County, Ohio  
812 Huron Road, Suite #800  
Cleveland, Ohio 44115

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, Ohio, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund* is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund* 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. Such 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, the *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund* is 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 May 26, 2021, on our consideration of the 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 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 the Corporation's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
New Philadelphia, Ohio  
May 26, 2021

## **Cuyahoga County Land Reutilization Corporation**

### *Management's Discussion and Analysis*

*For the Year Ended December 31, 2020*

*Unaudited*

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The discussion and analysis of Cuyahoga 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:

- The Corporation is focused on three interrelated principles: returning property to productive use, returning property to the tax duplicate, and accelerating economic or housing activity in Cuyahoga County communities. The Corporation works cooperatively with cities, other units of government, lenders, and individual property owners, to acquire troubled real estate and return it to productive use.
- The Corporation saw a decrease in expenses from 2019 to 2020 due to a decrease in demolition project volume from prior years. During 2020, the Corporation's net position increased by \$1,907,268.

### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those 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 an increasingly 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 on 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. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the Corporation's net position and the changes in net position. The 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 such as the condition of the Corporation's capital assets will also need to be evaluated.

**Cuyahoga County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

The statement of net position and the statement of activities are divided into the following categories:

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

**Reporting on the Corporation's Most Significant Funds**

The analysis of the Corporation's major funds begins on page 7. Fund financial reports provide detailed information about the Corporation's major funds. The Corporation uses three funds to account for their financial transactions. However, these fund financial statements focus on the Corporation's most significant funds. The Corporation's only major governmental fund is the general fund.

**Governmental Funds** Most of the Corporation's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to provide to the Corporation's constituents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The Cuyahoga County Land Reutilization Corporation as a Whole**

Recall that the statement of net position looks at the Corporation as a whole. Table 1 provides a summary of the Corporation's net position for 2020 and 2019.

*Table 1*  
*Net Position*

	2020	2019
<b>Assets</b>		
Current and Other Assets	\$27,796,331	\$28,528,425
Capital Assets	149,492	198,444
<i>Total Assets</i>	27,945,823	28,726,869
<b>Liabilities</b>		
Current and Other Liabilities	2,513,494	5,201,808
<b>Net Position</b>		
Investment in Capital Assets	149,492	198,444
Restricted for Other Purposes	0	47,736
Unrestricted	25,282,837	23,278,881
<i>Net Position</i>	\$25,432,329	\$23,525,061

## Cuyahoga County Land Reutilization Corporation

### Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

Cash collected by the Corporation is deposited into a checking account for operating purposes. During 2020, cash and cash equivalents had an increase of \$2,892,111 from 2019 due primarily to a decrease in demolition project expenses. The Corporation also implemented a new program during 2020, the Cuyahoga County Housing Program. The program funding is derived from three sources; the Cuyahoga County Community Development Fund (CCCDF), an allocated portion of current Delinquent Tax and Assessment Collection (DTAC) funds the Corporation receives from Cuyahoga County and Cash Reserves held by the Corporation from prior year CCCDF and DTAC funds received. The purpose of the program is to invest in home owner assistance and the renovation and rehabilitation of properties within the County.

Assets held for resale showed a \$1,252,404 increase from 2019 and resulted from increased construction and rehabilitation activity of the Corporation.

Receivables at December 31, 2020, consisted of funds due from Cuyahoga County, the Ohio Housing Finance Agency (OHFA) and various other sources. Intergovernmental receivables decreased due to less volume with OHFA and other sources. The Corporation performs asbestos removal prior to demolition or rehabilitation of structures. The Corporation is reimbursed by the County and OHFA for these costs. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The decrease in liabilities was primarily due to a decrease in pollution remediation payable. Unearned revenue also saw a decrease from the prior year. Unearned revenue represents monies received from the Hardest Hit Fund (HHF) program of the OHFA to be used for future field servicing of lots, but not yet earned.

Further details of the changes in net position between 2020 and 2019 can be observed in Table 2.

