

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

***SINGLE AUDIT***

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**



Rea & associates

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



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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800-282-0370

Board of Directors  
Cuyahoga County Land Reutilization Corporation  
812 Huron Rd Ste 800  
Cleveland, OH 44115

We have reviewed the *Independent Auditor's Report* of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

**June 17, 2024**

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

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Corporation, as of December 31, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

As discussed in Note 14 to the financial statements, the Corporation restated the General Fund's fund balance at December 31, 2022 for the implementation of GASB 96, Subscription-Based Information Technology Arrangements (SBITAs). Our opinion is not modified with respect to this matter.

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

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

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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



***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund* and the *Schedule of Expenditures of Federal Awards*, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund* and the *Schedule of Expenditures of Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
New Philadelphia, Ohio  
May 30, 2024

## **Cuyahoga County Land Reutilization Corporation**

### *Management's Discussion and Analysis*

*For the Year Ended December 31, 2023*

*Unaudited*

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The discussion and analysis of Cuyahoga County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Corporation's financial performance.

### **Financial Highlights**

Key financial highlights for 2023 are as follows:

- The Corporation is focused on three interrelated principles: returning property to productive use, returning property to the tax duplicate, and accelerating economic or housing activity in Cuyahoga County communities. The Corporation works cooperatively with cities, other units of government, lenders, and individual property owners, to acquire troubled real estate and return it to productive use.
- The Corporation saw increases in both revenues and expenses from 2022 to 2023. Revenues outpaced expenses resulting in the Corporation's net position increasing by \$3,647,566.

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

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

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

### **Reporting on the Corporation as a Whole**

#### *Statement of Net Position and the Statement of Activities*

The statement of net position and statement of activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

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

**Cuyahoga County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*  
*Unaudited*

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

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

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

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

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

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

The statement of net position looks at the Corporation as a whole. Table 1 provides a summary of the Corporation's net position for 2023 and 2022.

**Cuyahoga County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*  
*Unaudited*

**Table 1**  
**Net Position**

	2023	2022
<b>Assets</b>		
Current and Other Assets	\$37,591,607	\$32,729,303
Nondepreciable Capital Assets	1,331,943	1,314,840
Depreciable Capital Assets, Net	5,598,280	4,771,358
<i>Total Assets</i>	<u>44,521,830</u>	<u>38,815,501</u>
<b>Liabilities</b>		
Current and Other Liabilities	7,950,023	7,223,795
Long-Term Liabilities:		
Due Within One Year	159,273	98,454
Due In More Than One Year	1,179,142	60,855
<i>Total Liabilities</i>	<u>9,288,438</u>	<u>7,383,104</u>
<b>Deferred Inflows of Resources</b>		
Leases	6,016,408	5,862,979
<b>Net Position</b>		
Net Investment in Capital Assets	6,091,808	5,926,889
Restricted for:		
Cuyahoga County Housing Program	12,813,522	9,845,078
Cuyahoga Land Bank Charities	1,291,804	528,001
Unrestricted	9,019,850	9,269,450
<i>Net Position</i>	<u>\$29,216,984</u>	<u>\$25,569,418</u>

Cash collected by the Corporation is deposited into a checking account for operating purposes. During 2023, cash and cash equivalents decreased from 2022 primarily due to an increase in program expenses. The Corporation commenced implementing the Cuyahoga County Housing Program in 2020. The program funding is derived from three sources; the Cuyahoga County Community Development Fund (CCCDF), an allocated portion of current Delinquent Tax and Assessment Collection (DTAC) funds the Corporation receives from Cuyahoga County and Cash Reserves held by the Corporation from prior year CCCDF and DTAC funds received. The purpose of the program is to invest in home owner assistance, in the renovation of properties and in new construction projects in the County.

Assets held for resale showed an increase from 2022 and resulted from increased construction and rehabilitation activity of the Corporation.

Receivables at December 31, 2023, consisted of funds due from Cuyahoga County and various other sources. Intergovernmental receivables increased due to the timing of grant monies received. The Corporation performs asbestos removal prior to demolition or rehabilitation of structures. The Corporation is reimbursed by the County for a portion of these costs. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The increase in liabilities was primarily due to an increase in accounts payable and pollution remediation payable as the Corporation is seeing an increase in properties requiring remediation.

**Cuyahoga County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*  
*Unaudited*

Further details of the changes in net position between 2023 and 2022 can be observed in Table 2.

