LAKE COUNTY LAND REUTILIZATION CORPORATION
PAINESVILLE, OHIO

FINANCIAL STATEMENTS
DECEMBER 31, 2017

LAKE COUNTY LAND REUTILIZATION CORPORATION
FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of
Lake County Land Reutilization Corporation
Painesville, Ohio

Management is responsible for the accompanying financial statements of governmental activities and the General Fund of the Lake County Land Reutilization Corporation (a non-profit corporation), which comprise the Corporation's basic financial statements as listed in the table of contents as of December 31, 2017, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of management. The information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

NMS Inc.

Mentor, Ohio
March 7, 2018

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LAKE COUNTY LAND REUTILIZATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

The following Management's Discussion and Analysis (MD&A) of the Lake County Land Reutilization Corporation's (the Corporation) financial performance provides an introduction to the financial statements for the year ended December 31, 2017. The information contained in this MD&A should be considered in conjunction with the information contained in the Corporation's financial statements.

Financial Highlights

- At December 31, 2017, the Statement of Net Position assets of the Corporation exceeded the liabilities by $ 7,306,293.
- Total net position for 2017 increased by $ 2,047,668, which was higher than the increase of $ 559,632 in 2016.
- The Corporation's total revenues on the Statement of Activities amounted to $ 3,440,601 in 2017, of which $ 3,438,965 or 99.95% were program revenues and $ 1,636 or 0.05% were general revenues.
- The Corporation had $ 1,392,933 in total expenses in 2017 compared to $ 1,312,736 in 2016.

Using this Annual Financial Report

The annual report consists of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation as a financial whole.

The Statement of Net Position and Statement of Activities (referred collectively as the government-wide statements) provide information about the activities of the entire Corporation and present a longer-term view of the Corporation's finances. The Corporation has no long-term assets or liabilities.

Reporting the Corporation as a Whole

Statement of Net Position and Statement of Activities

These government-wide statements answer the question "How did the Corporation as a whole do financially during 2017?" They are prepared on the accrual basis of accounting, including all assets and liabilities, much the same way as for a private enterprise. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's net position and the changes in the net position. This change in net position is important as it tells the reader that, 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, nonfinancial information such as the condition of the Corporation's needs will also need to be evaluated.

The Statement of Net Position. This statement (page 7) reports all assets and liabilities of the Corporation as of December 31, 2017. The difference between total assets and total liabilities is reported as net position. Increases in net position generally indicate an improvement in financial positions while decreases may indicate a deterioration of financial position.

The Statement of Activities. This statement (page 8) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the Corporation for the year ended December 31, 2017. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expenses of the Corporation's various programs net of related revenues, as well as the separate presentation of revenues available for general purposes.

In the Statement of Net Position and the Statement of Activities, the Corporation has one kind of activity:

Government Activities. All of the Corporation's programs are reported here. These programs will be funded primarily by penalties and interest on delinquent property taxes collected and intergovernmental revenue which can include federal grants, sales by properties and donations.

Reporting the Corporation's Most Significant Funds

Fund Financial Statements

These statements provide financial position and results of the Corporation's major funds. The Corporation's only major governmental fund is the General Fund. A fund is an accounting entity created to account for a specific activity or purpose. The creation of some funds is mandated by law and others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds. The Corporation has only governmental funds.

Governmental Funds. Governmental funds are used to account for "Government Type" activities. However, unlike the government-wide financial statements, governmental fund statements use a "flow of financial resources" measurement focus. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Increases in spendable resources are reported in the operating statements as "revenues" or "other financing sources." Decreases in spendable resources are reported "expenditures" or "other financing uses." State and federal grants have financed most of those activities to date.

The Basic Governmental Fund Financial Statements can be found on pages 7 through 12 of this report.

Other Information

Notes to the Basic Financial Statements:

The notes provide additional and explanatory data. They are an integral part of the basic financial statements. Notes to the Basic Financial Statements can be found starting on page 13 of this report. As of December 31, 2017, the Corporation had $ 900 in debt. See notes to the basic financial statements for additional information on debt.

The Corporation as a Whole

Recall the Statement of Net Position looks at the Corporation as a whole. Table 1 provides a summary of the Corporation's net position for 2017 and 2016.