**Table 2**  
**Changes in Net Position**

	2020	2019
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$0	\$483,645
Operating Grants and Contributions	13,618,995	14,966,950
Total Program Revenues	13,618,995	15,450,595
General Revenues:		
Intergovernmental	4,500,000	7,000,000
Investment Income	128,705	305,403
Gain on Sale of Assets Held for Resale	477,657	1,318,309
Other	1,559,803	1,191,153
Total General Revenues	6,666,165	9,814,865
Total Revenues	\$20,285,160	\$25,265,460

(continued)

**Cuyahoga County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

**Table 2**  
**Changes in Net Position (continued)**

	2020	2019
<b>Program Expenses</b>		
Professional and Contract Services	\$13,136,671	\$16,330,962
Indirect Salaries	3,565,248	3,718,153
Administration	1,675,973	1,527,171
<i>Total Program Expenses</i>	18,377,892	21,576,286
<i>Change in Net Position</i>	1,907,268	3,689,174
<i>Net Position Beginning of Year</i>	23,525,061	19,835,887
<i>Net Position End of Year</i>	\$25,432,329	\$23,525,061

**Governmental Activities**

Program Revenues decreased by \$1,831,600 due to a decrease in demolition project volume during 2020 from 2019.

The Corporation's main revenue sources are Federal and State grants and a portion of penalties on late paid delinquent property taxes and interest on those delinquencies collected and distributed to the Corporation by the County Treasurer.

The Corporation's expenses decreased due to a decrease in demolition project volume as well as ongoing careful monitoring and prudent spending by the Corporation.

**The Corporation's Funds**

Information about the Corporation's governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues and other financing sources of \$22,069,534 and expenditures of \$16,925,001.

**Budgeting Highlights**

There are no budgetary requirements for the Corporation identified in the Ohio Revised Code. The Corporation's budget is based on accounting for certain transactions on a modified accrual basis for revenue, expenses and encumbrances. The budgetary process that is followed is for control purposes.

The Corporation's Director of Finance assists in the preparation of the budget and changes. All recommendations for a budget change come from the Corporation's Chief Operating Officer to the Board of Directors for resolution enactment on the change. The general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

Original and final budgeted revenues and other financing sources for the general fund were \$36,220,500 and \$25,339,095, respectively. The actual revenue was \$24,691,912. The major factor contributing to the decrease of actual revenues as compared to final budgeted revenues was a decrease in project reimbursements from operating grants from the Corporation's estimates. Actual expenditures were

**Cuyahoga County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

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\$4,810,916 less than the final budget estimates due primarily to lower than expected volume of professional and contract services for demolition services. This budgetary information can be found on page 27 under Supplementary Information.

**Capital Assets**

*Capital Assets at December 31*  
*(Net of Depreciation)*

*Table 3*

	2020	2019
Furniture and Equipment	\$143,680	\$180,835
Vehicles	2,625	4,725
Computer Software	3,187	12,884
<b>Total Capital Assets</b>	<b>\$149,492</b>	<b>\$198,444</b>

During 2020, the Corporation had \$2,719 of furniture and equipment additions. See Note 5 of the basic financial statements for additional information on capital assets.

**Current Financial Related Activities**

The Corporation, in its continuing efforts to keep its operational and administrative costs down, has developed an operational policy to provide its staff with the best possible technologically advanced equipment and software available at a reasonable cost in order to assist their efforts in providing the most effective and cost efficient means of operation to meet the Corporation's goals and mission.

**Contacting the Corporation's Financial Office**

This financial report is designed to provide the citizens, taxpayers, investors, and creditors of the Corporation with a general overview of the Corporation's finances and to reflect the Corporation's accountability for the monies it receives. Questions concerning any of this information in this report or requests for additional information should be directed to Ronald Pavlovich, Director of Finance, Cuyahoga County Land Reutilization Corporation, 812 Huron Road E, Suite 800, Cleveland, Ohio 44115.