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

	2023	2022
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$1,203,716	\$112,751
Operating Grants and Contributions	13,973,383	9,107,318
Total Program Revenues	<u>15,177,099</u>	<u>9,220,069</u>
General Revenues:		
Intergovernmental	4,000,000	3,500,000
Investment Earnings/Income	1,118,878	339,799
Gain on Sale of Assets Held for Resale	227,413	618,476
Other	1,111,188	608,854
Total General Revenues	<u>6,457,479</u>	<u>5,067,129</u>
Total Revenues	<u>21,634,578</u>	<u>14,287,198</u>
<b>Program Expenses</b>		
Professional and Contract Services	10,838,539	8,507,546
Indirect Salaries	4,317,002	3,867,397
Administration	2,805,376	1,632,721
Interest	26,095	7,142
Total Program Expenses	<u>17,987,012</u>	<u>14,014,806</u>
Change in Net Position	3,647,566	272,392
Net Position Beginning of Year	<u>25,569,418</u>	<u>25,297,026</u>
Net Position End of Year	<u>\$29,216,984</u>	<u>\$25,569,418</u>

**Governmental Activities**

Program Revenues increased primarily due to an increase in operating grants and charges for services recognized.

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

The Corporation's expenses increased due to increases in demolition project volume. The Corporation continues to utilize careful monitoring and prudent spending.

**The Corporation's Funds**

Information about the Corporation's governmental funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues and other financing sources of \$21,146,078 and expenditures of \$20,719,134.

**Cuyahoga County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*  
*Unaudited*

**Budgeting Highlights**

There are no budgetary requirements for the Corporation identified in the Ohio Revised Code. The Corporation's budget is based on accounting for certain transactions on a cash basis for revenue, expenses and encumbrances. The budgetary process that is followed is for control purposes. The Corporation's Director of Finance assists in the preparation of the budget and changes. All recommendations for a budget change come from the Corporation's Chief Operating Officer to the Board of Directors for resolution enactment on the change. The general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

Original and final budgeted revenues and other financing sources for the general fund were \$28,433,200 and \$24,395,100, respectively. The actual revenue and other financing sources was \$21,629,759. The major factors contributing to the decrease of actual revenues as compared to final budgeted revenues were decreases in project reimbursements from operating grants and sale of assets held for resale from the Corporation's estimates. Actual expenditures were \$3,964,738 less than the final budget estimates due primarily to lower than expected volume of professional and contract services for demolition services as well as fewer rehabilitated home and newly constructed home sales than expected. This budgetary information can be found on page 33 under Supplemental Information.

**Capital Assets**

*Capital Assets at December 31*  
*(Net of Depreciation)*  
**Table 3**

	2023	2022
Land	\$1,331,943	\$1,314,840
Intangible Right to Use - Buildings	747,407	82,458
Intangible Right to Use - Equipment	78,436	74,420
Intangible Right to Use - Software	7,967	14,170
Buildings	4,701,233	4,539,000
Furniture and Equipment	63,237	75,191
Computer Software	0	289
<b>Total Capital Assets</b>	<b>\$6,930,223</b>	<b>\$6,100,368</b>

During 2023, the Corporation had \$1,135,314 of land, building and equipment additions. The increase in capital assets was attributable to additions exceeding depreciation expense. See Note 5 of the basic financial statements for additional information on capital assets.

**Debt**

At December 31, 2023, the Corporation had long-term obligations for lease payables in the amount of \$838,415 and loan payables in the amount of \$500,000. The leases and loans will be paid from the general fund. More detailed information is presented in Note 11 to the basic financial statements.

**Cuyahoga County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*  
*Unaudited*

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**Current Financial Related Activities**

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

**Contacting the Corporation's Financial Office**

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

# Cuyahoga County Land Reutilization Corporation

## Statement of Net Position

December 31, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$20,826,008
Accounts Receivable	210,873
Intergovernmental Receivable	2,844,044
Prepaid Items	140,840
Lease Receivable	280,408
Loans Receivable	420,312
Economic Development Properties	2,231,200
Assets Held for Resale	10,637,922
Nondepreciable Capital Assets	1,331,943
Depreciable Capital Assets, Net	<u>5,598,280</u>
<i>Total Assets</i>	<u>44,521,830</u>
<b>Liabilities</b>	
Accounts Payable	1,127,754
Pollution Remediation Payable	2,356,910
Vacation Benefits Payable	156,757
Intergovernmental Payable	190,278
Unearned Revenue	4,118,324
Long-Term Liabilities:	
Due Within One Year	159,273
Due In More Than One Year	<u>1,179,142</u>
<i>Total Liabilities</i>	<u>9,288,438</u>
<b>Deferred Inflows of Resources</b>	
Leases	<u>6,016,408</u>
<b>Net Position</b>	
Net Investment in Capital Assets	6,091,808
Restricted for:	
Cuyahoga County Housing Program	12,813,522
Cuyahoga Land Bank Charities	1,291,804
Unrestricted	<u>9,019,850</u>
<i>Total Net Position</i>	<u><u>\$29,216,984</u></u>

