



**STARK COUNTY LAND REUTILIZATION CORPORATION
STARK COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

**OHIO AUDITOR OF STATE
KEITH FABER**



**STARK COUNTY LAND REUTILIZATION CORPORATION
STARK COUNTY
DECEMBER 31, 2020**

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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, 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 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.

Efficient • Effective • Transparent

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 Corporation, as of December 31, 2020, 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 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2021, 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

July 2, 2021

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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, 2020

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, 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 the notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- The total net position of the Corporation increased \$403,512 due to general revenues of \$929,530 and program revenues of \$417,427 exceeding expenses of \$943,445 during 2020.
- The general fund had revenues of \$1,346,957 and expenditures of \$943,445. The net increase in fund balance of the general fund was \$403,512 or 11.44%.

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 2020?" 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
STARK COUNTY, OHIO
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

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
(A Component Unit of Stark County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 and 2019.

	Net Position	
	Governmental Activities	
	2020	2019
<u>Assets</u>		
Current and other assets	\$ 4,057,363	\$ 3,585,981
Total assets	<u>4,057,363</u>	<u>3,585,981</u>
<u>Liabilities</u>		
Current and other liabilities	<u>126,722</u>	<u>58,852</u>
Total liabilities	<u>126,722</u>	<u>58,852</u>
<u>Net Position</u>		
Unrestricted	<u>3,930,641</u>	<u>3,527,129</u>
Total net position	<u>\$ 3,930,641</u>	<u>\$ 3,527,129</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the Corporation's assets exceeded liabilities by \$3,930,641. The increase in current and other assets is the result of an increase in equity in pooled cash and cash equivalents due to a decrease in expenses from the Ohio Housing Finance Agency (OHFA).

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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, 2020

The table below shows the comparative analysis of changes in net position for 2020 and 2019.

	Change in Net Position	
	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Operating grants and contributions	\$ 417,427	\$ 2,558,503
Total program revenues	417,427	2,558,503
General revenues:		
Grants and entitlements	764,170	779,354
Contributions and donations	-	70,600
Investment earnings	14,523	26,381
Miscellaneous	150,837	92,746
Total general revenues	929,530	969,081
Total revenues	1,346,957	3,527,584
Expenses:		
General government	943,445	3,202,011
Total expenses	943,445	3,202,011
Change in net position	403,512	325,573
Net position at beginning of year	3,527,129	3,201,556
Net position at end of year	\$ 3,930,641	\$ 3,527,129

Governmental Activities

Governmental activities net position increased \$403,512 during 2020.

Expenses for 2020 totaled \$943,445. The main expenses of the Corporation are professional services and reimbursements to cities and townships in Stark County for demolition costs. The costs related to the reimbursements for demolition costs were funded by \$310,354 in grant money received from the Neighborhood Initiative Program.

General revenues totaled \$929,530 or 69.01% 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 \$764,170 or 56.73% of total governmental revenues during 2020.

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, 2020

General Fund

The fund balance of the general fund increased \$403,512 during 2020. 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 professional services and 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 2020, the Corporation did not amend its general fund budget. For the general fund, original and final budgeted revenues totaled \$1,650,050. Actual revenues for 2020 were \$1,422,869. This represents a \$227,181 decrease from final budgeted revenues.

General fund original and final appropriations totaled \$1,650,050. The actual budget basis expenditures for 2020 totaled \$846,700, which is lower than the final budget appropriations by \$803,350. The largest decreases were in the areas of the demolition programs and miscellaneous/other. These decreases were the result of conservative budget practices.

Capital Assets

As of December 31, 2020, the Corporation does not have any capital assets.

Debt Administration

As of December 31, 2020, 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.

2020 PROGRAMS & ACTIVITIES:

ADMINISTRATION

The Stark County Regional Planning Commission (RPC) continued to administer the programs and activities of the Corporation during 2020 in furtherance of its mission "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." The RPC entered into a contract in May 2014 for the general administration, financial planning and oversight, and secretarial duties of the Corporation. The RPC has a staff with experience in operating federal and state grant programs and financial management.