# Cuyahoga County Land Reutilization Corporation

## Statement of Net Position

December 31, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$21,624,531
Accounts Receivable	52,270
Intergovernmental Receivable	1,307,596
Prepaid Items	197,980
Loans Receivable	258,406
Assets Held for Resale	4,355,548
Depreciable Capital Assets, Net	<u>149,492</u>
<i>Total Assets</i>	<u>27,945,823</u>
<b>Liabilities</b>	
Accounts Payable	945,921
Pollution Remediation Payable	311,703
Vacation Benefits Payable	131,331
Intergovernmental Payable	113,552
Unearned Revenue	<u>1,010,987</u>
<i>Total Liabilities</i>	<u>2,513,494</u>
<b>Net Position</b>	
Investment in Capital Assets	149,492
Unrestricted	<u>25,282,837</u>
<i>Total Net Position</i>	<u><u>\$25,432,329</u></u>

See accompanying notes to the basic financial statements

**Cuyahoga County Land Reutilization Corporation**

*Statement of Activities*

*For the Year Ended December 31, 2020*

	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
	Operating Grants and Contributions	Governmental Activities
<u>Expenses</u>		
<b>Governmental Activities</b>		
Professional and Contract Services	\$10,503,381	(\$2,633,290)
Indirect Salaries	2,131,716	(1,433,532)
Administration	983,898	(692,075)
<i>Total</i>	<u>\$13,618,995</u>	<u>(4,758,897)</u>
<b>General Revenues</b>		
Grants and Entitlements not Restricted to Specific Programs		4,500,000
Investment Earnings		128,705
Gain on Sale of Assets Held for Resale		477,657
Other		1,559,803
<i>Total General Revenues</i>		<u>6,666,165</u>
<i>Change in Net Position</i>		1,907,268
<i>Net Position Beginning of Year</i>		<u>23,525,061</u>
<i>Net Position End of Year</i>		<u>\$25,432,329</u>

See accompanying notes to the basic financial statements



**Cuyahoga County Land Reutilization Corporation**

*Balance Sheet*

*Governmental Funds*

*December 31, 2020*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$21,468,134	\$156,397	\$21,624,531
Accounts Receivable	52,270	0	52,270
Intergovernmental Receivable	1,307,596	0	1,307,596
Prepaid Items	197,980	0	197,980
Loans Receivable	258,406	0	258,406
Assets Held for Resale	4,355,548	0	4,355,548
<i>Total Assets</i>	<u>\$27,639,934</u>	<u>\$156,397</u>	<u>\$27,796,331</u>
<b>Liabilities</b>			
Accounts Payable	\$945,921	\$0	\$945,921
Pollution Remediation Payable	311,703	0	311,703
Intergovernmental Payable	113,552	0	113,552
Unearned Revenue	1,010,987	0	1,010,987
<i>Total Liabilities</i>	<u>2,382,163</u>	<u>0</u>	<u>2,382,163</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	311,703	0	311,703
<b>Fund Balances</b>			
Nonspendable	4,808,581	0	4,808,581
Restricted	0	156,397	156,397
Committed	1,495,541	0	1,495,541
Unassigned	18,641,946	0	18,641,946
<i>Total Fund Balances</i>	<u>24,946,068</u>	<u>156,397</u>	<u>25,102,465</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$27,639,934</u>	<u>\$156,397</u>	<u>\$27,796,331</u>

See accompanying notes to the basic financial statements

**Cuyahoga County Land Reutilization Corporation**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2020*

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**Total Governmental Fund Balances** \$25,102,465

*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 funds. 149,492

Other long-term assets are not available to pay for current period  
expenditures and therefore are reported as unavailable revenue  
in the funds:

Ohio Housing Finance Agency Reimbursement 146,500  
Cuyahoga County Asbestos Removal 165,203

Total 311,703

Vacation benefits payable is a contractually required benefit not  
expected to be paid with expendable available financial  
resources and therefore not reported in the funds. (131,331)

