

Motion: Lorraine Fende

Second: Mac Chafer

AYES: 6

NAYS: 0

ABSTENTION: 0

Mr. Rogers took a moment to explain that every two years the Land Bank has been audited by the State and has received an Ohio Auditor of State Award certificate for excellence in accounting practices pursuant to GAAP system and compliance with applicable laws. When we did not receive our coveted certificate, it was explained to us that it was being held up for a non-compliance as we purportedly sold a parcel of land inappropriately. After investigation, it was determined that the sale was through the County Auditor's Office and not us. He was happy to report that our certificate was physically presented to us by the State Auditors NE Ohio liaison, Jake Altman. However the name on the award incorrectly referred to us as the Lake County Land Bank as opposed to the Lake County Land Reutilization Corporation and as such a corrected version will be forthcoming in the mail.

1. REVIEW OF THE 2019 LCLRC FINANCIAL REPORT (Statements provided to all Board Members)

As an Ohio corporation, LCLRC is required by law to conduct an annual meeting with the principal purpose to review the Land Bank's Financial Report as prepared by our accounting firm (NMS). This year's report depicts how the Land Bank performed financially in 2019 and is required to be submitted annually to the State of Ohio Auditor's Office.

(A copy of the 2019 Financial Statements including the December Balance Sheet and our Revenues and Expenditures for the 2018 fiscal year were distributed to each Board member for their review).

It is important to remember when reviewing this document that the Land Bank operates on a cash basis, whereas the report prepared by NMS and submitted to the State, reflects an accrual basis of accounting. The Annual Report is prepared using the GAAP or General Accepted Accounting Principles.

Referring to Page 3

Financial Highlights of

- On December 31, 2019, the Statement of Net Position of assets of the Corporation exceeded liabilities by \$ 6,850,725.
- Total net position for 2019 decreased by \$ 1,679,421, which was lower than the increase reported in 2018 of \$ 1,223,853.
- The Corporation's total revenues on the Statement of Activities amounted to \$ 1,254,891 in 2019, of which \$ 1,242,815 or 99.03% were program revenues and \$ 12,076 or 0.97% were general revenues.
- The Corporation had \$ 2,934,312 in total expenses in 2019 compared to \$ 1,778,878 in 2018.

The statement of Net Position as provided in Table 1 on page 5, provides a summary of the Land Banks position for both the years 2018 and 2019.

Referring to Table 1 on page 5 of the report

		<u>2019</u>	<u>2018</u>
Assets:			
Cash and cash equivalents		\$ 1,760,618	\$ 1,750,790
Lien receivable		476,408	517,652
Accounts receivable		36,110	36,110
Assets held for resale		4,574,958	6,221,598
Depreciable capital assets, net		<u>4,088</u>	<u>5,403</u>
Total assets		<u>6,852,182</u>	<u>8,531,553</u>
Liabilities:			
Accounts payable		1	-
Accrued wages		<u>1,456</u>	<u>1,407</u>
Total liabilities		<u>1,457</u>	<u>1,407</u>
Net Position:			
Net investment in capital assets		4,088	5,403
Unrestricted		<u>6,846,637</u>	<u>8,534,743</u>
Total net position		<u>\$ 6,850,725</u>	<u>\$ 8,530,146</u>

2019 was the seventh full year of operations for the Corporation. During 2019, cash and cash equivalents increased due to receiving more DTAC funds and grants. However the Corporation's overall financial position decreased by \$1,679,421. The most significant factor leading to this decrease in our financial position was due to the transfer of property from the Land Bank to the City of Mentor for future development purposes. The parcel in question had an appraised Auditor's valuation of \$1,363,370. (Please note that the City has recently relinquished the title as they have sold the parcel.)

When the Land Bank acquires property, the property is recorded on our balance sheet as an asset with Auditors estimated market or appraised value. Under certain circumstances, a community where a parcel is located, may be entitled to receive the land. When we transferred title to the City of Mentor for the property off RT 615, we did so without receiving any consideration. Therefore the net effect was a decrease in assets on our balance sheet. This decrease, while shown as a loss on paper, is not actual a loss or decrease based on performance.