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, 2020



Programs
&
General Administration



Financial
Oversight



Manages
Property Inventory

As the Corporation's administrator, the RPC will continue to explore and make recommendations to the Corporation for potential implementation/inclusion of new programs and activities that will maximize the Corporation's budget while furthering its mission and supporting other County and local community initiatives into Calendar Year 2021.

PROPERTY ACQUISITION & DISPOSITION

Throughout 2020, the Corporation continued offering programs/activities focused on the reclamation and repurposing of vacant and abandoned properties in Stark County although it faced challenges in response to the COVID-19 pandemic. Foreclosure actions were halted for months due to COVID-19, which significantly affected the Corporation's ability and progress in acquiring vacant & abandoned properties across Stark County, but despite this, the Corporation was still able to accomplish important work.

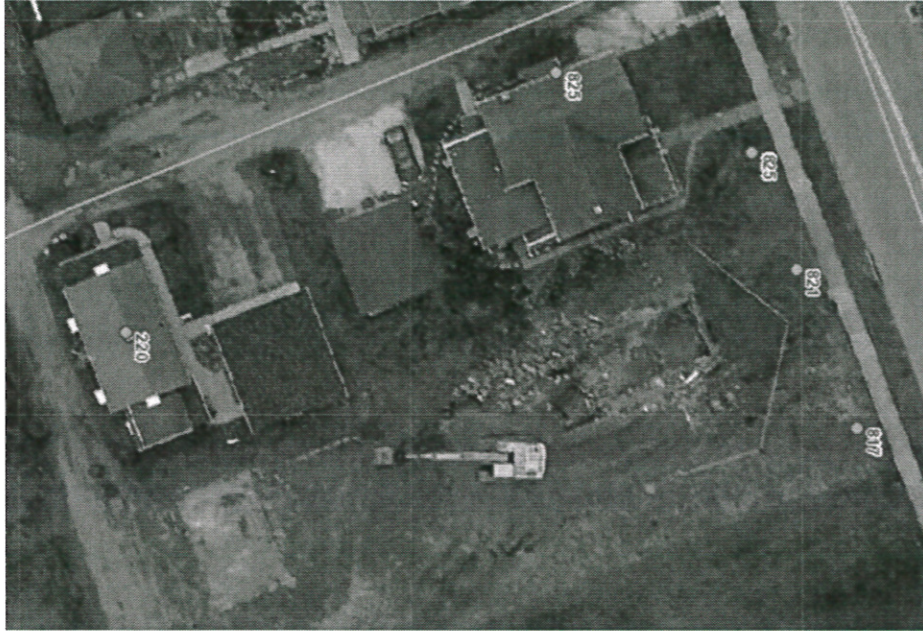
The two longest operating programs offered by the Corporation, the "Side Lot" & "Vacant Lot" programs, help give qualified applicants the opportunity to acquire tax delinquent vacant land. In 2020, the Corporation transferred 143 lots to new ownership through these 2 programs. The new owners are now maintaining the lots as extensions of their existing yards, for gardens & greenspace and even new home construction.

The "Targeted Acquisition Assistance Program" (TAAP) is available to Stark County cities, villages and townships or qualified non-profit applicants to assist with the strategic acquisition of blighted, vacant or abandoned properties to facilitate community and redevelopment projects. Through this program in 2020, 20 parcels were transferred to new ownership to facilitate projects such as: demolition, new home construction, greenspace, or for opportunities for community and economic development.

STARK COUNTY LAND REUTILIZATION CORPORATION
STARK COUNTY, OHIO
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

DEMOLITION



In September 2020, the Corporation accepted the opportunity to receive additional funds to complete additional residential demolitions from the **Neighborhood Initiative Program (NIP)**, a program administered by the Ohio Housing Finance Agency (OHFA). These funds became available from a reserve of non-allocated funding on a first-come, first-serve basis. The Corporation was able to reserve funds to help complete eight (8) additional residential demolitions within the City of Canton. All demolition work was completed in late November and reimbursement was submitted to OHFA on December 14, 2020. OHFA reimbursed the Corporation a total of \$119,781 for these 8 demolitions in early January 2021.