*Net Position of Governmental Activities* \$25,432,329

See accompanying notes to the basic financial statements

**Cuyahoga County Land Reutilization Corporation**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2020*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$7,000,000	\$0	\$7,000,000
Operating Grants	12,632,782	65,000	12,697,782
Interest	128,705	0	128,705
Contributions and Donations	0	205,587	205,587
Other	1,559,803	0	1,559,803
<i>Total Revenues</i>	<u>21,321,290</u>	<u>270,587</u>	<u>21,591,877</u>
<b>Expenditures</b>			
Professional and Contract Services	11,642,133	108,570	11,750,703
Indirect Salaries	3,547,277	0	3,547,277
Administration	1,550,371	76,650	1,627,021
<i>Total Expenditures</i>	<u>16,739,781</u>	<u>185,220</u>	<u>16,925,001</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	4,581,509	85,367	4,666,876
<b>Other Financing Sources</b>			
Excess from Sale of Assets Held for Resale	477,657	0	477,657
<i>Net Change in Fund Balances</i>	5,059,166	85,367	5,144,533
<i>Fund Balances Beginning of Year</i>	<u>19,886,902</u>	<u>71,030</u>	<u>19,957,932</u>
<i>Fund Balances End of Year</i>	<u>\$24,946,068</u>	<u>\$156,397</u>	<u>\$25,102,465</u>

See accompanying notes to the basic financial statements

**Cuyahoga County Land Reutilization Corporation**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2020*

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<b>Net Change in Fund Balance -Total Governmental Funds</b>	<b>\$5,144,533</b>
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	2,719	
Current Year Depreciation	<u>(50,555)</u>	
Total		(47,836)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(1,116)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Ohio Housing Finance Agency Reimbursement	(2,205,472)	
Cuyahoga County Asbestos Removal	(628,473)	
City of Bedford Asbestos Removal	<u>(336,397)</u>	
Total		(3,170,342)

Some expenses reported in the statement of activities, such as vacation benefits payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(17,971)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>\$1,907,268</u></u>
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See accompanying notes to the basic financial statements

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2020

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### Note 1 - Reporting Entity and Basis of Presentation

Cuyahoga County Land Reutilization Corporation (the Corporation) is a body corporate and politic organized on April 16, 2009, by the Board of County Commissioners of Cuyahoga County (BOCC), under the authority of Chapter 1724, Ohio Revised Code.

The Corporation's governing body is the Board of Directors, made up of nine members, including the County Treasurer, the County Executive, a member of the County Council and two representatives of the City of Cleveland or their designees, referred to as the Statutory Directors. The remaining four members are selected unanimously by the Statutory Directors. The Corporation is classified as a related organization of Cuyahoga County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39.

The Corporation is dedicated to strategically acquiring tax foreclosed property and other foreclosed property from the Board of Revision, Sheriff's Sale, Bank Real Estate Owned, County Fiscal Officer, third parties, and through donations. 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 consists 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.

The following component units meet the blended component unit criteria of Governmental Accounting Standards Board (GASB) Statement numbers 14, 39, and 61 and are reported as part of the primary government in both the fund financial statements and government-wide financial statements:

**CLB Services** CLB Services is a legally separate entity, statutorily created under Chapter 17 of the Ohio Revised Code, served by three managers appointed by the President of the Corporation. They are Gus Frangos, CCLRC President, Kim Kimlin, CCLRC COO, and Dennis Roberts, CCLRC Director of Programs and Property Management. Charged with the responsibility of conducting asbestos surveys for the Corporation, CLB Services is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. CLB Services is fiscally dependent on the Corporation and is therefore presented as a blended component unit of the Corporation. On July 21, 2014, CLB Services received a loan in the amount of \$111,900 from the Corporation to finance its initial operations. The loan has an interest rate of 2.5 percent payable annually. The loan was repaid in 2019. Financial statements can be obtained from Ronald Pavlovich, Cuyahoga County Land Reutilization Corporation, 812 Huron Road E, Suite 800, Cleveland, Ohio, 44115. CLB Services closed effective January 1, 2020.

