



**STARK COUNTY LAND REUTILIZATION CORPORATION  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**OHIO AUDITOR OF STATE  
KEITH FABER**





**STARK COUNTY LAND REUTILIZATION CORPORATION**  
**STARK COUNTY**  
**DECEMBER 31, 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Stark County Land Reutilization Corporation  
Stark County  
110 Central Plaza South, Suite 250  
Canton, Ohio 44702-1410

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Stark County Land Reutilization Corporation, Stark County, Ohio (the Corporation), a component unit of Stark County, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Stark County Land Reutilization Corporation, Stark County, Ohio, as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during the year ended December 31, 2018, the Corporation elected to change its estimate of net realizable value for Assets Held for Resale. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (non-GAAP Budgetary Basis) General Fund (the Schedule) presents additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2019, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

June 10, 2019

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**STARK COUNTY LAND REUTILIZATION CORPORATION**  
**STARK COUNTY, OHIO**  
**(A Component Unit of Stark County)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- The total net position of the Corporation increased \$811,054 due to general revenues of \$947,628 and program revenues of \$5,183,341 exceeding expenses of \$5,319,915 during 2018.
- The general fund had revenues of \$6,130,969 and expenditures of \$5,319,915. The net increase in fund balance of the general fund was \$811,054 or 33.93%.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Corporation as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the Corporation as a whole, presenting both an aggregate view of the Corporation's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**Reporting the Corporation as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains only one activity used by the Corporation to provide programs and activities, the view of the Corporation as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Governmental activities - The Corporation's programs and services are reported here. These services are funded primarily by intergovernmental revenues including state grants and other shared revenues.

The Corporation's statement of net position and statement of activities can be found on pages 15 and 16 of this report.

**STARK COUNTY LAND REUTILIZATION CORPORATION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Corporation can be reflected as a governmental fund.

Fund financial reports provide detailed information about the Corporation's major fund. The Corporation uses the general fund to account for a multitude of financial transactions. The analysis of the Corporation's general fund begins on page 9.

***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation maintains a general fund. The basic governmental fund financial statements can be found on pages 17-18 of this report.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 19-30 of this report.

***Supplementary Information***

The Corporation presents a budgetary comparison schedule for the general fund as supplementary information on pages 31-33 of this report.

**STARK COUNTY LAND REUTILIZATION CORPORATION  
STARK COUNTY, OHIO  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the Corporation as a whole. The table below provides a summary of the Corporation's net position at December 31, 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	Net Position	
	Governmental Activities	
	2018	Restated 2017
<u>Assets</u>		
Current and other assets	\$ 3,407,951	\$ 2,829,288
Total assets	3,407,951	2,829,288
<u>Liabilities</u>		
Current and other liabilities	206,395	438,786
Total liabilities	206,395	438,786
<u>Net Position</u>		
Unrestricted	3,201,556	2,390,502
Total net position	\$ 3,201,556	\$ 2,390,502

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the Corporation's assets exceeded liabilities by \$3,201,556. The large increase in current and other assets is the result of an increase in equity in pooled cash and cash equivalents due to an increase in funding from the Ohio Housing Finance Agency (OHFA).

**STARK COUNTY LAND REUTILIZATION CORPORATION**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

The table below shows the comparative analysis of changes in net position for 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	<b>Change in Net Position</b>	
	<b>Governmental Activities</b>	
	<b>2018</b>	<b>Restated 2017</b>
<b>Revenues</b>		
<b>Program revenues:</b>		
Operating grants and contributions	\$ 5,183,341	\$ 2,007,395
<b>Total program revenues</b>	5,183,341	2,007,395
<b>General revenues:</b>		
Grants and entitlements	713,622	866,936
Contributions and donations	86,900	-
Investment earnings	20,041	10,781
Other	127,065	65,490
<b>Total general revenues</b>	947,628	943,207
<b>Expenses:</b>		
General government	5,319,915	2,518,589
<b>Total expenses</b>	5,319,915	2,518,589
<b>Change in net position</b>	811,054	432,013
<b>Net position at beginning of year (restated)</b>	2,390,502	1,958,489
<b>Net position at end of year</b>	\$ 3,201,556	\$ 2,390,502

**Governmental Activities**

Governmental activities net position increased \$811,054 during 2018.

