MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

MONTGOMERY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2024

Montgomery County Land Reutilization Corporation
Montgomery County, Ohio

Table of Contents

Page

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 11

Statement of Activities 12

Fund Financial Statements:

Balance Sheet – Governmental Funds 13

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities 14

Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds 15

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Fund to the Statement of Activities 16

Notes to the Basic Financial Statements 17

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 *Governmental Auditing Standards* 26

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Land Reutilization Corporation
Montgomery County, Ohio
130 W. Second Street, Suite 1425
Dayton, Ohio 45402

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of the Montgomery County Land Reutilization Corporation, Montgomery County, Ohio (Corporation), a component unit of Montgomery County, as of and for the year ended December 31, 2024, 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 and general fund of the Corporation as of December 31, 2024, 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.

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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2025, 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 Corporation's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
June 5, 2025

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Unaudited)

The management's discussion and analysis of the Montgomery 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, 2024. The Corporation began operations on August 26, 2011 and is a component unit of Montgomery County. The Corporation is focused on facilitating the transition of blighted, foreclosed and abandoned properties into viable, marketable properties by working collaboratively with public and private entities in a financially responsible, transparent manner with a long-term goal of returning these properties to the tax roll. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

Financial and Administrative Highlights

Key financial and administrative highlights for 2024 are as follows:

- Mission progress continued to be hindered in 2024 by a slower than expected acquisition process, most notably in the Board of Revisions or Expedited Foreclosure method. In 2024, the Corporation began utilizing additional methods for acquisition, most notably an increase in market purchases, auctions, and the receivership method. Due to strong partnerships throughout the region, the Corporation was successful in acquiring and utilizing multiple Federal, state, and local sources of money to continue its mission in revitalizing communities. 2024 saw the transition in leadership to a new executive director, the addition of new staff, and an increase in responsibilities for current staff.
- The Corporation utilized a U.S. Environmental Protection Agency (EPA) Brownfield Assessment grant at targeted sites throughout the County. This work included the completion of 15 environmental assessments in 2024 with approximately 80% of grant funds expended to date.
- The Corporation acquired 1,225 properties as a part of the ownership requirement of the NIP program. The total award as of December 31, 2021, was approximately $21.3 million. The funding for this program ended in 2021, but lots are still held by the Corporation.
- The Neighborhood Initiative Program (NIP) completed the following:
    - Transferred 4 NIP Lots back to the jurisdictions.
    - Through December 31, 2024, 1,196 of the 1,225 properties have been transferred to other ownership.
    - The Corporation retains ownership of 29 vacant lots.
- The Ohio Department of Development Demolition Program completed the following:
    - Added 50 replacement projects to approved projects list.
    - Completed demolition on 250 nuisance properties in partnership with Dayton, Trotwood, Harrison Township, Englewood, Miamisburg, and West Carrolton.
    - Coordinated project management for an additional 35 properties starting the demolition process.
- The Corporation awarded one $50,000 planning grant in 2024 to the City of Brookville to complete an update to their comprehensive plan. The project is underway and will conclude in 2025, when reimbursement for their project expenses will be issued.