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2020

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**Cuyahoga Land Bank Charities** Cuyahoga Land Bank Charities (CLBC) is a legally separate, non-profit organization, which provides supportive services to vulnerable populations, communities and the organizations who serve them. The Corporation appoints the entirety of CLBC's Board of Directors. Because the Corporation appoints a voting majority of the CLBC's Board of Directors, the Corporation is able to impose its will on the operation of CLBC. As a result, CLBC will be reported as a blended component unit of the Corporation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39. The Corporation provides financial support to CLBC. Financial statements can be obtained from Ronald Pavlovich, Cuyahoga County Land Reutilization Corporation, 812 Huron Road E, Suite 800, Cleveland, Ohio, 44115.

### Note 2 - Summary of Significant Accounting Policies

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

#### ***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.

#### 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, except for fiduciary funds. The statements usually distinguish between those activities of the Corporation that are governmental and those that are considered business-type. The Corporation, however, has no 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.

#### 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 focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

# Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2020

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## ***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.

### 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 major governmental fund:

***General Fund*** The general fund accounts for all financial resources that are received from the County Treasurer from a portion of 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.

The other governmental funds of the Corporation account for grants and other sources whose use is restricted, committed or assigned to a particular purpose.

## ***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

All governmental funds are 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 include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

## ***Basis of Accounting***

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

## Cuyahoga County Land Reutilization Corporation

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2020*

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### Revenues - Exchange and Nonexchange 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 sixty days of year-end.

Nonexchange 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 nonexchange 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.

### Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The Corporation recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements have been met.

### 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.

### ***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. See supplemental information on page 27.

### ***Cash and Cash Equivalents***

To improve cash management, cash received by the Corporation is pooled. Individual fund integrity is maintained through the Corporation's records.



## **Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2020*

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During 2020, the Corporation invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Corporation measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2020 amounted to \$128,705, which includes \$931 assigned from other Corporation funds.

### ***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.

### ***Assets Held for Resale***

Assets held for resale represent properties purchased, acquired through foreclosure, or donated to the Corporation. These properties are recorded and reported at cost, based upon the purchase price. Properties with demolished structures are either held for assembly for future sale, or sold or transferred to end users or municipalities. In 2020, assets held for resale that were carried at \$1,970,274 were sold for \$2,447,931 with an excess of \$477,657 which is reported as an other financing source on the fund financial statements and a gain on the entity wide financial statements.

### ***Capital Assets***

General capital assets are those 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 acquisition value as of the date received.

All capital assets, except for intangible assets, are depreciated or amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation and amortization is computed using the straight-line method for furniture and equipment and vehicles over useful lives of five to fifteen years.

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2020

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### ***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 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.

### ***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 Corporation will compensate the employees for the benefits through paid time off or some other means. The Corporation records a liability for all accumulated unused vacation time when earned for all employees with more than six months of service. Since the Corporation's employee policy limits the accrual of vacation time to six months from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

### ***Fund Balance***

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

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

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***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 the Board or a Corporation official delegated that authority, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

## **Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2020*

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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.

### ***Deferred Inflows of Resources***

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Corporation, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Corporation, unavailable revenue includes reimbursements for reimbursable grants and pollution remediation recoveries. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 12.

### ***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Corporation applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### ***Intergovernmental Revenue***

The Corporation receives operating income through Cuyahoga County. This money represents a portion of 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. Of this amount, the Corporation has restricted \$2,500,000 for the Cuyahoga County Housing Program.

### ***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

### **Note 3 –Deposits and Investments**

Monies held by the Corporation are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Corporation treasury. Active monies must be maintained either as cash in the Corporation treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.



## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2020

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the Corporation, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### Investments

At December 31, 2020, the Corporation had \$18,286,319 invested in STAR Ohio with an average maturity of 55.8 days. The investment in STAR Ohio is valued at net asset value (NAV) per share.