Expenses for 2018 totaled \$5,319,915. The main expense of the Corporation is reimbursements to cities and townships in Stark County for demolition costs. These costs were funded by \$5,183,341 in grant money received from the Neighborhood Initiative Program.

**STARK COUNTY LAND REUTILIZATION CORPORATION**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

General revenues totaled \$947,628 or 15.46% of total governmental revenues. The primary sources of general revenues are 5% of all collections of delinquent real property and manufactured and mobile home taxes in Stark County. These amounted to \$713,622 or 11.64% of total governmental revenues during 2018.

***General Fund***

The fund balance of the general fund increased \$811,054 during 2018. This was the result of the Corporation receiving funding from Stark County as well as the Neighborhood Initiative Program (NIP) grant. Expenditures for the year were primarily demolition reimbursements to cities and townships.

***General Fund Budgeting Highlights***

Although not required, the Corporation's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The only budgeted fund is the general fund.

During the course of 2018, the Corporation amended its general fund budget several times. For the general fund, original budgeted revenues totaled \$3,486,300 and final budgeted revenues totaled \$6,165,222. This increase was the result of increasing the estimate of NIP reimbursement money due to the release of additional funds by the State. Actual revenues for 2018 were \$6,183,271. This represents a \$18,049 increase from final budgeted revenues.

General fund original appropriations totaled \$3,486,300 and final appropriations totaled \$6,165,222. This increase was the result of increasing the estimated costs associated with the NIP program due to greater funding for demolitions. The actual budget basis expenditures for 2018 totaled \$5,575,972, which is lower than the final budget appropriations by \$589,250.

***Capital Assets***

As of December 31, 2018, the Corporation does not have any capital assets.

***Debt Administration***

As of December 31, 2018, the Corporation does not have any debt.

***Current Financial Related Activities***

The County formed the Stark County Land Reutilization Corporation March 21, 2012 with the purpose of reclaiming, rehabilitating or reutilizing economically non-productive land throughout Stark County. The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing a land bank program, the County can begin to address dilapidated housing issues in communities located in Stark County and also return properties to productive use. The Corporation's mission statement is to strategically acquire properties, return them to productive use, reduce blight, increase property values, support community goals and improve the quality of life for County residents.

**STARK COUNTY LAND REUTILIZATION CORPORATION  
STARK COUNTY, OHIO  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**2018 PROGRAMS:**

**DEMOLITION**

The **Neighborhood Initiative Program (NIP)** is administered by the Ohio Housing Finance Agency (OHFA), with funding coming from US Department of Treasury, utilizing Hardest Hit Funds (HHF). Funding is utilized to acquire, demolish, and green vacant, blighted, and delinquent residential properties within designated target areas in the cities of Canton, Alliance, and Massillon. The program is expected to stabilize property values and prevent future foreclosures for existing homeowners.



The NIP commenced during 2014 with an initial award to the Corporation in the amount of \$4,235,000. Over the next two years, another \$7,797,446 was awarded; bringing the total grant allocation to \$12,032,446. Since this time, an additional \$78,535 has been added to the available NIP funding through the remittance of unspent maintenance funding, generating a total of \$12,100,981 in available NIP funding as of December 31, 2018.

By December 18, 2018, the Corporation was required by OHFA to spend down 75% of its overall funding. In order to meet this deadline, the Corporation was required to spend a minimum of \$9,083,236. As of the end of 2018, a total of \$9,808,853 was expended through the demolition of 606 residential structures; this is approximately 80% of the total available NIP funding. By December 18, 2019, the balance of NIP funding is required to be 100% expended.