See accompanying notes to the basic financial statements



**Cuyahoga County Land Reutilization Corporation**

*Statement of Activities*

*For the Year Ended December 31, 2023*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Professional and Contract Services	\$10,838,539	\$1,203,716	\$9,223,574	(\$411,249)
Indirect Salaries	4,317,002	0	2,997,355	(1,319,647)
Administration	2,805,376	0	1,752,454	(1,052,922)
Interest	26,095	0	0	(\$26,095)
<i>Total</i>	<u>\$17,987,012</u>	<u>\$1,203,716</u>	<u>\$13,973,383</u>	<u>(2,809,913)</u>
<b>General Revenues</b>				
Grants and Entitlements not Restricted to Specific Programs				4,000,000
Investment Earnings/Interest				1,118,878
Gain on Sale of Assets Held for Resale				227,413
Other				1,111,188
<i>Total General Revenues</i>				<u>6,457,479</u>
<i>Change in Net Position</i>				<u>3,647,566</u>
<i>Net Position Beginning of Year</i>				<u>25,569,418</u>
<i>Net Position End of Year</i>				<u>\$29,216,984</u>

See accompanying notes to the basic financial statements

## Cuyahoga County Land Reutilization Corporation

*Balance Sheet  
Governmental Funds  
December 31, 2023*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,938,085	\$1,284,177	\$8,222,262
Accounts Receivable	178,579	32,294	210,873
Intergovernmental Receivable	1,859,767	0	1,859,767
Prepaid Items	140,840	0	140,840
Loans Receivable	295,312	25,000	320,312
Lease Receivable	280,408	0	280,408
Interfund Receivable	73,825	0	73,825
Assets Held for Resale	7,543,473	0	7,543,473
Restricted Assets:			
Cash Equivalents and Cash Equivalents	12,603,746	0	12,603,746
Intergovernmental Receivable	984,277	0	984,277
Loans Receivable	100,000	0	100,000
Assets Held for Resale	3,094,449	0	3,094,449
<i>Total Assets</i>	<u>\$34,092,761</u>	<u>\$1,341,471</u>	<u>\$35,434,232</u>
<b>Liabilities</b>			
Accounts Payable	\$649,313	\$914	\$650,227
Pollution Remediation Payable	2,356,910	0	2,356,910
Intergovernmental Payable	190,278	0	190,278
Interfund Payable	0	73,825	73,825
Unearned Revenue	4,118,324	0	4,118,324
Liabilities from Restricted Assets:			
Accounts Payable	477,527	0	477,527
<i>Total Liabilities</i>	<u>7,792,352</u>	<u>74,739</u>	<u>7,867,091</u>
<b>Deferred Inflows of Resources</b>			
Leases	6,016,408	0	6,016,408
Unavailable Revenue	1,767,683	0	1,767,683
<i>Total Deferred Inflows of Resources</i>	<u>7,784,091</u>	<u>0</u>	<u>7,784,091</u>
<b>Fund Balances</b>			
Nonspendable	7,977,924	0	7,977,924
Restricted	12,813,522	1,291,804	14,105,326
Unassigned	(2,275,128)	(25,072)	(2,300,200)
<i>Total Fund Balances</i>	<u>18,516,318</u>	<u>1,266,732</u>	<u>19,783,050</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$34,092,761</u>	<u>\$1,341,471</u>	<u>\$35,434,232</u>

See accompanying notes to the basic financial statements

**Cuyahoga County Land Reutilization Corporation**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2023*

<b>Total Governmental Fund Balances</b>	<b>\$19,783,050</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,930,223
Economic development properties are not financial resources and therefore are not reported in the funds.	2,231,200
Other long-term assets, such as pollution remediation reimbursements, are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	1,767,683
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(156,757)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Loan Payable	(500,000)
Lease Payable	<u>(838,415)</u>
Total	<u>(1,338,415)</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>\$29,216,984</u></u>