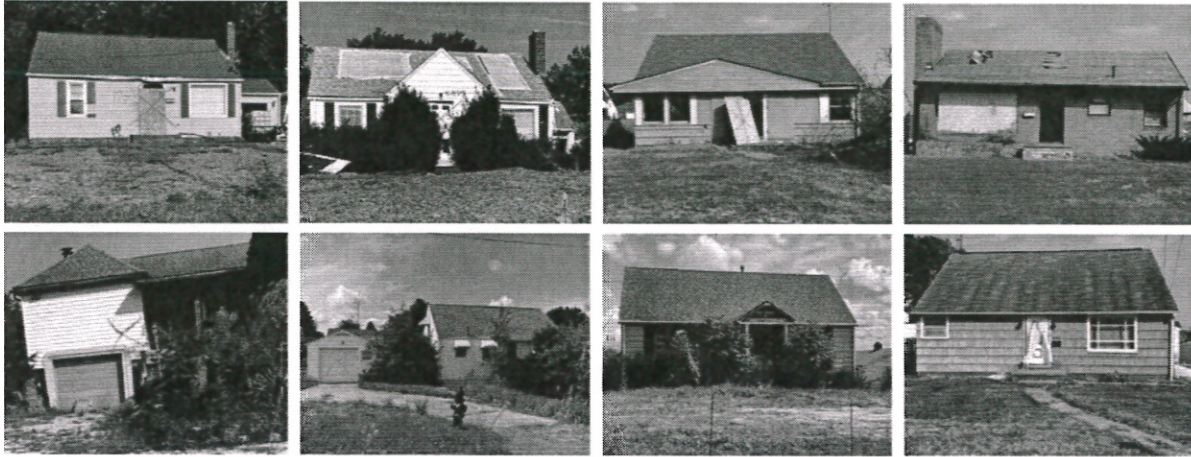
With the completion of these 8 additional demolitions, the Corporation was ultimately able to acquire, demolish, and green 805 vacant, blighted, and delinquent residential properties within designated target areas in the cities of Canton, Alliance, and Massillon with NIP funding between 2014-2020.

Many of these post-demolition lots are still available for disposition to eligible neighboring property owners through the Corporation's "NIP Side Lot Program", to qualified non-profit organizations or to the respective Partner city for immediate redevelopment or reuse.

**STARK COUNTY LAND REUTILIZATION CORPORATION
STARK COUNTY, OHIO
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

In June 2020, the Hall of Fame Village (HOF Village) came to the Corporation seeking funding assistance for 84 demolitions within their campus footprint (79 residential homes, two commercial structures, two garages and one partial school structure).



These demolitions were estimated to cost the HOF Village approximately \$800,665 overall. The Corporation entered into an agreement in early July for up to 50% of HOF's documented hard-costs incurred on the project; not to exceed \$400,333 in total. Assisting the HOF Village in funding the removal of these structures will allow for groundbreaking and construction of larger structures that are part of the overall development project.



The HOF Village completed demolition work by December 31, 2020 with the exception of the partial school structure. Contractors finalizing the remaining site grading work in early January 2021. The Corporation's reimbursement to HOF Village for the 83 demolished structures were made in early spring 2021.

**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, 2020**

Each year, 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. In 2020, the Corporation funded 15 demolition projects for a total of \$136,893 within 6 communities. To date through the DAP program, the Corporation has helped fund 32 demolitions across 11 communities in Stark County.