**STARK COUNTY LAND REUTILIZATION CORPORATION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Once properties are owned by the Corporation, they are demolished by the partner city and greened. After properties are fully completed and a final mortgage is placed by Ohio Homeowner Assistance LLC (OHA) to insure the NIP funding, the Corporation holds title to the vacant properties for three years unless a qualified end-user can be located. To date, 11 properties reached the required three years of Corporation ownership. As such, these properties were deeded to the City of Canton; no properties were deeded to the other two cities as of the end of 2018, and 32 additional properties were transferred to qualified end-users.

As of December 31, 2018, the following has taken place:

- ❖ 726 properties owned by the Corporation
  - 526 in Canton
  - 153 in Alliance
  - 47 in Massillon
- ❖ 129 additional properties being pursued for ownership
  - 98 in Canton
  - 6 in Alliance
  - 25 in Massillon
- ❖ 615 reimbursement packets submitted to OHFA
  - 466 approved properties in Canton – reimbursed \$7,743,251; 8 additional properties are pending with an expected reimbursement of \$129,978
  - 126 approved properties in Alliance – reimbursed \$1,797,444; 14 additional properties are pending with an expected reimbursement of \$220,174
  - 23 approved properties in Massillon – reimbursed \$268,158; no additional properties pending reimbursement
- ❖ \$15,966 - Average cost of demolition per property



Aside from NIP, the Corporation offers a **50/50 Demolition Assistance Program (DAP)** that is available to Stark County cities, villages, townships in order to facilitate the demolition of property that is beyond repair or rehabilitation, by providing matched funding up to 50% of hard-demolition costs of the project. Cities, villages, and townships must either own the property or have completed the proper legal authority in order to demolish the structure prior to applying for DAP funding assistance. During 2018, the Corporation provided funding assistance for 1 demolition project.



**STARK COUNTY LAND REUTILIZATION CORPORATION  
STARK COUNTY, OHIO  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**PROPERTY ACQUISITION & DISPOSITION**



- Bethlehem Township – 6011 Kemary Avenue SW (1000151)
  - Funding Agreement for 50% of demolition hard-costs not to exceed \$5,880.00
  - Funds assisted in the demolition of a condemned residential property damaged by a fire
  - Request submitted in March 2018
  - Project completed in June 2018
  - SCLRC reimbursed Township \$5,880.00

The Corporation also offers three (3) programs aimed towards acquiring tax delinquent, vacant and abandoned property, cleaning the title, and transfer the property into new ownership for a productive use.

Program	Description	Year Est.
Side Lot Program	Available to qualified contiguous property owners who wish to extend the size of their yard.	2013
Vacant Lot Program	Available to qualified <u>non-contiguous</u> applicants who wish to acquire tax delinquent property in the County for an approved use.	2015
Targeted Acquisition Assistance Program (TAAP)	Available to Stark County cities, villages and townships or qualified non-profits applicants to assist with the strategic acquisition of blighted, vacant, or abandoned properties to facilitate community & redevelopment projects	2017



**STARK COUNTY LAND REUTILIZATION CORPORATION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Amongst these programs, to date the Corporation has been able to transfer 733 properties across 20 communities in Stark County for side lots, sites for redevelopment, land assemblage, and for new home construction. In 2018 alone, 109 properties were transferred to new ownership across 13 communities.

As demolitions continue under NIP, additional vacant lots became available for disposition to eligible side-lot owners, qualified non-profits, or the respective partner city for immediate development for reuse. A total of 86 post-demolition lots have been transferred to new ownership (68 in Canton, 15 in Alliance, and 3 in Massillon) have been transferred so far.

**BROWNFIELD REMEDIATION AND ECONOMIC DEVELOPMENT**



On August 20, 2018, the Corporation was awarded a \$100,000 grant from the Ohio Development Services Agency (ODSA) to clean up an abandoned gas station located at 1652 Whipple Avenue NW in Canton Township.