### Deposits

**Custodial credit risk** is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. The Corporation has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the Corporation and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured. At year end, \$375,558 of the Corporation's bank balance of \$3,294,192 was uninsured and uncollateralized. Although the collateral securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

### Note 4 - 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; injuries to employees; and natural disasters. During 2020, the Corporation contracted with Zito Insurance Agency for various types of insurance as follows:

Type	Coverage
General Aggregate	\$1,000,000/\$2,000,000
Liability Property	1,000,000
Commercial General Liability	1,000,000
Personal Injury	1,000,000
Business Personal Property	300,000
Ohio Employers Liability	1,000,000
Directors/Officers Liability	2,000,000
Employment Practices Liability	1,000,000
Employee Dishonesty	250,000
Employee Benefits Liability	1,000,000/3,000,000
Umbrella Coverage	5,000,000
Cyber Liability	1,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2020*

**Note 5 - Capital Assets**

A summary of changes in capital assets during 2020 follows:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<b>Governmental Activities:</b>				
<i>Depreciable Capital Assets</i>				
Furniture and Equipment	\$299,965	\$2,719	(\$8,681)	\$294,003
Vehicles	10,500	0	0	10,500
Computer Software	87,048	0	0	87,048
<i>Total Capital Assets, Being Depreciated</i>	<u>397,513</u>	<u>2,719</u>	<u>(8,681)</u>	<u>391,551</u>
Less Accumulated Depreciation				
Furniture and Equipment	(119,130)	(38,758)	7,565	(150,323)
Vehicles	(5,775)	(2,100)	0	(7,875)
Computer Software	(74,164)	(9,697)	0	(83,861)
<i>Total Accumulated Depreciation</i>	<u>(199,069)</u>	<u>(50,555)</u>	<u>7,565</u>	<u>(242,059)</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$198,444</u>	<u>(\$47,836)</u>	<u>(\$1,116)</u>	<u>\$149,492</u>

Computer software is the Corporation's internally generated software and is being amortized over 60 months. Amortization for this asset is presented as administrative expense on the Statement of Activities.

**Note 6 – Employee Benefits**

***Compensated Absences***

The Corporation employees earn vacation leave at varying rates based upon length of service. All employees may carry over accrued vacation time including any amounts resulting from the first year's employment, but all vacation time carried over from one calendar year must be used by the end of the following year, or it will be forfeited. Eligible employees hired prior to July 1, 2009, and eligible employees hired thereafter but who have worked continuously for at least six months may, conversely, ask that any unused vacation time be "cashed out" and paid to the employee. To "cash out", any unused carryover vacation time may be paid to the eligible employee if requested in writing no later than the end of the month following the anniversary date of their employment.

***Health Insurance Benefits***

The Corporation provides employee medical and prescription drug insurance through United Healthcare. Full-time employees and regular part-time employees working at least 25 hours per week are entitled to group health insurance. These employees pay approximately 10 percent of the annual premium for these benefits. The insurance plans include deductibles ranging from zero to \$3,000 for single and zero to \$6,000 for family.

***Social Security***

All employees pay into Social Security. The Corporation's liability is 6.2 percent of wages.

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2020

### Note 7 - Receivables

Receivables at December 31, 2020, consisted of funds due from Cuyahoga County, the Ohio Housing Finance Agency Neighborhood Initiative Program Grant, grants and loans to various governments and reimbursements due from various organizations. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The principal items of governmental activities are intergovernmental receivables for reimbursable grants from the Ohio Housing Finance Agency (OHFA) Neighborhood Initiative Program in the amount of \$327,340, reimbursement for asbestos removal in the amount of \$311,703, Cuyahoga County Treasurer in the amount of \$606,628 and Northeast Ohio Regional Sewer District in the amount of \$61,925.