See accompanying notes to the basic financial statements

**Cuyahoga County Land Reutilization Corporation**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2023*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$7,000,000	\$0	\$7,000,000
Operating Grants	7,616,584	1,525,495	9,142,079
Investment Earnings/Interest	1,097,879	20,999	1,118,878
Charges for Services	106,000	59,306	165,306
Rentals	798,646	0	798,646
Contributions and Donations	0	19,685	19,685
Leases	239,764	0	239,764
Other	1,107,143	4,045	1,111,188
<i>Total Revenues</i>	<u>17,966,016</u>	<u>1,629,530</u>	<u>19,595,546</u>
<b>Expenditures</b>			
Professional and Contract Services	12,915,462	791,554	13,707,016
Indirect Salaries	4,307,573	0	4,307,573
Administration	2,435,192	99,245	2,534,437
Debt Service:			
Principal Retirement	144,013	0	144,013
Interest	26,095	0	26,095
<i>Total Expenditures</i>	<u>19,828,335</u>	<u>890,799</u>	<u>20,719,134</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,862,319)</u>	<u>738,731</u>	<u>(1,123,588)</u>
<b>Other Financing Sources</b>			
Excess from Sale of Assets Held for Resale	227,413	0	227,413
Loan Issuance	500,000	0	500,000
Inception of Lease Payable	823,119	0	823,119
<i>Total Other Financing Sources</i>	<u>1,550,532</u>	<u>0</u>	<u>1,550,532</u>
<i>Net Change in Fund Balances</i>	(311,787)	738,731	426,944
<i>Fund Balances Beginning of Year - Restated (See Note 14)</i>	<u>18,828,105</u>	<u>528,001</u>	<u>19,356,106</u>
<i>Fund Balances End of Year</i>	<u>\$18,516,318</u>	<u>\$1,266,732</u>	<u>\$19,783,050</u>

See accompanying notes to the basic financial statements

**Cuyahoga County Land Reutilization Corporation**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2023*

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**Net Change in Fund Balance -Total Governmental Funds** \$426,944

*Amounts reported for governmental activities in the  
statement of activities are different because:*

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

Capital Asset Additions	1,135,314	
Economic Development Properties Addition	2,231,200	
Current Year Depreciation/Amortization	<u>(305,459)</u>	
Total		3,061,055

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Cuyahoga County Asbestos Removal	1,348,102
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Other financing sources in the governmental funds increases long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.

Inception of Lease Payable	(823,119)	
Loan Issuance	<u>(500,000)</u>	
Total		(1,323,119)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

144,013

Some expenses reported in the statement of activities, such as vacation benefits payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(9,429)

*Change in Net Position of Governmental Activities*

\$3,647,566

See accompanying notes to the basic financial statements

## Cuyahoga County Land Reutilization Corporation

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

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

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

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

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

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

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board; and 1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or 2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation authorizes the issuance of debt, or the levying of taxes, or determines the budget.

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

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

***Realty Reimagined*** Realty Reimagined (RR) is a legally separate, non-profit organization, to function as a real estate brokerage specializing in serving low-to-moderate income home buyers and sellers to make homeownership affordable and available. The Corporation appoints the entirety of RR's Board of

## Cuyahoga County Land Reutilization Corporation

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

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Directors. Because the Corporation appoints a voting majority of RR's Board of Directors, the Corporation is able to impose its will on the operation of RR. As a result, RR will be reported as a blended component unit of the Corporation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39. The Corporation provides financial support to RR. Financial statements can be obtained from Ronald Pavlovich, Cuyahoga County Land Reutilization Corporation, 812 Huron Road E, Suite 800, Cleveland, Ohio, 44115.

### **Note 2 - Summary of Significant Accounting Policies**

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

#### ***Basis of Presentation***

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

#### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the Corporation that are governmental and those that are considered business-type. The Corporation, however, has no business-type activities.

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

#### Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2023

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### ***Fund Accounting***

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

### **Governmental Funds**

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

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

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

### ***Measurement Focus***

#### **Government-Wide Financial Statements**

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

#### **Fund Financial Statements**

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



## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2023

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

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

### **Revenues - Exchange and Nonexchange Transactions**

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

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

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

### **Unearned Revenue**

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

### **Deferred Inflows of Resources**

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Corporation, deferred inflows of resources include leases and unavailable revenues. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Corporation, unavailable revenue includes reimbursable grants and pollution remediation recoveries. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 13.

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2023

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### Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

### ***Reclassifications***

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

### ***Budgetary Process***

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required. See supplemental information on page 33.

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

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

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

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during 2023 amounted to \$1,097,879 which includes \$46,559 assigned from other Corporation funds.

### ***Prepaid Items***

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

## **Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

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### ***Economic Development Properties***

The Corporation has acquired property from the Western Reserve Land Conservancy at no cost to make improvements for repurposing it as a viable and productive property within the community. The property is reported as economic development properties and are valued at fair market value at the time acquired. Since these properties are expected to be donated back to the Western Reserve Land Conservancy, they are reported in the governmental activities column of the statement of net position, but are not reported in the fund financial statements.

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

Assets held for resale represent properties purchased, acquired through foreclosure, donated to the Corporation and costs of rehabilitation and new construction in progress. These properties are recorded and reported at cost, based upon the purchase price plus rehabilitation and construction costs. Vacant lots are either held for assembly for future sale, or sold or transferred to end users or municipalities. In 2023, assets held for resale that were carried at \$5,783,764 were sold for \$6,011,177 with an excess of \$227,413 which is reported as an other financing source on the fund financial statements and a gain on the entity wide financial statements.