The property was developed as a gas station and operated as such until 2008, when operations ceased, and has since been vacant. In 2016, a U.S. Environmental Protection Agency (EPA) Brownfield Assessment Grant was utilized to conduct property assessments of the site. These assessments identified asbestos in the existing structure, four (4) underground storage tanks, and limited amounts of chemicals of concern in the soil. Of the issues identified, the RPC removed the 4 tanks from the property with funds from a previous EPA grant; the other identified issues were not funding-eligible activities through that grant.

**STARK COUNTY LAND REUTILIZATION CORPORATION  
STARK COUNTY, OHIO  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**



The newly-awarded ODSA grant will allow the County to undertake remaining remediation steps at the site, including undertake assessment and remediation activities- asbestos abatement, building and canopy removal, contaminated soil excavation (if warranted), and parking lot clearance. A consultant was selected to oversee the project and work began in November 2018. The building and canopy removal will begin in early 2019 and the overall project is anticipated to be finished by August 2019.

Once complete the property will ultimately be returned it to an economically viable property reusable for future redevelopment.

**General Expectations for the Future**

Vacant and abandoned properties negatively impact property values, discourage development/ investment, and are easy targets for criminal activity. Residential demolition has been one method the Corporation has taken to address these abandoned properties. As demolition work is anticipated to end under NIP by December 2019, the RPC will explore and make recommendations to the Corporation for potential implementation/inclusion of new programs, such as rehab and other community development projects to support County and local community initiatives.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Mr. Alexander A. Zumbar, Chairman, Stark County Land Reutilization Corporation, 110 Central Plaza S. Suite 250, Canton, OH 44702-1410.

**STARK COUNTY LAND REUTILIZATION CORPORATION**  
**STARK COUNTY, OHIO**  
**(A Component Unit of Stark County)**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

		<u>Governmental Activities</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . .	\$	2,691,657
Receivables:		
Accounts . . . . .		8,244
Due from other governments . . . . .		596,455
Prepayments . . . . .		24,695
Assets held for resale . . . . .		<u>86,900</u>
<b>Total assets . . . . .</b>		<u><b>3,407,951</b></u>
<b>Liabilities:</b>		
Accounts payable . . . . .		31,649
Due to other governments . . . . .		<u>174,746</u>
<b>Total liabilities. . . . .</b>		<u><b>206,395</b></u>
<b>Net position:</b>		
Unrestricted . . . . .		<u>3,201,556</u>
<b>Total net position . . . . .</b>	<b>\$</b>	<u><b>3,201,556</b></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STARK COUNTY LAND REUTILIZATION CORPORATION**  
**STARK COUNTY, OHIO**  
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**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expense) and Changes in Net Position Governmental Activities</u>
<b>Governmental activities:</b>			
Current:			
General government:			
Insurance . . . . .	\$ 8,150	\$ -	\$ (8,150)
Professional services . . . . .	479,835	-	(479,835)
OHFA NIP demolition program . . . . .	4,803,408	5,183,341	379,933
Miscellaneous/other . . . . .	28,522	-	(28,522)
<b>Total governmental activities . . . . .</b>	<b>\$ 5,319,915</b>	<b>\$ 5,183,341</b>	<b>(136,574)</b>
<b>General revenues:</b>			
Grants and entitlements not restricted to specific programs . . . . .			713,622
Contributions and donations not restricted to specific programs . . . . .			86,900
Investment income . . . . .			20,041
Miscellaneous . . . . .			127,065
<b>Total general revenues . . . . .</b>			<b>947,628</b>
Change in net position . . . . .			811,054
<b>Net position at beginning of year (restated)</b>			<b>2,390,502</b>
<b>Net position at end of year . . . . .</b>			<b>\$ 3,201,556</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STARK COUNTY LAND REUTILIZATION CORPORATION**  
**STARK COUNTY, OHIO**  
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**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**DECEMBER 31, 2018**