- No additional renovations of structures were able to be completed as part of the Thriving Neighborhoods Initiative in 2024 due to acquisition obstacles. The Corporation finished the extensive review of the Huffman neighborhood Thriving Neighborhood Initiative objectives for potential acquisition and renovation targets. Only partner activity in terms of emergency demolition occurred, and the Corporation has intentions to acquire the cleaned up, vacant lot. No other neighborhoods are a focus of the TNI program initiative.
- The Tax Foreclosure Acquisition Program (TFAP) transferred 17 properties in 2024. 3 properties were transferred to Non-Profit Organizations, 2 to municipalities and the remaining 12 to private individuals. Additionally, 32 applications were processed.
- The Corporation did not facilitate the disposition of any new property in the Commercial Redevelopment program this year. We completed research on 10 properties with four in the process of being acquired. We secured $ 6 million in City of Dayton funding to help support the acquisition and remediation of Center City Building. The Corporation continued to maintain 34 N. Main and 3636 N. Dixie.
- The Do It Yourself (DIY) program completed the renovation and transfer of only 1 property. There was an additional 4 properties in DIY program inventory but they have all been transitioned to the new grant of Welcome Home Ohio renovations in order to meet the grant goal of 24 residential properties. The lack of timely acquisition mechanisms reduced DIY inventory for the remainder of the calendar year, and the focus has shifted onto other housing projects so DIY has taken a majority pause.
- There were no Community Loans awarded in 2024.
- The executive director moved from full time employment to a part-time Senior Advisor role and two new employees were hired to fill the Planning and Acquisitions manager role and a program assistant role. The former Operations Manager was hired by the board as the new Executive Director in April of 2024.
- The Corporation continues to utilize the ARPA grant from the City of Dayton in the amount of $2,400,000 through 12-31-2026 to renovate homes in prioritized and eligible targeted neighborhoods. The Corporation began and finished planning, design, and construction bid package prep of 11 properties currently in inventory. The selected architectural and engineering firm, RDA Architects Group, had received no qualified bidders by the end of the calendar year in an RFP process to find capable construction firms to bid and complete construction of half the properties, within the budget parameters. As part of this process, the Corporation required RDA to re-bid the completed 11-property package in Q1 of 2025 in order to find the lowest and best of three qualified construction firms to assist with this completing this contract.
- In mid-February 2023, the ARPA Acquisition program was allocated $850,000 from the City of Dayton. These funds are being used to acquire vacant and underutilized properties along commercial corridors and in residential neighborhoods. $500,000 will be used for the acquisition of property along the Salem Avenue corridor as the $350,000 has been depleted. An amendment was signed to extend this program through December 31, 2026.
- The reforestation program is a partnership with the Ohio Department of Natural Resources and the Corporation. The goal of the partnership is to distribute free trees to eligible homeowners and to plant trees on private property. The program focuses on the establishment of tree canopy in low canopied communities in Dayton and its surrounding communities. Trees are an asset to any community for the establishment of tree canopy, while providing economic, health

and environmental benefits. American Forests defines tree equity as having enough trees in an area so that everyone can experience the health, climate, and economic benefits that trees provide. The Corporation has allocated $25,000 to this program. In 2024, the Corporation planted 193 trees.

- The Corporation received 7 Ohio Department of Development (ODOD) Brownfield grants. These included six assessment grants for a total of $1.3 million and one remediation grant for $1.9 million. Projects are located in Dayton, Kettering and West Carrolton.
- The Corporation was awarded $5.3 million in a second round of ODOD Demo funding to demolish 151 additional properties in Montgomery County.
- In 2024, the Corporation launched a new acquisition method under O.R.C 3767, the Nuisance Receivership process. This legal process empowers jurisdictions to declare vacant, abandoned, or distressed properties a nuisance outside of the tax foreclosure system and remediate through renovation and stabilization instead of demolition. New relationships with legal counsel, Beyke Law, LLC, and receiver, Prodigy Properties, are facilitating the remediation and planned acquisition of properties in Dayton, Ohio. In 2024, the Corporation completed one demolition and acquisition for 1010 Shoup Mill Road, a strategic property for our community partner, Five Rivers MetroParks. Also in 2024, one (1) property was remediated by the owner upon the Corporation's action to assign a receiver; this case was dismissed. Four (4) additional properties on Harvard Avenue were advanced through the receiver process with the intention to fully renovate one structure and stabilize the remaining three (3) for eventual resale to a private renovation partner through our DIY program.
- The Corporation is a subrecipient of the Dayton-Montgomery County Port Authority's federally funded acquisition and development contract for $3.0 million in support of economic development on the City of Dayton's west side. The Corporation is the land acquisition partner on the project, entitled Project Plymouth, and is working to acquire just under two-hundred (200) properties. In 2024, the Corporation initiated acquisition actions on seventy (70) properties via the Board of Revisions process and on twenty-six (26) properties via Judicial Foreclosure. An additional one-hundred two (102) properties were assessed for alternative acquisition methods.
- The Corporation received the Welcome Home Ohio grant award of $6.9 million ($6,240,000 for purchasing and $720,000 for rehabilitation) by the Ohio Department of Development, the largest award in the state's first round to purchase 40 newly built residential units and to both purchase and then rehabilitate / renovate 24 units of single-family residential housing by June 1, 2026. The current rehab inventory by the end of 2024 was 15 vacant properties, 3 of which were already in the Corporation's possession, and others purchased through various acquisition mechanisms (auction, foreclosure, market purchase). The organization is actively procuring the 40 new units through a formal RFP process and acquiring the target goal of units for rehab. Significant effort has been made to create the administrative structure (policies, procedures, consumer information, partner agreements, etc.) to meet this program's complex requirements. Negotiations of contracts initiated before the end of the 2024 calendar year. Targeting contract signing in Q1 of 2025.