### ***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or law of the other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent assets set aside for the County Housing Program (CHP) and economic development.

### ***Capital Assets***

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

All capital assets (except for intangible right-to-use lease assets and subscription assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value as of the date received.

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

The Corporation is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings and equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

### ***Interfund Balances***

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." Interfund balance amounts are eliminated in the governmental activities column of the statement of net position.

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2023

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### ***Accrued Liabilities and Long-Term Obligations***

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

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

### ***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Corporation will compensate the employees for the benefits through paid time off or some other means. The Corporation records a liability for all accumulated unused vacation time when earned for all employees. Since the Corporation's employee policy limits the use of unused vacation time to twelve months from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

### ***Fund Balance***

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

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

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board or a Corporation official delegated that authority, or by State Statute.

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2023

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

The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### **Net Position**

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

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

### **Leases and SBITAs**

The Corporation serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

**Lessee** At the commencement of a lease, the Corporation initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Lessor** At the commencement of a lease, the Corporation initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Corporation is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the Corporation initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position.

## Cuyahoga County Land Reutilization Corporation

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

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### ***Intergovernmental Revenue***

The Corporation receives operating income through Cuyahoga County. This money represents a portion of the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid and are known as DTAC funds. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are paid to the Corporation upon the Corporation's written request. Of this amount, in 2023 the County has restricted \$4,000,000 for the Cuyahoga County Housing Program.

### ***Estimates***

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

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

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

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

Inactive deposits are public deposits that the Corporation 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 held by the Corporation can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, 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, 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. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2023

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5. 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. 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; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

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

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

### Investments

At December 31, 2023, the Corporation had \$18,323,711 invested in STAR Ohio with an average maturity of 46.4 days. The investment in STAR Ohio is valued at net asset value (NAV) per share.

### Deposits

**Custodial credit risk** is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. The Corporation has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the Corporation and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured. At year end, \$1,006,110 of the Corporation's bank balance of \$1,275,110 was uninsured and uncollateralized. Although the collateral securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

## Note 4 – Employee Benefits

### Compensated Absences

The Corporation employees earn vacation leave at varying rates based upon length of service. All employees may carry over accrued vacation time including any unused amounts resulting from the first year's

## Cuyahoga County Land Reutilization Corporation

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

employment, but all unused vacation time carried over from one calendar year must be used by the end of the following year, or it will be forfeited. Eligible employees hired prior to July 1, 2009, and eligible employees hired thereafter but who have worked continuously for at least six months may, conversely, ask that any unused vacation time be “cashed out” and paid to the employee. To “cash out”, any unused carryover vacation time may be paid to the eligible employee if requested in writing no later than the end of the month following the anniversary date of their employment.

### ***Health Insurance Benefits***

The Corporation provides employee medical and prescription drug insurance through United Healthcare. Full-time employees and regular part-time employees working at least 25 hours per week are entitled to group health insurance. These employees pay 10 percent of the annual premium for these benefits. The insurance plans include deductibles ranging from \$500 to \$3,000 for single and \$500 to \$6,000 for family.

### ***Social Security***

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

## **Note 5 - Capital Assets**

A summary of changes in capital assets during 2023 follows:

	Restated Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Governmental Activities:</b>				
<b><i>Nondepreciable Capital Assets</i></b>				
Land	\$1,314,840	\$17,103	\$0	\$1,331,943
<b><i>Depreciable Capital Assets</i></b>				
<b><i>Tangible Assets</i></b>				
Buildings	4,685,160	282,898	0	4,968,058
Furniture and Equipment	301,593	12,194	(36,958)	276,829
Vehicles	10,500	0	(10,500)	0
Computer Software	87,048	0	(80,763)	6,285
<b><i>Total Tangible Assets</i></b>	<b>5,084,301</b>	<b>295,092</b>	<b>(128,221)</b>	<b>5,251,172</b>
<b><i>Intangible Right to Use</i></b>				
<b><i>Lease Assets</i></b>				
Intangible Right to Use - Buildings	247,372	800,793	(247,372)	800,793
Intangible Right to Use - Equipment	86,823	22,326	0	109,149
<b><i>Total Lease Assets</i></b>	<b>334,195</b>	<b>823,119</b>	<b>(247,372)</b>	<b>909,942</b>
<b><i>Subscription Assets</i></b>				
Intangible Right to Use - Software	14,170	0	0	14,170
<b><i>Total Intangible Assets</i></b>	<b>348,365</b>	<b>823,119</b>	<b>(247,372)</b>	<b>924,112</b>
<b><i>Total Depreciable Capital Assets</i></b>	<b>\$5,432,666</b>	<b>\$1,118,211</b>	<b>(\$375,593)</b>	<b>\$6,175,284</b>