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

See bottom of page 5

Table 2

Changes in Net Position		
	<u>2019</u>	<u>2018-As Restated</u>
Program Revenues:		
Capital grants & contributions	\$ 1,284,059	\$ 3,000,813
General Revenues:		
Interest	<u>12,076</u>	<u>1,918</u>
Total revenues	<u>1,296,135</u>	<u>3,002,731</u>
Program Expenses:		
Professional and contract services	2,879,382	1,724,879
Program Administration	<u>54,930</u>	<u>53,999</u>
Total program expenses	<u>2,934,312</u>	<u>1,778,878</u>
Increase in net position	(1,679,421)	1,223,853
Net position, beginning of year	<u>8,530,146</u>	<u>7,306,293</u>
Net position, end of year	<u>\$6,850,725</u>	<u>\$ 8,530,146</u>

Referring to the top of page 6 of the report

The Land Bank's revenues in 2019 were \$1,254,891 and its expenses were \$2,934,312. The revenue sources include DTAC funds (derived from a percentage of the penalties and interests collected from delinquent property taxes), grants, donations and the sale of properties.

The comparative analysis of the Corporation's financial position and change in net position show:

- **Total Revenues decreased \$1,706,596** from 2018 due mainly to a reduction of forfeited property received.
- **Total Expenses increased \$1,155,434** from 2018, mainly due to the aforementioned transfer of property to the city of Mentor, in addition to renovation costs and demolition expenses.

When reconciling End of Year Net Positions and Total Governmental Fund Balances as stated on pages 7, 8, 10, 11 & 12, in the amounts of \$6,850,725.00 and \$6,846,637.00 respectively, the difference between these figures, \$4,088.00, is the amount indicated by the Land Bank's depreciable capital assets (*listed in Table 3 on page 6*). These assets are not financial resources and as such are not included in our fund balances.

The balance of the report summarizes the Land Bank and its accounting policies with applicably defined descriptive terms.

Finally, when comparing the differences between NMS prepared Financial Statements and LCLRC's, it should be noted that adjustments are made at years end to reconcile the two statements.

In particular:

- Assets – Liabilities: There is a difference of \$1,456.70 or \$1,457.

The difference here lies within account 22000 – payroll liabilities, where an end of the year adjustment was made to reflect the amount due Linda for payroll. Note that the difference in the amount of \$1,456.22 on our balance sheet vs \$1456.70 on the NMS report is due to an end of the year calculation error. Linda’s last payment for the year should have been .48 cents higher - and it has been adjusted accordingly.

- Net Position change of (-\$1,363,419.44), Total Revenue of \$241,300.37 and Total Expenses of \$1,887,940.62.

These figures reflect journal entries made by NMS to reflect current year activity that is booked into 32000 or 33000 accounts. For accounting purposes, individual transactions are normally not posted into equity accounts. Income and/or expenses are typically shown on either the profit side of a ledger and or the loss side. When our books are closed, any net income for the year automatically rolls into the 35000 account or retained earnings. No physical adjustment is required as Quick Books does this automatically.

ADJOURNMENT

The Chairman entertained a motion to accept the Annual Financial Report and close the meeting as presented by the Executive Director.

Motion: Ken Filipiak

Second: Gabe Cicconetti

AYES: 7

NAYS: 0

ABSTENTION: 0

Setting of next Annual Corporate Meeting:

(On the date and time that is 30 minutes prior to the first quarterly meeting)

Monday, March 22, 2021 at 3:00 PM.

5) SCHEDULE OF QUARTERLY BOARD MEETINGS


Third Quarter – Monday, September 28, 2020 @ 3:00 PM

Fourth Quarter – Monday, December 14, 2020 @ 3:00 PM

Annual Meeting – Monday, March 22, 2021 @ 3:00 PM

First Quarter – Monday, March 22, 2021 @ 3:00 PM

Second Quarter - Monday, June 28, 2021 @ 3:00 PM

APPROVED: ~~X~~ DECEMBER 14, 2020 ~~X~~ 
TIMOTHY MANROSS, CHAIRMAN

The undersigned Clerk certified that the foregoing is a true and correct transcription of the minutes of the meeting held June 22, 2020 of the Board of Directors of the Lake County Land Reutilization Corporation showing the adoption of the Minutes above set forth.

Dated: DECEMBER 14, 2020 
LINDA S. FREDEBAUGH, CLERK