### Note 8 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the government fund. The constraints placed on fund balance for the general fund and other governmental funds is presented as follows:

Fund Balance	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Prepays	\$197,980	\$0	\$197,980
Loans Receivable	255,053	0	255,053
Assets Held for Resale	4,355,548	0	4,355,548
<i>Total Nonspendable</i>	4,808,581	0	4,808,581
<b>Committed:</b>			
Cuyahoga County Housing Program	1,495,541	0	1,495,541
<b>Restricted:</b>			
Other Purposes	0	156,397	156,397
<b>Unassigned</b>	18,641,946	0	18,641,946
Total	\$24,946,068	\$156,397	\$25,102,465

### Note 9 – Pollution Remediation

For 2020, the Corporation is reporting a liability for pollution remediation of \$311,703. The EPA required the Corporation to remediate any asbestos found in any of their properties or projects. The Corporation estimates the liability based on the current value of outlays using the expected cash flow technique. The Corporation's asbestos remediation projects are as follows:

As part of the Corporation's efforts to put properties back to productive use, certain acquired properties are found to contain asbestos. The cost of remediation estimated by the Corporation is \$311,703 as of 2020 with the potential for additional costs in the future based on survey results. Of this amount, \$165,203 is to be recovered from Cuyahoga County and \$146,500 is to be recovered from the OHFA. This amount is realizable and has reduced the expense. This recovery asset from Cuyahoga County and the OHFA has been reported as part of the intergovernmental receivable.

**Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2020*

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**Note 10 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Corporation. The Corporation's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Corporation did not receive any Coronavirus Aid Relief and Economic Security (CARES) Act funding during 2020.



**Supplemental Information**

**Cuyahoga County Land Reutilization Corporation**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$7,000,000	\$7,000,000	\$7,000,000	\$0
Operating Grants	23,030,000	13,999,895	13,555,473	(444,422)
Interest	264,500	145,000	128,705	(16,295)
Other	2,114,000	1,909,000	1,559,803	(349,197)
<i>Total Revenues</i>	<u>32,408,500</u>	<u>23,053,895</u>	<u>22,243,981</u>	<u>(809,914)</u>
<b>Expenditures</b>				
Current:				
Professional and Contract Services	28,831,740	21,684,195	16,873,279	4,810,916
Indirect Salaries	3,439,000	3,547,277	3,547,277	0
Administration	1,262,600	1,449,159	1,449,159	0
<i>Total Expenditures</i>	<u>33,533,340</u>	<u>26,680,631</u>	<u>21,869,715</u>	<u>4,810,916</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,124,840)	(3,626,736)	374,266	4,001,002
<b>Other Financing Sources</b>				
Sale of Assets Held for Resale	3,812,000	2,285,200	2,447,931	162,731
<i>Net Change in Fund Balance</i>	2,687,160	(1,341,536)	2,822,197	4,163,733
<i>Fund Balance Beginning of Year</i>	18,645,937	18,645,937	18,645,937	0
<i>Fund Balance End of Year</i>	<u>\$21,333,097</u>	<u>\$17,304,401</u>	<u>\$21,468,134</u>	<u>\$4,163,733</u>

See accompanying notes to the supplemental information

## **Cuyahoga County Land Reutilization Corporation**

*Notes to the Supplemental Information  
For the Year Ended December 31, 2020*

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### **Note 1 – Budgetary Basis of Accounting**

#### ***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 thirty days prior to the end of each fiscal year, the President 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 President 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.

#### ***Budgetary Basis of Accounting***

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

The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**Cuyahoga County Land Reutilization Corporation**

*Notes to the Supplemental Information  
For the Year Ended December 31, 2020*

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

Net Change in Fund Balance	
GAAP Basis	\$5,059,166
Net Adjustment for Revenue Accruals	2,892,965
Net Adjustment for Expenditure Accruals	<u>(5,129,934)</u>
Budget Basis	<u><u>\$2,822,197</u></u>

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**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***

To the Board of Directors and Management  
Cuyahoga County Land Reutilization Corporation  
Cuyahoga County, Ohio  
812 Huron Road, Suite #800  
Cleveland, Ohio 44115

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, each major fund and the aggregate remaining fund information of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 26, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control over financial reporting (internal control) as a basis for designing the 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 Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
New Philadelphia, Ohio  
May 26, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION**

**CUYAHOGA 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 6/29/2021**

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)