Table 1
Net Position

	2017	2016
Assets:		
Cash and cash equivalents	$ 1,841,299	$ 1,001,894
Lien receivable	492,336	508,526
Accounts receivable	36,110	36,110
Assets held for resale	4,931,509	3,705,364
Depreciable capital assets, net	7,677	8,384
Total assets	7,308,931	5,260,278
Liabilities:		
Accrued wages	1,738	1,653
Mortgage	900	-0-
Total liabilities	2,638	1,653
Net Position:		
Net investment in capital assets	4,939,186	3,713,748
Unrestricted	2,367,107	1,544,877
Total net position	$ 7,306,293	$ 5,258,625

2017 was the fifth full year of operations for the Corporation. During 2017, the Corporation's overall financial position increased by $ 2,047,668. Cash and cash equivalents increased due to receiving more penalties and interests on delinquent property taxes and grant dollars. The biggest factor in the overall increase in financial position was the acquisition of assets held for resale and the decrease of lien receivable.

The following represents the Corporation's summary of changes in net position:

Table 2
Changes in Net Position

	2017	2016
Program Revenues:		
Capital grants & contributions	$ 3,416,704	$ 1,741,592
Operating grants & contributions	22,261	129,768
General Revenues:		
Interest	1,636	1,008
Total revenues	3,440,601	1,872,368
Program Expenses:		
Professional and contract services	1,340,101	1,261,286
Program Administration	52,832	51,450
Total program expenses	1,392,933	1,312,736
Increase in net position	2,047,668	559,632
Net position, beginning of year	5,258,625	4,698,993
Net position, end of year	$ 7,306,293	$ 5,258,625

See independent accountants' compilation report.

The Corporation's revenues were $ 3,440,601 and its expenses were $ 1,392,933 for 2017. The revenue sources are from the County Treasurer authorized by the Lake County Board of Commissioners from a percentage of penalties and interests on delinquent property taxes collected as well as sales of properties and donations.

A comparative analysis of the Corporation's financial position and change in net position is as follows:

- Total Revenues increased $ 1,568,233 from 2016 due mainly to receiving more from sales of buildings.
- Total Expenses increased $ 80,197 from 2016, mainly due to increased renovation and demolition expenses in 2017.

Capital Assets

The Corporation's investment in capital assets as of December 31, 2017, amounted to $ 7,677 (net of accumulated depreciation). This investment in capital assets consist of computer and office equipment.

Table 3
Capital Assets
(Net of Depreciation)

	2017	2016
Computer equipment	$ 5,639	$ 4,509
Furniture & fixtures	1,318	625
Office equipment	10,457	10,457
Accumulated depreciation	(9,737)	(7,207)
Total capital assets, net of depreciation	$ 7,677	$ 8,384

Request for Information

This financial report is designed to provide a general overview of the Lake County Land Reutilization Corporation finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors, Lake County Land Reutilization Corporation, 105 Main Street, Painesville, OH 44077.

LAKE COUNTY LAND REUTILIZATION CORPORATION
STATEMENT OF NET POSITION
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)
DECEMBER 31, 2017

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 1,841,299
Lien Receivable	492,336
Accounts Receivable	36,110
Assets Held for Resale	4,931,509
Depreciable Capital Assets, Net	7,677
Total Assets	7,308,931
Liabilities	
Accrued Wages	1,738
Long-Term Liabilities:	
Due Within One Year	900
Total Liabilities	2,638
Net Position	
Net Investment in Capital Assets	4,939,186
Unrestricted	2,367,107
Total Net Position	$ 7,306,293

See accompanying notes to the basic financial statements

LAKE COUNTY LAND REUTILIZATION CORPORATION
STATEMENT OF ACTIVITIES
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Expenses	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net Revenue & Changes in Net Position: Governmental Activities
Governmental Activities:				
Professional and Contract Services	$ 1,340,101	$ 22,261	$ 3,416,704	$ 2,098,864
Program Administration	52,832	-	-	(52,832)
Total Governmental Activities	$ 1,392,933	$ 22,261	$ 3,416,704	2,046,032
General Revenues:				
Interest				1,636
Total General Revenues				1,636
Change in Net Position				2,047,668
Net Position Beginning of Year				5,258,625
Net Position End of Year				$ 7,306,293

