

The Board of Directors of the Lake County Land Reutilization Corporation (the "Board of Directors") met in session on the **28th day of June at 3:00 p.m.**, Zoom virtual meeting with the following Directors present:

**MAC CHAFER  
GABE CICONETTI  
JACK CORNACHIO  
LORRAINE FENDE  
KENNETH FILIPIAK**

**JOHN HAMERCHECK  
JEFF SHIBLEY  
RON YOUNG**

Commissioner Young moved to approve the minutes of the Monday, March 22nd, 2021 *Annual* meeting and Jeff Shibley seconded the motion.

**AYES: 7**

**NAYS: 0**

**ASBSTENTION: 1**

**LAKE COUNTY LAND REUTILIZATION CORPORATION  
ANNUAL MEETING  
Monday, March 22nd, 2021 @ 3:00 p.m.  
Zoom Virtual Meeting**

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- 1. CALL TO ORDER:** Tim Manross, Chairman called the meeting to order at 3:02 p.m.

**ROLL CALL:**

**MAC CHAFER  
GABE CICONETTI  
JACK CORNACHIO  
KENNETH FILIPIAK**

**JOHN HAMERCHECK  
TIMOTHY MANROSS  
JEFF SHIBLEY**

- 2.** No vote was required on the minutes for the Land Bank's 2020 Annual Meeting as they were previously approved by the Board during its second quarterly meeting held on the 14<sup>th</sup> of December 2020.

**3. AFFIRMATION OF THE CHAIRMAN AND VICE-CHAIRMAN**

Chairman Timothy Manross asked for motions from the floor for our new Chairman for 2021. Tim offered his willingness to continue as the Board's Chairman. Mac Chafer made a motion to retain Tim Manross as Chairman and retain Gabe Cicconetti as Vice-Chair. Terms for these officers will conclude on March 28, 2022. Hearing no further nominations for the office of Chair/Vice-Chair, nominations were closed and a vote was taken.

**FOR CHAIRMAN**

Motion: Mac Chafer

Second: Jeff Shibley

AYES: 7

NAYS: 0

ABSTENTION: 0

**FOR VICE-CHAIRMAN**

Motion: Mac Chafer

Second: Jeff Shibley

AYES: 7

NAYS: 0

ABSTENTION: 0

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

As an Ohio corporation, we are required, by law, to conduct an annual meeting to review the Land Bank's overall financial condition as is enumerated in our annual report or Financial Statement, prepared by an outside and independent accounting firm. NMS is a separate and distinct entity from Heiser and Associates, CPA, whose services are retained to assist the Land Bank in its day to day accounting. The NMS Report provided to each of you provides a measure of how the Land Bank performed financially in 2020 and will be forwarded to the State Auditor after this meeting.

It is important to remember that the Land Bank operates on a cash basis whereas the report you have in your hands reflects an accrual basis of accounting.

**Referring to Page 3 of Financial Statement**

**Financial Highlights**

- On December 31, 2020, the Statement of Net Position assets of the Corporation exceeded the liabilities by \$ 6,806,604.
- Total net position for 2020 decreased by \$44,121, much lower than the decrease in 2019 of \$ 1,679,421.
- The Corporation's total revenues on the Statement of Activities amounted to \$ 2,015,684 in 2020, of which \$ 1,996,352 or 99.04% were program revenues and \$ 19,332 or 0.96% were general revenues.
- The Corporation had \$ 2,059,805 in total expenses in 2020 compared to \$ 2,934,312 in 2019.

The statement of Net Position, provided in table 1 on page 5, provides a summary of the Land Banks net position for both of the 2020 and 2019 calendar years.

Referring to Table 1 on page 5 of the report

**Table 1  
Net Position**

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 2,664,399	\$ 1,760,618
Lien receivable	202,972	476,408
Accounts receivable	36,110	36,110
Assets held for resale	3,897,105	4,574,958
Depreciable capital assets, net	7,312	4,088
Total assets	<u>6,807,898</u>	<u>6,852,182</u>
<b>Liabilities:</b>		
Accounts payable	-	1
Accrued wages	1,294	1,456
Total liabilities	<u>1,294</u>	<u>1,457</u>
<b>Net Position:</b>		
Net investment in capital assets	7,312	4,088
Unrestricted	6,799,292	6,846,637
Total net position	<u>\$ 6,806,604</u>	<u>\$ 6,850,725</u>

2020 was the eighth full year of operations for the Corporation. While cash and cash equivalents increased due to a significant increase in the sale of properties, the Corporation's overall financial position decreased slightly by \$44,121. The most significant factor this last year that lead to this decrease was the losses associated with the sale of land. When the Land Bank acquires property through the forfeiture process, the value of the parcel when added to our balance sheet as an asset is the Auditor's published estimated market value.