Overview of the Financial Statements

This annual report consists of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole Corporation and present a longer-term view of net position. The Statement of Activities shows changes to net position 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 the Corporation's Financial Activities

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Corporation's net position and changes in that position. This 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.

The Statement of Net Position and the Statement of Activities are divided into the following categories: assets, liabilities, net position (assets minus liabilities), program expenses and revenues, general revenues, and net position beginning and end of year.

Reporting on the Corporation's Most Significant Fund

Governmental Fund

The presentation for the Corporation's only fund, the General or Governmental Fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The General Fund is reported using the modified accrual basis of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the Corporation's general 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 on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the General Fund is reconciled in the financial statements.

The Statement of Net Position looks at the Corporation as a whole. The table below provides a summary of Corporation's net position for 2024 and 2023:

Net Position

	2024	2023
Assets		
Equity in Pooled Cash and Cash Equivalents	$ 6,262,094	$ 10,546,961
Deposits	5,000	6,000
Prepaid Items	24,335	59,248
Accounts Receivable	578,988	137,972
Grants Receivable	4,691,139	1,425,111
Assets Held for Resale	3,525,600	3,729,877
Loans Receivable	282,410	-
Depreciable Capital Assets, Net	55,556	33,364
Total Assets	15,425,122	15,938,533
Liabilities		
Grants Payable	50,000	-
Accounts Payable	401,227	850,220
Retainage Payable	-	128,470
Accrued Demolition Expense	-	116,000
Unearned Revenue	834,119	773,916
Total Liabilities	1,285,346	1,868,606
Net Position		
Investment in Capital Assets	55,556	33,364
Unrestricted	14,084,220	14,036,563
Net Position	$ 14,139,776	$ 14,069,927

Cash collected by the Corporation is deposited into a checking account for operating purposes. Cash and cash equivalents decreased $4,284,867 during 2024 due to an increase in property development and rehabilitation expenses and professional services related to grant programs. Investments at December 31, 2024, consist of funds held in a STAR Ohio investment account, which are included in cash and cash equivalents in the financial statements.

Accounts Receivable at December 31, 2024, consists of funds due from various customers.

Grants receivable represents grant funds due to the Corporation for grant related expenditures in 2024. Grants receivable increased due to increased activity for ODOD demolition grants and the Welcome Home Ohio program as previously discussed.

Assets held for resale represent properties foreclosed upon or donated to the Corporation. These properties were recorded at the lower of acquisition cost or net realizable value. Decreases in 2024 relate to the transfer of properties to new owners or communities, and some activity in commercial property.

Accounts Payable consists of expenses related to County Corp and demolition projects. It also includes general administrative expenses.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2024, the Corporation's net position was $14,139,776 up from $14,069,927 in 2023 as a result of an increase in operating grants and contributions.

The table below shows the changes in net position between 2024 and 2023:

Change in Net Position

	2024	2023
Revenues		
Program Revenues		
Charges for Services	$ 111,550	$ 296,821
Operating Grants and Contributions	6,929,816	4,198,154
Total Program Revenues	7,041,366	4,494,975
General Revenues		
Intergovernmental	1,915,906	2,152,738
Contribution of Property	54,270	24,450
Interest	430,319	421,105
Loss on Disposal of Assets Held for Resale	(1,093,975)	-
Total General Revenues	1,306,520	2,598,293
Total Revenues	8,347,886	7,093,268
Expenses		
Property Development and Rehabilitation	5,438,756	3,471,993
Professional and Contract Services	943,913	538,539
Administration	1,895,368	2,637,240
Total Expenses	8,278,037	6,647,772
Change in Net Position	69,849	445,496
Net Position Beginning of Year	14,069,927	13,624,431
Net Position End of Year	$ 14,139,776	$ 14,069,927

Revenues for 2024 consist primarily of operating grants and contributions due to activity in the Ohio Department of Development (ODOD) demolition grant program. In 2024, the Corporation also received grant funding from the Welcome Home Ohio (WHO) grant program, which provides for the purchase and rehabilitation of qualifying residential properties. The 5% of delinquent taxes contributed by Montgomery County to the Corporation for the purpose of land reutilization is the other major source of revenue. The funding from Montgomery County resulted in $1.9 million from the semi-annual property tax collection for Corporation activities.