See accompanying notes to the basic financial statements

LAKE COUNTY LAND REUTILIZATION CORPORATION
BALANCE SHEET
GOVERNMENTAL FUND
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)
DECEMBER 31, 2017

	General Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 1,841,299
Lien Receivable	492,336
Accounts Receivable	36,110
Assets Held for Resale	4,931,509
Total Assets	$ 7,301,254
Liabilities and Fund Balance	
Liabilities	
Accrued Wages	$ 1,738
Total Liabilities	1,738
Fund Balance	
Nonspendable	4,931,509
Unassigned	2,368,007
Total Fund Balance	7,299,516
Total Liabilities and Fund Balance	$ 7,301,254

See accompanying notes to the basic financial statements

LAKE COUNTY LAND REUTILIZATION CORPORATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)
DECEMBER 31, 2017

Total Governmental Fund Balances	$ 7,299,516
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,677
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(900)
Net Position of Governmental Activities	$ 7,306,293

See accompanying notes to the basic financial statements

LAKE COUNTY LAND REUTILIZATION CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund
Revenues:	
Intergovernmental	$ 3,416,704
Operating Grants	22,261
Interest	1,636
Total Revenues	3,440,601
Expenditures:	
Professional and Contract Services	1,338,494
Program Administration	52,832
Total Expenditures	1,391,326
Net Change in Fund Balances	2,049,275
Fund Balance Beginning of Year	5,250,241
Fund Balance End of Year	$ 7,299,516

See accompanying notes to the basic financial statements

LAKE COUNTY LAND REUTILIZATION CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balance - Total Governmental Fund		$ 2,049,275
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	1,823	
Current Year Depreciation	(2,530)	
		(707)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		(900)
Change in Net Position of governmental Activities		$ 2,047,668

See accompanying notes to the basic financial statements

ORGANIZATION

Lake County Land Reutilization Corporation located in Painesville, Ohio efficiently holds and manages vacant, abandoned or tax-foreclosed real property pending its reclamation, rehabilitation and reutilization. The Corporation also assists governmental entities and other non-profit and/or for-profit entities to assemble and clear the title of the previously described property.

The Corporation's governing body is a nine member Board of Directors, consisting of two County Commissioners, the County Treasurer, a representative from the City of Mentor, the largest city within the County and a township representative selected by the Lake County Township Association. The four remaining members were unanimously selected by the County Treasurer and the two County Commissioners. The Corporation is classified as a related organization of Lake County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of Lake County Land Reutilization Corporation.

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Corporation that are governmental and those that are considered business-type. The Corporation, however, does not have 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

Fund Accounting

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

Governmental Funds

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

General Fund The general fund accounts for all financial resources that are received from the County Fiscal Officer from penalties and interests on delinquent taxes, governmental grants and revenues, sales of assets and donations. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Assets Held for Resale

Assets held for resale represent properties obtained as a result of forfeiture, purchased by or donated to the Corporation. These properties are valued based upon the County Auditor's Evaluation, the purchase price plus any costs of maintenance, rehabilitation, or demolition of homes on the properties. The Corporation holds the properties until the property is either sold for ownership, sold for rehabilitation purposes, donated, or the structure on the property is demolished prior to disposition. Some properties that have had the commercial and residential structures demolished have subsequently been transferred to the Corporation. These vacant parcels may be aggregated with contiguous parcels for green space projects, future residential or commercial development or sold to new or adjacent property owners.

Capital Assets

The Corporation's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the financial statements of the general fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received.

Uncertainty in Income Taxes

The Corporation has adopted FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes.* The Corporation will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority The Corporation continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Corporation's evaluation on December 31, 2017 reveals no uncertain tax positions that would have a material impact on the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 interfund loans, loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

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

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

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

Intergovernmental Revenue

The Corporation historically has received a portion of its operating income through Lake County. This money represents five percent of the total delinquent taxes, penalties and interest collected by the County when received. The five percent is then distributed to the Corporation, upon the Corporation's request.

Estimates

The preparation of the 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 those estimates.