BROWNFIELD REMEDIATION & ECONOMIC DEVELOPMENT

In December 2019, the Corporation was awarded a \$250,000 grant from the Ohio Development Services Agency (ODSA) to clean up an abandoned gas station located at 2433 Columbus Road NE in Plain Township. In 2020, after selection of an environmental consultant to oversee the project, underground storage tanks were pulled, the building & canopy were demolished and testing/remediation work began. Additional soil testing was conducted at the site and a Tier 1 Delineation Report (which delineates extent of contamination) was completed and will be submitted to the Bureau of Underground Storage Tank Regulations (BUSTR) in early January 2021. The Corporation is currently addressing the requirements to install additional monitoring wells and waiting on the approval to proceed with completing a Tier 2 Report (cleanup cost analysis) for the site.

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.

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

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 3,595,660
Receivables:	
Accounts	2,157
Due from other governments	310,354
Prepayments	17,692
Assets held for resale	131,500
Total assets	4,057,363
Liabilities:	
Accounts payable	13,376
Due to other governments	113,346
Total liabilities	126,722
Net position:	
Unrestricted	3,930,641
Total net position	\$ 3,930,641

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expense) and Changes in Net Position Governmental Activities</u>
Governmental activities:			
Current:			
General government:			
Insurance	\$ 22,333	\$ -	\$ (22,333)
Professional services	441,355	-	(441,355)
OHFA NIP demolition program	334,278	310,354	(23,924)
Miscellaneous/other	38,406	-	(38,406)
ODSA program	107,073	107,073	-
Total governmental activities	\$ 943,445	\$ 417,427	(526,018)
General revenues:			
Grants and entitlements not restricted to specific programs			764,170
Investment income			14,523
Miscellaneous			150,837
Total general revenues			929,530
Change in net position			403,512
Net position at beginning of year			3,527,129
Net position at end of year			\$ 3,930,641

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2020

		<u>General</u>
Assets:		
Equity in pooled cash and cash equivalents . . .	\$	3,595,660
Receivables:		
Accounts		2,157
Due from other governments		310,354
Prepayments		17,692
Assets held for resale		<u>131,500</u>
 Total assets	 \$	 <u><u>4,057,363</u></u>
Liabilities:		
Accounts payable	\$	13,376
Due to other governments		<u>113,346</u>
Total liabilities		<u><u>126,722</u></u>
Fund balances:		
Nonspendable:		
Prepayments		17,692
Assets held for resale		131,500
Unassigned		<u>3,781,449</u>
 Total fund balances		 <u><u>3,930,641</u></u>
 Total liabilities and fund balances	 \$	 <u><u>4,057,363</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	General
Revenues:	
Intergovernmental	\$ 764,170
Investment income	14,523
OHFA NIP reimbursement	310,354
ODSA reimbursement	107,073
Other	150,837
Total revenues	1,346,957
Expenditures:	
Current:	
General government:	
Insurance	22,333
Professional services	441,355
OHFA NIP demolition program	334,278
Miscellaneous/other	38,406
ODSA program	107,073
Total expenditures	943,445
Net change in fund balances	403,512
Fund balances at beginning of year	3,527,129
Fund balances at end of year	\$ 3,930,641

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, 2020

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.

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, 2020

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.

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, 2020

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 would 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, 2020

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 2020, 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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STARK COUNTY, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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 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 2020, 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 \$100 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 recorded 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.

STARK COUNTY LAND REUTILIZATION CORPORATION
STARK COUNTY, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020.

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, 2020

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 2020.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2020, the Corporation has implemented GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2020. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed. The following pronouncement is postponed by one year and the Corporation has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the Corporation has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

STARK COUNTY LAND REUTILIZATION CORPORATION
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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;
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 and Government National Mortgage 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 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, 2020, the carrying amount of all Corporation deposits was \$1,142,993, including \$6,452 invested in STAR Plus, and the bank balance of all deposits was \$1,156,318. Of the bank balance \$256,452 was covered by FDIC and the remaining was covered by the Ohio Pooled Collateral System.

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, 2020, 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	\$ 2,452,667	\$ 2,452,667

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.