	<b>General</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 2,691,657
<b>Receivables:</b>	
Accounts . . . . .	8,244
Due from other governments . . . . .	596,455
Prepayments . . . . .	24,695
Assets held for resale . . . . .	86,900
<b>Total assets . . . . .</b>	<b>\$ 3,407,951</b>
<b>Liabilities:</b>	
Accounts payable . . . . .	\$ 31,649
Due to other governments . . . . .	174,746
<b>Total liabilities . . . . .</b>	<b>206,395</b>
<b>Fund balances:</b>	
<b>Nonspendable:</b>	
Prepayments . . . . .	24,695
Assets held for resale . . . . .	86,900
Unassigned . . . . .	3,089,961
<b>Total fund balances . . . . .</b>	<b>3,201,556</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 3,407,951</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STARK COUNTY LAND REUTILIZATION CORPORATION  
STARK COUNTY, OHIO  
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**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>General</b>
<b>Revenues:</b>	
Intergovernmental . . . . .	\$ 713,622
Investment income . . . . .	20,041
Contributions and donations . . . . .	86,900
OHFA NIP reimbursement . . . . .	5,183,341
Other . . . . .	127,065
<b>Total revenues . . . . .</b>	<b>6,130,969</b>
 <b>Expenditures:</b>	
Current:	
General government:	
Insurance . . . . .	8,150
Professional services . . . . .	479,835
OHFA NIP demolition program . . . . .	4,803,408
Miscellaneous/other . . . . .	28,522
<b>Total expenditures . . . . .</b>	<b>5,319,915</b>
 Net change in fund balances . . . . .	 811,054
 Fund balances at beginning of year (restated)	 2,390,502
<b>Fund balances at end of year . . . . .</b>	<b>\$ 3,201,556</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STARK COUNTY LAND REUTILIZATION CORPORATION**  
**STARK COUNTY, OHIO**  
**(A Component Unit of Stark County)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY**

The Stark County Land Reutilization Corporation (the "Corporation") is a county land reutilization corporation that was formed on March 21, 2012 when the Stark County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is for reclaiming, rehabilitating or reutilizing economically non-productive land throughout Stark County (the "County"). The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing the Corporation, the County can begin to address dilapidated housing issues in communities located in the County and also return properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The Corporation is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organization Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", the Corporation's primary government and basic financial statements include components units which are defined as 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 impose its will over the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; or (3) the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Corporation is obligated for the debt of organization. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable. The Corporation is a component unit of Stark County, Ohio.

**NOTE 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. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The Corporation's significant accounting policies are described below.

*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 the fiduciary funds. 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 or fiduciary funds.

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 Corporation's general fund is its only governmental fund.

*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.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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 plus deferred outflows of resources less liabilities plus 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 County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. The general fund receives 5% of all collections of delinquent real property and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment and Collection Tax (DTACT) fund. 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. In addition, the fund receives State grant revenues.

*Measurement Focus*

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all 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, current deferred outflows of resources, current liabilities and current 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 general fund.

*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 inflow of resources and in the presentation of expenses versus expenditures.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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, intergovernmental revenue and operating grant sources are considered to be both measurable and available at year-end.

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.

*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.

*Federal Income Tax*

The Corporation is exempt from federal income tax under Section 115(1) of the Internal Revenue Code.

*Cash and Cash Equivalents*

All monies received by the Corporation are deposited in demand deposit accounts. During 2018, the Corporation invested in STAR Plus, a cash management program set up by the State Treasurer's Office that provides the Corporation with access to multiple Federal Deposit Insurance Corporation (FDIC) insured banks via one convenient depository account.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During 2018, 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 its 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 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, 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.

*Prepayments*

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

*Assets Held for Resale*

Assets held for resale represent properties purchased by or donated to the Corporation. All properties are at the estimated net realizable value. The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, or the home on the property is demolished. Properties with demolished homes could be transferred to the city or township they are in after demolition; parcels may be merged with adjacent parcels for development or green space projects; or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost.

