



Dave Yost • Auditor of State

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION
SUMMIT COUNTY, OHIO**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Summit County Land Reutilization Corporation
Summit County
1180 S. Main St., Suite 230
Akron, OH 44301

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Summit County Land Reutilization Corporation, Summit County, Ohio (the Corporation), a component unit of Summit County, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Summit County Land Reutilization Corporation, Summit County, Ohio, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Corporation's basic financial statements taken as a whole.

The budgetary comparison for the General Fund presents additional analysis and is not a required part of the basic financial statements.

The schedule is management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2016

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Summit County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2014

Unaudited

The management's discussion and analysis of the Summit 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, 2014. 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 Highlights

Key financial highlights for 2014 are as follows:

- Net position increased \$89,094, which represents an 8 percent increase from 2013.
- The Corporation received \$1,794,104 from Summit County in 2014 under an arrangement to receive 5 percent of delinquent taxes and assessments collected.
- The Corporation completed its Moving Ohio Forward Demolition Grant.

Using this Annual Financial Report

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

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

Reporting the Corporation as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. 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 net 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 of the Corporation will also need to be evaluated.

Summit County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2014

Unaudited

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets/Deferred Outflows minus Liabilities/ Deferred Inflows)
- Program Expenses and Revenues
- General Revenues
- 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 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 you 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 Summit County Land Reutilization Corporation as a Whole

Recall that the Statement of Net Position provides the perspective of the Corporation as a whole.

Table 1 provides a summary of the Corporation's net position for 2014 compared to 2013:

Table 1
Net Position

	<u>2014</u>	<u>2013</u>
Assets		
Current and Other Assets	\$ 1,294,682	\$ 2,460,976
Liabilities		
Current and Other Liabilities	12,555	1,274,025
Long-Term Liabilities	<u>6,082</u>	<u>0</u>
Total Liabilities	18,637	1,274,025
Net Position		
Unrestricted	<u>\$ 1,276,045</u>	<u>\$ 1,186,951</u>

Summit County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2014

Unaudited

During 2014, the Corporation completed its Moving Ohio Forward Demolition grant project and received the remainder of the funding resulting in an over \$700,000 decrease in intergovernmental receivable.

Also in 2014, the Corporation distributed grant money due to subdivisions from the prior year causing the decrease in intergovernmental payable as well as cash.

Further details of the changes in net position between 2014 and 2013 can be observed in Table 2.

Table 2
Changes in Net Position

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues		
Operating Grants	\$ 894,687	\$ 3,180,824
General Revenues		
Intergovernmental	1,794,104	2,049,303
Interest	4,230	1,307
<i>Total Revenues</i>	<u>2,693,021</u>	<u>5,231,434</u>
Program Expenses		
Professional and Contract Services	2,316,896	4,074,550
Administration	287,031	232,188
<i>Total Program Expenses</i>	<u>2,603,927</u>	<u>4,306,738</u>
<i>Increase in Net Position</i>	89,094	924,696
<i>Net Position Beginning of Year</i>	<u>1,186,951</u>	<u>262,255</u>
<i>Net Position End of Year</i>	<u>\$ 1,276,045</u>	<u>\$ 1,186,951</u>

Intergovernmental revenues represent the 5 percent delinquent tax and assessments from the County, which have stabilized since its origination in 2012. The collections of delinquent taxes and assessments can be volatile; therefore, the Corporation's five percent share may not be consistent from year to year.

The Corporation recognized the majority of the Moving Ohio Forward Demolition Program grant in 2013 with the remainder received in 2014 causing the decrease in operating grants along with the correlating contract services expenses.

The Corporation's Fund

Information about the Corporation's governmental fund begins on page 9. This fund is accounted for using the modified accrual basis of accounting. The Corporation had revenues of \$2,677,759 and expenditures of \$2,597,845.

Fund balance increased \$79,914 over 2013.

Summit County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2014

Unaudited

Capital Assets

As of December 31, 2014, the Corporation does not have any capital assets.

Debt

As of December 31, 2014, the Corporation does not have any debt.