Summary

Cash balances in banks as of December 31, 2017 was $ 1,844,414. Federal depository insurance covers $ 250,000 per institution and covered $ 250,000 at December 31, 2017 at depositor institution. The uninsured balance as of December 31, 2017 was $ 1,594,414.

The Corporation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Advertising costs are expensed when incurred. Advertising expense was $ 1,839 in 2017.

The costs of various program services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services benefited.

CHANGES IN ACCOUNTING PRINCIPLES

The Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB 14 and 34."

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the Corporation's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

CAPITAL ASSETS

A summary of changes in capital assets during 2017 follows:

	12/31/16	Additions	Deletions	12/31/17
Computer Equipment	$ 4,509	$ 1,130	$ 0	$ 5,639
Furniture & fixtures	625	693	0	1,318
Office Equipment	10,457	0	0	10,457
Less: Accumulated Depreciation	(7,207)	(2,530)	0	(9,737)
Governmental Activities Capital Assets, Net	$ 8,384	$ (707)	$ 0	$ 7,677

Depreciation of equipment is provided by using the straight-line method over the following estimated useful lives of the assets:

Machinery and equipment	3 – 10 years
Office equipment	5 – 7 years
Computers and software	5 – 10 years

Total depreciation of $ 2,530 was expensed as of December 31, 2017.

LEASED FACILITIES

Effective November 1, 2015, the Corporation entered into a new operating lease, which continues until 60 days after either party gives the other written notice of its intent to terminate the agreement. Monthly rent is $ 450.

DEBT

At March 10, 2015, Lake County Land Reutilization Corporation entered into a loan agreement with Cuyahoga HHF Acquisitions, LLC. The Corporation can borrow $ 100 per request from the lender and the loan and related fees will be due and payable on the first to occur of (a) maturity date of the Project Loan, (b) the reimbursement of the Corporation's demolition and related expenses, (c) the transfer of the Premises securing the Project Loan by the Corporation to a third party, or (d) the occurrence and continuation of an Event of Default. As of December 31, 2017, the Corporation had $ 900 due.

RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and construction of assets, injury and natural disasters. As of December 31, 2017, the Corporation did have adequate insurance coverage for those risks.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 7, 2018, which is the date the financial statements were available to be issued. No significant matters were identified for disclosure during this evaluation.

SUPPLEMENTAL INFORMATION
LAKE COUNTY LAND REUTILIZATION CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS)
AND ACTUAL GENERAL FUND
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget	Actual	Variance with Budget Positive (Negative)
Revenues			
Intergovernmental	$ 1,835,000	$ 2,206,749	$ 371,749
Grants	40,628	22,261	(18,367)
Interest	1,000	1,636	636
Total Revenues	1,876,628	2,230,646	354,018
Expenditures			
Professional and Contract Services	2,063,949	1,338,409	725,540
Program Administration	52,864	52,832	32
Total Expenditures	2,116,813	1,391,241	725,572
Net Change in Fund Balance	(240,185)	839,405	1,079,590
Fund Balance Beginning of Year	1,001,894	1,001,894	-
Fund Balance End of Year	$ 761,709	$ 1,841,299	$ 1,079,590

See accompanying notes to the supplemental information

LAKE COUNTY LAND REUTILIZATION CORPORATION
NOTES TO SUPPLEMENTAL INFORMATION

BUDGETARY BASIS OF ACCOUNTING

Budgetary Process

The budgetary process that is followed by the Land Reutilization Corporation is for control purposes and is set forth in its Code of Regulations. At least Ten (10) days prior to the first regularly scheduled quarterly meeting in the Corporation's fiscal year, the Executive Director shall provide to the Board of Directors the annual budget for the fiscal year. The Board of Directors shall at the first regularly scheduled meeting or at another meeting called for the purpose, adopt the annual budget which shall govern the expenditures of the Corporation during the last three quarters of the fiscal year and first quarter of the following year to which such budget applies. On and after its commencement, the annual budget as adopted 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 next three months of the new fiscal year.

Budgetary Basis of Accounting

While the Land Reutilization 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
For the Year Ended December 31, 2017

GAAP Basis	$ 2,049,275
Net Adjustment for Revenue Accruals	(1,209,955)
Net Adjustment for Expenditure Accruals	85
Budget Basis	$ 839,405

See independent accountants' compilation report.