*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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Net Position*

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2018.

*Intergovernmental Revenue*

The Corporation receives operating income through Stark County. This money represents 5% of all collections 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. In addition, the Corporation receives State grant funding.

*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 Fund Balance* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) 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, for example, inventories, prepaid amounts and property acquired for resale, unless the use of the proceeds from the collection of the sale of those properties is restricted, committed or assigned.

*Restricted Fund Balance* - The restricted classification is used 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 imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* - The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation's Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors remove 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 Fund Balance* - Assigned fund balance includes amounts that are constrained by the Corporation's intent to be used for specific purposes, but are neither restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Directors. The Board of Directors have by resolution authorized the Treasurer 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Unassigned Fund Balance* - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Corporation applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

*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.

*Extraordinary and Special Items*

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2018.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2018, the Corporation has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the Corporation.

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Corporation.

**B. Restatement in Net Position/Fund Balance Due to Change in Accounting Estimate**

The Corporation has restated net position/fund balance of the general fund at December 31, 2017 to reflect a change in accounting estimate related to the Corporation's reporting of assets held for resale. The Corporation has changed its value of assets held for resale to reflect the net realizable value. This change in accounting estimate had the following effect on net position/fund balance of the general fund as previously reported:

	Governmental Activities/ General Fund
Net position/fund balance as previously reported	\$ 6,143,079
Change in accounting estimate related to reporting of assets held for resale	(3,752,577)
Restated net position/fund balance at January 1, 2018	\$ 2,390,502

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Corporation into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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.

Inactive deposits are public deposits that the Board of Directors has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate notes interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the Corporation's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. An investment must mature within five years from the date of purchase 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.

**A. Deposits with Financial Institutions**

At December 31, 2018, the carrying amount of all Corporation deposits was \$1,659,710, including \$6,268 invested in STAR Plus, and the bank balance of all deposits was \$1,675,241. Of the bank balance \$256,268 was covered by FDIC and the remaining was covered by the Ohio Pooled Collateral System.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Corporation's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although 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.

**B. Investments**

As of December 31, 2018, the Corporation had the following investments and maturities:

<u>Measurement/ investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturities 6 months or less</u>
<i>Amortized cost:</i>		
STAR Ohio	<u>\$ 1,031,947</u>	<u>\$ 1,031,947</u>

The Corporation's investments are valued using quoted market prices (Level 1 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Corporation's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating agency. The Corporation has no policy dealing with credit risk beyond the requirements of State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.



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FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The Corporation places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Corporation at December 31, 2018:

<u>Measurement/ investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	<u>\$ 1,031,947</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2018:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 1,659,710
Investments	<u>1,031,947</u>
Total	<u>\$ 2,691,657</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 2,691,657</u>

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2018, consisted of accounts receivable of \$8,244 and intergovernmental grants receivable in the amount of \$596,455 due from the Ohio Housing Finance Agency (OHFA) and the City of Alliance. These amounts are expected to be collected in the subsequent year.

**NOTE 6 - RISK MANAGEMENT**

*Commercial General Liability and Products/Completed Operations Liability*

The Corporation is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the Corporation contracted with United National Insurance Company for Commercial General Liability and Darwin National Assurance Company for Public Officials Liability and Employment Practices Liability.

The limitations of coverages are as follows:

Commercial General Liability - Each Occurrence	\$1,000,000
General Aggregate	\$2,000,000
Products - Completed Operations Limit	\$2,000,000
Personal and Advertising Injury	\$1,000,000
Damage to Premises Rented to You	\$50,000
Medical Expense	\$5,000

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**NOTE 6 - RISK MANAGEMENT - (Continued)**

Public Officials Liability	\$2,000,000
Non-monetary Coverage - Defense Only	\$50,000-\$100,000
Employment Practices and Third Party	\$2,000,000
Policy Aggregate	\$2,000,000
Public Officials Crisis Management	\$25,000

There has been no reduction in coverage from the prior year and settled claims have not exceeded the Corporation's coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**NOTE 7 - TRANSACTIONS WITH STARK COUNTY**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Stark County Board of Commissioners to receive 5% of all collections of delinquent real property and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment and Collection Tax (DTACT) fund and will be available for appropriation by the Corporation to fund operations. At December 31, 2018, the Corporation recognized revenues of \$713,622 for these fees that were collected by the County in 2018.