The loss on disposal of properties held for resale is due to the transfer of property to new owners or communities as previously noted. For 2024, these losses were categorized separately while in prior years they were included in administrative expenses.

Expenses increased overall during 2024. The decrease in administrative expenses was offset by an increase in property development and rehabilitation expenses and professional services, for expenses related to the ODOD demolition and WHO grant programs discussed above.

The Corporation's Fund

Information about the Corporation's Governmental Fund begins on page 13. This fund is accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues of $6,227,359 and expenditures of $8,300,229.

Capital Assets

As of December 31, 2024, the Corporation had $55,556 of furniture, equipment and leasehold improvements, net of accumulated depreciation. See Note 7 of the basic financial statements for additional information on capital assets.

Factors Expected to Impact the Future

This report would not be complete without acknowledging the challenges that exist in acquiring property via tax foreclosure, sheriff's sale, or market purchase as housing demand continues to exceed supply. Market demand has driven home and material prices up and encouraged investor speculation. These investments are likely to create another round of blight as investors purchase marginal properties unfit for habitation and make acquisitions with a short-term return as the only motivation. The Corporation's housing program has been revamped and focused towards applicable State funding and the former DIY program has largely been shuttered. The Corporation continues to act nimbly to be capable of reacting quickly to new opportunities and market conditions. The organization will be proceeding with a new multi-year strategic planning process in 2025 that will direct our focus and impact moving forward.

Request for Information

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Paul Bradley, Executive Director, Montgomery County Land Reutilization Corporation, 130 West Second Street, Suite 1425, Dayton, Ohio 45402.

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 6,262,094
Deposits	5,000
Prepaid Items	24,335
Accounts Receivable	578,988
Grants Receivable	4,691,139
Assets Held for Resale	3,525,600
Loans Receivable	282,410
Depreciable Capital Assets, Net	55,556
Total Assets	15,425,122
Liabilities	
Grants Payable	50,000
Accounts Payable	401,227
Unearned Revenue	834,119
Total Liabilities	1,285,346
Net Position	
Investment in Capital Assets	55,556
Unrestricted	14,084,220
Total Net Position	$ 14,139,776

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Property Development and Rehabilitation	$ 5,438,756	$ -	$ 6,929,816	$ 1,491,060
Professional and Contract Services	943,913	111,550	-	(832,363)
Administration	1,895,368	-	-	(1,895,368)
Total	$ 8,278,037	$ 111,550	$ 6,929,816	$ (1,236,671)

General Revenues:	
Intergovernmental	1,915,906
Contribution of Property	54,270
Interest	430,319
Loss on Disposal of Assets Held for Resale	(1,093,975)
Total General Revenues	1,306,520
Change in Net Position	69,849
Net Position at Beginning of Year	14,069,927
Net Position at End of Year	$ 14,139,776

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2024

	General Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 6,262,094
Deposits	5,000
Prepaid Items	24,335
Accounts Receivable	578,988
Grants Receivable	4,691,139
Assets Held for Resale	3,525,600
Loans Receivable	282,410
Total Assets	$ 15,369,566
Liabilities	
Grants Payable	50,000
Accounts Payable	401,227
Unearned Revenue	834,119
Total Liabilities	1,285,346
Deferred Inflows of Resources	
Unavailable Revenue	4,264,175
Fund Balances:	
Nonspendable	3,832,345
Unassigned	5,987,700
Total Fund Balance	9,820,045
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 15,369,566

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total Governmental Fund Balance	$ 9,820,045
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 fund.	55,556
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the fund.	4,264,175
Net Position of Governmental Activities	$ 14,139,776

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund
Revenues:	
Intergovernmental	1,915,906
Grants	3,715,314
Contribution of Property	54,270
Charges for Services	111,550
Interest	430,319
Total Revenues	$ 6,227,359
Expenditures:	
Property Development and Rehabilitation	5,438,756
Professional and Contract Services	943,913
Administration	1,882,958
Capital Outlay	34,602
Total Expenditures	8,300,229
Excess of Expenditures over Revenues	(2,072,870)
Other Financing Sources (Uses):	
Loss on Disposal of Assets Held for Resale	(1,093,975)
Total Other Financing Sources (Uses)	(1,093,975)
Net Change in Fund Balance	(3,166,845)
Fund Balance Beginning of Year	12,986,890
Fund Balance End of Year	$ 9,820,045