STARK COUNTY LAND REUTILIZATION CORPORATION
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2020:

<u>Measurement/ investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 2,452,667	100.00

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, 2020:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 1,142,993
Investments	<u>2,452,667</u>
Total	<u>\$ 3,595,660</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 3,595,660</u>

NOTE 5 - RECEIVABLES

Receivables at December 31, 2020, consisted of accounts receivable of \$2,157 and intergovernmental grants receivable in the amount of \$310,354 due from the Ohio Housing Finance Agency (OHFA). These amounts are expected to be collected in the subsequent year.

STARK COUNTY LAND REUTILIZATION CORPORATION
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - RISK MANAGEMENT

General, Employee, Employers, Public Officials and Employment Practices Liability and Automobile

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 2020, the Corporation contracted with Ohio Plan Risk Management, Inc. for various coverages.

The limitations of coverages are as follows:

Crime coverage	\$5,000
General liability:	
Bodily injury and property damage - each occurrence	\$2,000,000
Personal & advertising injury - each offense	\$2,000,000
General aggregate	\$4,000,000
Product - completed operations aggregate	\$4,000,000
Medical expense - one person/one accident	\$10,000/\$50,000
Employee benefits liability:	
Employee benefits liability/aggregate	\$2,000,000/\$4,000,000
Employers liability:	
Bodily injury	\$2,000,000
Malicious Act	\$1,000,000
Public officials and employment practices liability:	
Public officials errors and omission injury/aggregate	\$2,000,000/\$4,000,000
Deductible	\$2,500
Employment practices injury/aggregate	\$2,000,000/\$4,000,000
Deductible	\$1,000
Non-monetary defense and back wages aggregate	\$25,000
Deductible	\$1,000
Back wages	\$25,000
Automobile liability:	
Bodily injury & property damage liability	\$2,000,000

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, 2020, the Corporation recognized revenues of \$764,170 for these fees that were collected by the County in 2020.

During 2020, 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 2020, the Corporation paid \$327,861 in administration fees to the Stark County Regional Planning Commission and other County departments.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

NOTE 9 - 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 may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

STARK COUNTY LAND REUTILIZATION CORPORATION
STARK COUNTY, OHIO
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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, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 780,000	\$ 780,000	\$ 764,170	\$ (15,830)
Investment income	38,400	38,400	14,523	(23,877)
OHFA NIP reimbursement	575,000	575,000	386,317	(188,683)
ODSA reimbursement	203,800	203,800	107,073	(96,727)
Other	52,850	52,850	150,786	97,936
Total revenues	<u>1,650,050</u>	<u>1,650,050</u>	<u>1,422,869</u>	<u>(227,181)</u>
Expenditures:				
Current:				
General government:				
Acquisition costs	25,000	25,000	-	25,000
Insurance	25,000	25,000	16,958	8,042
Professional services	372,100	372,100	367,580	4,520
OHFA NIP demolition program	400,000	800,000	340,783	459,217
Miscellaneous/other	624,150	224,150	14,306	209,844
ODSA demolition program	203,800	203,800	107,073	96,727
Total expenditures	<u>1,650,050</u>	<u>1,650,050</u>	<u>846,700</u>	<u>803,350</u>
Net change in fund balances	-	-	576,169	576,169
Fund balances at beginning of year	<u>3,019,491</u>	<u>3,019,491</u>	<u>3,019,491</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,019,491</u>	<u>\$ 3,019,491</u>	<u>\$ 3,595,660</u>	<u>\$ 576,169</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

STARK COUNTY LAND REUTILIZATION CORPORATION
STARK COUNTY, OHIO
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NOTES TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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) 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).

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NOTES TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 576,169
Net adjustment for revenue accruals	(75,912)
Net adjustment for expenditure accruals	<u>(96,745)</u>
GAAP basis	<u>\$ 403,512</u>

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OHIO AUDITOR OF STATE KEITH FABER



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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 County, (the Corporation), a component unit of Stark County, 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 July 2, 2021. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing 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.

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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 financial statements. 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

July 2, 2021

OHIO AUDITOR OF STATE **KEITH FABER**



STARK COUNTY LAND REUTILIZATION CORPORATION

STARK 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 7/27/2021

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