During 2018, the Corporation also entered into an agreement with the Stark County Regional Planning Commission to provide the necessary services for the overall administration and coordination of the Corporation's Land Reutilization program as well as other County departments for various services. During 2018, the Corporation paid \$380,705 in administration fees to the Stark County Regional Planning Commission and other County departments.

**NOTE 8 - CONTINGENCIES**

The Corporation received financial assistance from State agencies in the form of grants. The disbursements of funds received under these 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 of the general fund. 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.

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 867,000	\$ 713,622	\$ 713,622	-
Investment income . . . . .	10,800	21,000	20,041	(959)
OHFA NIP reimbursement . . . . .	2,500,000	5,270,000	5,321,431	51,431
Other . . . . .	108,500	160,600	128,177	(32,423)
<b>Total revenues . . . . .</b>	<u>3,486,300</u>	<u>6,165,222</u>	<u>6,183,271</u>	<u>18,049</u>
<b>Expenditures:</b>				
Current:				
General government:				
Acquisition costs . . . . .	100,000	10,000	-	10,000
Insurance . . . . .	32,600	70,000	36,083	33,917
Professional services . . . . .	511,100	504,526	443,896	60,630
OHFA NIP demolition program . . . . .	2,720,000	5,469,896	5,043,891	426,005
Miscellaneous/other . . . . .	122,600	110,800	52,102	58,698
<b>Total expenditures . . . . .</b>	<u>3,486,300</u>	<u>6,165,222</u>	<u>5,575,972</u>	<u>589,250</u>
<b>Net change in fund balances . . . . .</b>	-	-	607,299	607,299
<b>Fund balances at beginning of year . . . . .</b>	<u>2,084,358</u>	<u>2,084,358</u>	<u>2,084,358</u>	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,084,358</u>	<u>\$ 2,084,358</u>	<u>\$ 2,691,657</u>	<u>\$ 607,299</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**STARK COUNTY LAND REUTILIZATION CORPORATION**  
**STARK COUNTY, OHIO**  
**(A Component Unit of Stark County)**

**NOTES TO SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 Chairman 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 Chairman 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 accounting principles generally accepted in the United States of America (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 and Actual (non-GAAP Budgetary 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (non-GAAP budgetary basis) as opposed to when susceptible to accrual (GAAP basis), and
- (b) Expenditures and other financing uses are recorded when paid in cash (non-GAAP budgetary basis) as opposed to when the liability is incurred (GAAP basis).

**STARK COUNTY LAND REUTILIZATION CORPORATION**  
**STARK COUNTY, OHIO**  
**(A Component Unit of Stark County)**

**NOTES TO SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis schedule for all governmental funds for which a budgetary basis schedule is presented:

	<u>General fund</u>
Budget basis	\$ 607,299
Net adjustment for revenue accruals	(52,302)
Net adjustment for expenditure accruals	<u>256,057</u>
GAAP basis	<u>\$ 811,054</u>

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# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Stark County Land Reutilization Corporation  
Stark County  
110 Central Plaza South, Suite 250  
Canton, Ohio 44702-1410

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Stark County Land Reutilization Corporation, Stark, (the Corporation), a component unit of Stark County, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 10, 2019, wherein we noted the Corporation had a change in the estimate of net realizable value for Assets Held for Resale.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

June 10, 2019



OHIO AUDITOR OF STATE  
KEITH FABER



**STARK COUNTY LAND REUTILIZATION CORPORATION**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 2, 2019**