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balance - Total Governmental Fund		$ (3,166,845)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Fund reports 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.		
Capital Asset Additions	34,602	
Current Year Depreciation	(11,311)	
Total		23,291
In the statement of activities, only the loss on the sale of capital assets is reported, whereas in governmental funds there is no impact from this loss. Thus, the change in net position differs from the change in fund balance by the book value of assets disposed.		(1,099)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		3,214,502
Change in Net Position of Governmental Activities		$ 69,849

See accompanying notes to the basic financial statements

Note 1 – Description of the Reporting Entity

The Montgomery County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Montgomery County on July 5, 2011 and incorporated on August 26, 2011 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is a seven member Board of Directors, consisting of the County Treasurer, two County Commissioners, one representative of the City of Dayton, one member representing a Township, and the remaining two members selected by the County Treasurer and County Commissioners with both members having private sector real estate experience.

The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code. The Corporation is classified as a component unit of Montgomery County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39 and 61.

The financial statements include all agencies, divisions, and operations for which the Corporation is financially accountable. Financial accountability exists if a primary government / component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government / component unit. On this basis, no governmental organization other than the Corporation itself is included in the financial reporting entity.

Note 2 – Summary of Significant Accounting Policies

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. These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation, however, does not have any business-type activities. 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

Fund financial statements are designed to present financial information of the Corporation at a 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 a Governmental Fund.

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, 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 by the Corporation, including resources received from the County Treasurer from 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.

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

The General Fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current 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 brief explanations to better identify the relationship between the government-wide statements and the statements for the General Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The General Fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange 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.

Non-exchange 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 non-exchange 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.

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.

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 unavailable revenue. 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 consists of grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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 did, however, adopt an annual budget for the fiscal year and program appropriations were approved by the Board of Directors during the year as required. The Board did approve, in 2023, a budget for 2024.

Federal Income Tax

The Corporation is exempt from federal income tax under Section 115(1) of the Internal Revenue Code.

Cash and Cash Equivalents

All monies received by the Corporation are deposited in a demand deposit account and a State Treasurer Asset Reserve Fund (STAR Ohio) account.

The Corporation had investments at the end of the year in a STAR Ohio account. STAR 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 U.S. Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for the purpose of measuring the value of shares in STAR Ohio. The Corporation measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to $250,000,000 per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of $100,000,000 or more. For the STAR Ohio fiscal year ended June 30, 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued at the lower of the acquisition cost plus any costs that improve the assets value or net realizable value. The Corporation holds the properties until they are either sold to individuals who rehabilitate them, or the structure on the properties is demolished and the property is transferred to a new owner.

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 reported as capital outlay expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund in the year in which they are acquired.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Corporation capitalizes purchased furniture, equipment and leasehold improvements when the cost is $1,000 or more, and its useful life exceeds one year.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation for furniture and equipment is computed using the straight-line method for furniture and equipment over useful lives of five years. Depreciation for leasehold improvements is amortized over the remaining life of the lease.

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.

Net Position

Net position represents the difference between assets/deferred outflow of resources and liabilities/deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2024.

Intergovernmental Revenue
The Corporation receives operating income through Montgomery County. This money represents the penalties and interest on unpaid and delinquent property taxes once these taxes are paid. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are transferred to the Corporation.

Estimates
The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

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 Fund. The classifications are as follows:

> ***Non-spendable Fund Balance*** – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.
>
> ***Restricted Fund Balance*** – The restricted classification is used when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
>
> ***Committed Fund Balance*** – The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation's Board of Directors.
>
> ***Assigned Fund Balance*** – Assigned fund balance includes amounts that are constrained by the Corporation's intent to be used for specific purposes but are neither restricted nor committed.
>
> ***Unassigned Fund Balance*** – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Corporation has not adopted a formal fund balance policy.

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.