continued



## Cuyahoga County Land Reutilization Corporation

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

	Restated Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Governmental Activities continued:</b>				
<i>Less Accumulated Depreciation/Amortization</i>				
<b>Depreciation</b>				
Buildings	(\$146,160)	(\$120,665)	\$0	(\$266,825)
Furniture and Equipment	(226,402)	(24,148)	36,958	(213,592)
Vehicles	(10,500)	0	10,500	0
Computer Software	(86,759)	(289)	80,763	(6,285)
<b>Total Depreciation</b>	(469,821)	(145,102)	128,221	(486,702)
<b>Amortization</b>				
<b>Intangible Right to Use</b>				
<b>Lease Assets</b>				
Buildings	(164,914)	(135,844)	247,372	(53,386)
Equipment	(12,403)	(18,310)	0	(30,713)
<b>Total Lease Assets</b>	(177,317)	(154,154)	247,372	(84,099)
<b>Subscription Assets</b>				
Software	0	(6,203)	0	(6,203)
<b>Total Intangible Assets</b>	(177,317)	(160,357)	247,372	(90,302)
<b>Total Accumulated Depreciation/Amortization</b>	(647,138)	(305,459)	375,593	(577,004)
<b>Total Depreciable Capital Assets, Net</b>	4,785,528	812,752	0	5,598,280
<b>Governmental Activities Capital Assets, Net</b>	\$6,100,368	\$829,855	\$0	\$6,930,223

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

\*\* Of the current year depreciation/amortization total of \$305,459, \$154,154 is presented as administration expense on the Statement of Activities related to the Corporation's intangible assets of copiers and office space, which is included as an Intangible Right to Use - Lease Asset; and \$6,203 is presented as administration expense on the Statement of Activities related to the Corporation's Intangible Right to Use - Subscription Asset.

### Note 6 - Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the Corporation contracted with Risk Strategy Company for various types of insurance as follows:

**Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

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

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

**Note 7 - Receivables**

Receivables at December 31, 2023, consisted of leases, funds due from Cuyahoga County, grants and loans to various governments and reimbursements due from various organizations. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The principal items of governmental activities are intergovernmental receivables for Cuyahoga County Treasurer in the amount of \$179,241, Ohio Department of Development in the amount of \$2,124,014, the City of Cleveland in the amount of \$448,705 and Redevelopment Authority of the City of Cleveland in the amount of \$92,084.

The Corporation is reporting leases receivable of \$280,408 in the general fund at December 31, 2023. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. For 2023, the Corporation recognized lease revenue of \$119,764 and interest revenue of \$23,266 in the general fund related to lease payments received. The Corporation is reporting a deferred inflow-leases in the amount of \$6,016,408 for lease receivable payments that have been prepaid in the general fund at December 31, 2023. For 2023, the Corporation recognized lease revenue of \$120,000 related to the payment that would have been made in 2023. The lease revenue amounts exclude short-term leases. A description of the Corporation's leasing arrangements is as follows:

Building Leases – The Corporation has entered into various lease agreements for office space with multiple companies at varying years and terms as follows:

Company	Lease Commencement Date	Years	Lease Ending Date	Payment Method
Euclid Beach Mobile Home Co, LLC	2023	3	2026	Monthly
Superior LLC	2023	2	2025	Monthly

**Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

A summary of future lease amounts receivable is as follows:

Year	General	
	Principal	Interest
2024	\$174,560	\$16,273
2025	97,038	3,166
2026	8,810	356
	<u>\$280,408</u>	<u>\$19,795</u>

**Note 8 - Fund Balances**

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

Fund Balance	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Prepays	\$140,840	\$0	\$140,840
Loans Receivable	293,611	0	293,611
Assets Held for Resale	7,543,473	0	7,543,473
<i>Total Nonspendable</i>	<u>7,977,924</u>	<u>0</u>	<u>7,977,924</u>
<b>Restricted:</b>			
Economic Development	282,527	0	282,527
Cuyahoga County Housing Program	12,530,995	0	12,530,995
Cuyahoga Land Bank Charities	0	1,291,804	1,291,804
<i>Total Restricted</i>	<u>12,813,522</u>	<u>1,291,804</u>	<u>14,105,326</u>
<b>Unassigned</b>	<u>(2,275,128)</u>	<u>(25,072)</u>	<u>(2,300,200)</u>
<b>Total</b>	<u>\$18,516,318</u>	<u>\$1,266,732</u>	<u>\$19,783,050</u>

**Note 9 – Accountability**

The deficit fund balance in the Realty Reimagined special revenue fund is the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

**Note 10 – Pollution Remediation**

For 2023, the Corporation is reporting a liability for pollution remediation of \$2,356,910. The EPA required the Corporation to remediate any asbestos found in any of their properties or projects. The Corporation estimates the liability based on the current value of outlays using the expected cash flow technique.