When we obtain a parcel of land as a result of a forfeiture to the State, the land may have our lien on it from a prior demolition. Once it is acquired by the Land Bank, that lien is extinguished. Given that the value of our liens tend to be greater than the value of the land we receive in exchange, the net result on our books typically reflects a net amount that suggests a net loss.

At the same time, when a parcel of land is sold at fair market price, the value of our Assets Held for Resale, is reduced to reflect the sale. However, these sales tend to be much lower in value than the Auditor's valuations which we record in our inventory of property. Thus, when the property is sold the Land Bank receives cash in the exchange. The cash is added to our coffers but, the net value of the exchange substantially reduces the value of our Assets Held for Resale and the Retained Earnings or equity.

These losses or reductions on our books depict a change on paper that in my opinion can skew our performance in any given year. The Land Bank does not experience a physical loss due to poor performance. Rather the value of the loss is exaggerated by the inflated values we originally obtained from the Auditor estimated market values.

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

**Table 2  
Changes in Net Position**

	<u>2020</u>	<u>2019</u>
<b>Program Revenues:</b>		
Capital grants & contributions	\$ 1,996,352	\$ 1,284,059
<b>General Revenues:</b>		
Interest	19,332	12,076
Total revenues	<u>2,015,684</u>	<u>1,296,135</u>
<b>Program Expenses:</b>		
Professional and contract services	2,003,815	2,879,382
Program Administration	55,990	54,930
Total program expenses	<u>2,059,805</u>	<u>2,934,312</u>
Decrease in net position	(44,121)	(1,679,421)
Net position, beginning of year	<u>6,850,725</u>	<u>8,530,146</u>
Net position, end of year	<u>\$6,806,604</u>	<u>\$ 6,850,725</u>

**Referring to page 6 of the NMS Report**

The Land Bank's revenues in 2020 were \$2,015,684 and its expenses were \$2,059,805. The revenue sources this year reflected the sale of properties, grants received, donations of land, plus the DTAC funds (derived from a percentage of the penalties and interests collected from delinquent property taxes). The comparative analysis of the Corporation's financial position and change in net position show:

- **Total Revenues increase of \$ 719,549** from 2019 due mainly to an increase of forfeited property received.
- **Total Expenses decrease of \$874,507** from 2019, as renovation and demolition expenses were significantly lower. (Foreclosures were down considerably due to Covid-19.

When reconciling End of Year Net Positions and Total Governmental Fund Balances as stated (pages 7, 8, 10, 11 & 12) in the amounts of \$6,806,604.00 and \$6,799,292.00 respectively, the difference between these figures, or \$7,312, is the amount reflected 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 the applicable defined descriptive terms.

**Finally, when comparing the differences between NMS and the Land Bank prepared Financial Statements**, it should be noted that adjustments are made at years end to reconcile the two statements. In particular:

- When considering Assets – Liabilities: The difference between the two documents amounts to \$121.88 or \$122.00.

The difference lies within account 22000 – payroll liabilities, which is the amount due Linda for payroll. Note that the amount on our balance sheet is \$1,293.88 vs the \$1,172 on the NMS report. The difference is due to an end of the year adjustment to recognize the difference between the accrual and cash method of accounting.

- Net Position change of (-\$44,121), Total Revenue of \$2,015,684 and Total Expenses of \$2,059,805.

These differences relate to a variety of journal entries that NMS makes at years end effectively moving any current year activity booked into the 32000 or 33000 accounts. For accounting purposes, individual transactions are normally not posted into equity accounts. Income and/or expenses are supposed to be shown on either the profit or loss side. When the books are closed, any net amount that exists for the year automatically rolls into the 35000 retained earnings account which requires no actual adjustment as Quick Books does that automatically.

- 2) Setting of next Annual Corporate Board Meeting:  
(On the date and time that is 30 minutes prior to the first quarterly meeting)  
***Monday, March 28, 2022 at 3:00 PM.***

## **ADJOURNMENT**

Hearing no further business, Commissioner Hamercheck motioned to adjourn. Followed by a second from Jack Cornachio.

AYES: 7

NAYS: 0

ABSTENTION: 0

## **SCHEDULE OF QUARTERLY BOARD MEETINGS**

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

Third Quarter – Monday, September 27, 2021 @ 3:00 PM

Fourth Quarter – Monday, December 20, 2021 @ 3:00 PM

*Annual Meeting* – Monday, March 28, 2022 @ 3:00 PM

First Quarter – Monday, March 28, 2022 @ 3:30 PM

APPROVED: JUNE 28, 2021

  
TIMOTHY MANROSS, CHAIRMAN

The undersigned Clerk certified that the foregoing is a true and correct transcription of the minutes of the meeting held June 28, 2021 of the Board of Directors of the Lake County Land Reutilization Corporation showing the adoption of the Minutes above set forth.

Dated: JUNE 28, 2021

  
LINDA S. FREDEBAUGH, CLERK