Note 3 – Cash and Cash Equivalents

At December 31, 2024, the carrying amount of the Corporation's deposits was $1,834,484. The Corporation's bank balance was $2,270,952. Based on the criteria described in GASB Statement Number 40, Deposits and Investment Risk Disclosures, as of December 31, 2024, $250,000 was covered by Federal Deposit Insurance Corporation (FDIC) and $2,020,952 was uninsured and collateralized. Custodial credit risk is the risk that in the event of bank failure the Corporation's deposits may not be returned to it. As permitted by Ohio Revised Code, the Corporation's deposits are collateralized by the Ohio Pooled Collateral System. Financial institutions participating in the Ohio Pooled Collateral System (OPCS), a centralized collateral system monitored by the Ohio Treasurer of State, must pledge eligible securities equal to at least 102% of the carrying value of all public deposits held by each institution. Financial institutions choosing not to participate in the OPCS must pledge eligible securities equal to at least 105% of the carrying value of all public deposits held by each institution. The Corporation has no deposit policy for custodial credit risk beyond the requirements of State statute. Although securities were held by the pledging institutions' trust department and all the 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 Federal Deposit Insurance Corporation.

STAR Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form. The value of the Corporation's position in STAR Ohio is equal to the value of the shares the Corporation owns in the investment pool. The Corporation's position was valued at $4,427,610 as of December 31, 2024. STAR Ohio carries a AAAm credit rating by Standard and Poors. The Corporation has no policy for custodial credit risk beyond the requirements of state statute.

Note 4 – 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 2024, the Corporation contracted with Marsh & McLennan Agency for various types of insurance as follows:

Coverage Type	Coverage	Provider
General Aggregate:		Agent Alliance Insurance
General Liability	$1,000,000 per occurrence, $2,000,000 aggregate	
Acquired Properties	$1,000,000 maximum	
Vacant Buildings/Vacant Land	$1,000,000 per occurrence, $2,000,000 aggregate	Cincinnati Indemnity Company
Excess Liability	$1,000,000 per occurrence, $1,000,000 aggregate	Cincinnati Indemnity Company
Executive Liability:		Cincinnati Insurance Company
Crime (Employee Dishonesty)	$500,000	
Directors & Officers Liability	$1,000,000	
Employment Practices Liability	$1,000,000	

Since being incorporated, settled claims have not exceeded commercial coverage. There have been no significant reductions in coverage from last year.

Note 5 – Litigation

The Corporation is not currently a party to any legal proceedings which would have a material impact on the financial statements.

Note 6 – Transactions with Montgomery County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Montgomery County Board of Commissioners to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax and Assessment Collection (DTAC) Fund and will be available for appropriation by the Corporation to fund operations. The Corporation received $1,915,906 of DTAC revenue in 2024.

Note 7 – Capital Assets

Capital asset activity in the governmental activities for 2024 was as follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Depreciable Capital Assets:				
Furniture and Equipment	$ 87,402	$ 34,602	$ (11,408)	$ 110,596
Leasehold Improvements	28,498	-	-	28,498
Total Depreciable Capital Assets	115,900	34,602	(11,408)	139,094
Accumulated Depreciation				
Furniture and Equipment	(67,064)	(8,950)	10,309	(65,705)
Leasehold Improvements	(15,472)	(2,361)	-	(17,833)
Total Accumulated Depreciation	(82,536)	(11,311)	10,309	(83,538)
Governmental Activities Capital Assets, Net	$ 33,364	$ 23,291	$ (1,099)	$ 55,556

Depreciation expense of $11,311 for 2024 was charged to the administration function of governmental activities.

Note 8 –Fund Balance

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 is presented below:

Fund Balance	General Fund
Nonspendable	
Prepaids	$ 24,335
Assets Held for Resale	3,525,600
Loans Receivable	282,410
Total Nonspendable	3,832,345
Unassigned	5,987,700
Total Fund Balance	$ 9,820,045

Note 9 –Subsequent Event

In May 2025, the Corporation was awarded a $1.2 million brownfield assessment grant from the U.S. Environmental Protection Agency (USEPA). This grant will provide funding to conduct planning activities, develop site-specific cleanup plans, and conduct community engagement related to brownfield sites.

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*

Board of Directors
Montgomery County Land Reutilization Corporation
Montgomery County, Ohio
130 W. Second Street, Suite 1425
Dayton, Ohio 45402

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 and major fund of the Montgomery County Land Reutilization (Corporation), Montgomery County, Ohio, a component unit of Montgomery County, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 5, 2025.

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 an opinion 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 Corporation'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.
Dublin, Ohio
June 5, 2025