As part of the Corporation’s efforts to put properties back to productive use, certain acquired properties are found to contain asbestos. The cost of remediation estimated by the Corporation is \$2,356,910 as of 2023 with the potential for additional costs in the future based on survey results. Of this amount, \$1,767,683 is expected to be recovered from the Ohio Department of Development.

**Note 11 – Long-Term Liabilities**

	Amount Outstanding			Amount Outstanding	Amounts Due in
	12/31/22	Additions	Deletions	12/31/23	One Year
<b>Governmental Activities:</b>					
Loan Payable	\$0	\$500,000	\$0	\$500,000	\$0
Leases Payable	159,309	823,119	144,013	838,415	159,273
<b>Total Governmental Activities</b>	<b>\$159,309</b>	<b>\$1,323,119</b>	<b>\$144,013</b>	<b>\$1,338,415</b>	<b>\$159,273</b>

During 2023, the Corporation signed an affordable home loan agreement with Cuyahoga County. The Corporation will loan \$1,500,000 to the County for the creation of affordable residential units for low and moderate income individuals in Cuyahoga County. As of December 31, 2023, there is a \$500,000 loan payable.

During 2023, the Corporation issued a loan through direct borrowing for the purpose of reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed properties throughout Cuyahoga County. The loan is interest free and repayment and matures on March 3, 2026. The loans contain provisions that if certain requirements are met, 100 percent of the loan will be forgiven. In the event, the requirements are not met and repayment is required. If the Corporation is in default of repayment, the loan will bear a 5 percent interest per annum until default has been cured.

The Corporation has established lines of credit in the amount of \$1,500,000 and \$950,000 with Cuyahoga County for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed properties and for the acquisition, construction and project expenses related to the renovation of the Mickey’s building in East Cleveland. The balances of the loans were \$500,000 and \$0, respectively. Since the loan repayment schedules have not been finalized, a repayment schedule is not included in the schedule of debt service requirements. The loans will be paid from the general fund.

The Corporation has an open line of credit with Huntington Bank up to \$2,000,000. The line of credit is considered a direct borrowing. There was no activity on the line of credit during 2023.

During 2023, the Corporation signed leases for buildings and equipment. The Corporation also has outstanding agreements to lease office space and copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the Corporation’s incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. The lease will be paid from the general fund. A summary of the principal and interest amounts for the remaining leases is as follows:

## Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2023

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Year	Principal	Interest
2024	\$159,273	\$59,862
2025	172,066	47,068
2026	185,897	33,238
2027	191,065	18,409
2028	130,114	3,923
	<u>\$838,415</u>	<u>\$162,500</u>

### Note 12 – Interfund Transactions

Interfund receivables and payables are due to the timing of the receipts of grant monies by the nonmajor funds. All interfund balances will be repaid within one year. Interfund balances at December 31, 2023 consist of interfund receivables/payables between the general fund and the Realty Reimagined special revenue fund in the amount of \$73,825.

### Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Corporation will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

### Note 14 – Change in Accounting Principles and Restatement of Fund Balances and Net Position

#### *Change in Accounting Principles*

For 2023, the Corporation implemented Governmental Accounting Standards Board (GASB) No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Corporation did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the Corporation's 2023 financial statements. The Corporation recognized \$14,170 at January 1, 2023 as an intangible asset, right to use subscription - software.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

For 2023, the Corporation also implemented the guidance in GASB's Implementation Guide No. 2021-1, *Implementation Guidance Update—2021* (other than question 5.1).

**Cuyahoga County Land Reutilization Corporation**

*Notes To The Basic Financial Statements*

*For The Year Ended December 31, 2023*

***Restatement of Fund Balances and Net Position***

The implementation of GASB Statement No. 96 and the related prepaid restatement had the following effect on fund balance as of December 31, 2022:

	<u>Governmental Funds</u>		
	General	Other	
	Fund	Governmental	Total
	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
Fund Balances December 31, 2022	\$18,842,275	\$528,001	\$19,370,276
Adjustments:			
Prepaid Restatement	<u>(14,170)</u>	<u>0</u>	<u>(14,170)</u>
Restated Fund Balances, December 31, 2022	<u>\$18,828,105</u>	<u>\$528,001</u>	<u>\$19,356,106</u>

The implementation of GASB Statement No. 96 had the following effect on net position as of December 31, 2022:

	<u>Governmental</u>
	<u>Activities</u>
Net Position December 31, 2022	<u>\$25,569,418</u>
Adjustments:	
Prepaid Restatement	(14,170)
GASB 96 - Intangible Right to Use Assets	<u>14,170</u>
Restated Net Position December 31, 2022	<u>\$25,569,418</u>

**Note 15 – Subsequent Events**

On May 3, 2024, the Corporation was awarded a \$2,350,000 grant from the Department of Housing and Urban Development for additional community project funding. This grant will provide additional funding to be used for the Circle East District Revitalization Project. The funding will assist homeowners with needed repairs and provide resources for improvements to infrastructure that will support new housing.

**Supplementary Information**

**Cuyahoga County Land Reutilization Corporation**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2023*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$7,000,000	\$7,000,000	\$7,000,000	\$0
Operating Grants	12,552,500	7,598,100	4,895,150	(2,702,950)
Interest	420,000	1,080,000	1,074,613	(5,387)
Charges for Services	0	0	100,000	100,000
Rental Income	0	265,700	941,676	675,976
Other	736,500	1,066,500	1,107,143	40,643
<i>Total Revenues</i>	<u>20,709,000</u>	<u>17,010,300</u>	<u>15,118,582</u>	<u>(1,891,718)</u>
<b>Expenditures</b>				
Current:				
Professional and Contract Services	26,842,400	22,751,900	19,295,502	3,456,398
Indirect Salaries	4,324,900	4,480,900	4,307,573	173,327
Administration	1,511,500	2,031,900	1,696,887	335,013
<i>Total Expenditures</i>	<u>32,678,800</u>	<u>29,264,700</u>	<u>25,299,962</u>	<u>3,964,738</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(11,969,800)</u>	<u>(12,254,400)</u>	<u>(10,181,380)</u>	<u>2,073,020</u>
<b>Other Financing Sources</b>				
Sale of Assets Held for Resale	7,224,200	6,884,800	6,011,177	(873,623)
Loan Proceeds	500,000	500,000	500,000	0
<i>Total Other Financing Sources</i>	<u>7,724,200</u>	<u>7,384,800</u>	<u>6,511,177</u>	<u>(873,623)</u>
<i>Net Change in Fund Balance</i>	<u>(4,245,600)</u>	<u>(4,869,600)</u>	<u>(3,670,203)</u>	<u>1,199,397</u>
<i>Fund Balance Beginning of Year</i>	<u>23,212,034</u>	<u>23,212,034</u>	<u>23,212,034</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$18,966,434</u>	<u>\$18,342,434</u>	<u>\$19,541,831</u>	<u>\$1,199,397</u>

See accompanying notes to the supplemental information

# Cuyahoga County Land Reutilization Corporation

Notes to the Supplemental Information  
For the Year Ended December 31, 2023

## Note 1 – Budgetary Basis of Accounting

### *Budgetary Process*

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

### *Budgetary Basis of Accounting*

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

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

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

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

Net Change in Fund Balance	
GAAP Basis	(\$311,787)
Net Adjustment for Revenue Accruals	2,113,211
Net Adjustment for Expenditure Accruals	<u>(5,471,627)</u>
Budget Basis	<u><u>(\$3,670,203)</u></u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuyahoga County Land Reutilization Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 30, 2024, in which we noted the Corporation restated its General Fund's fund balance at December 31, 2022 for the implementation of GASB 96, Subscription-Based Information Technology Arrangements (SBITAs).

**Report on Internal Control Over Financial Reporting**

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

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

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

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

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
New Philadelphia, Ohio  
May 30, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, Ohio (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended December 31, 2023. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Cuyahoga County Land Reutilization Corporation  
Independent Auditor's Report on Compliance for Each Major  
Federal Program And Report on Internal Control Over Compliance  
Required by the Uniform Guidance  
Page 3 of 3

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
New Philadelphia, Ohio  
May 30, 2024

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>Passed Through the City of East Cleveland</i>				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	26-4753241	\$ -	\$ 1,000,000
Total U.S. Department of Treasury			<u>                    </u>	<u>1,000,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 1,000,000</u>

*The accompanying notes are an integral part of this schedule.*

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Cuyahoga County Land Reutilization Corporation (the Corporation) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position or changes in net position of the Corporation.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
2 CFR §200.515  
DECEMBER 31, 2023**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	None reported
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
(d) (1) (vii)	Major Programs (list): COVID-19: Coronavirus State and Local Fiscal Recovery Funds	ALN #21.027
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: > all others
(d) (1) (ix)	Low-Risk Auditee under 2 CFR 200.520	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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NONE

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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NONE



# OHIO AUDITOR OF STATE KEITH FABER



**CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/27/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)