Current Financial Related Activities

The Corporation, established on June 4, 2012, has been designated by Summit County, Ohio as its agent for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed and other real property in Summit County. Principal operating revenues of the Corporation include contributions from Summit County's delinquent tax and assessment collection fund. The Corporation has recently completed a \$3.78 million matching residential demolition grant from the office of the Ohio Attorney General, and is now participating in the Neighborhood Initiative Program, a \$2 million residential demolition grant program through the Ohio Housing Finance Agency. The purpose of each program is to assist communities with demolition abandoned, vacant and blighted residential properties. The Corporation is currently acquiring properties for the Neighborhood Initiative Program. Additionally, the Corporation awarded more than \$1.2 million in discretionary grant funds to communities and nonprofits in 2014 for projects that further the mission of the Corporation.

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 show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Executive Director, Summit County Land Reutilization Corporation, 1180 S. Main St., Suite 230, Akron, Ohio 44301.

Summit County Land Reutilization Corporation

Statement of Net Position

December 31, 2014

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 1,199,807
Intergovernmental Receivable	93,879
Prepaid Items	<u>996</u>
<i>Total Assets</i>	<u>1,294,682</u>
Liabilities	
Accounts Payable	2,940
Accrued Wages	9,615
Long-Term Liabilities:	
Due Within One Year	5,769
Due in More Than One Year	<u>313</u>
<i>Total Liabilities</i>	<u>18,637</u>
Net Position	
Unrestricted	<u>1,276,045</u>
<i>Total Net Position</i>	<u><u>\$ 1,276,045</u></u>

See accompanying notes to the basic financial statements.

Summit County Land Reutilization Corporation

Statement of Activities

For the Year Ended December 31, 2014

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities			
Current:			
General Government:			
Professional and Contract Services	\$ 2,316,896	\$ 894,687	\$ (1,422,209)
Administration	287,031	0	(287,031)
<i>Total Governmental Activities</i>	<u>\$ 2,603,927</u>	<u>\$ 894,687</u>	<u>(1,709,240)</u>
General Revenues			
Grants and Entitlements Not Restricted to Specific Programs			1,794,104
Investment Earnings			4,230
<i>Total General Revenues</i>			<u>1,798,334</u>
<i>Change in Net Position</i>			89,094
<i>Net Position Beginning of Year</i>			<u>1,186,951</u>
<i>Net Position End of Year</i>			<u>\$ 1,276,045</u>

See accompanying notes to the basic financial statements.

Summit County Land Reutilization Corporation

Balance Sheet

Governmental Fund

December 31, 2014

	<u>General</u>
Assets	
Cash and Cash Equivalents	\$ 1,199,807
Intergovernmental Receivable	93,879
Prepaid Items	996
<i>Total Assets</i>	<u>\$ 1,294,682</u>
Liabilities	
Accounts Payable	\$ 2,940
Accrued Wages	9,615
<i>Total Liabilities</i>	<u>12,555</u>
Deferred Inflow of Resources	
Unavailable Revenue	93,879
Fund Balance	
Nonspendable	996
Committed	439,890
Unassigned	747,362
<i>Total Fund Balance</i>	<u>1,188,248</u>
<i>Total Liabilities, Deferred Inflow of Resources and Fund Balance</i>	<u>\$ 1,294,682</u>

See accompanying notes to the basic financial statements.

Summit County Land Reutilization Corporation
*Reconciliation of Total Governmental Fund Balance to
Net Position Governmental Activities
December 31, 2014*

Total Governmental Fund Balance	\$	1,188,248
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Other long-term assets are not available to pay for current- period expenditures and therefore, are deferred inflows in the fund.		
Grants		93,879
Compensated absences are not due and payable in the current period and therefore, are not reported in the fund.		<u>(6,082)</u>
Net Position of Governmental Activities	\$	<u>1,276,045</u>

See accompanying notes to the basic financial statements.

Summit County Land Reutilization Corporation
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2014

	General
Revenues	
Intergovernmental	\$ 1,794,104
Operating Grants	879,425
Interest	4,230
<i>Total Revenues</i>	<i>2,677,759</i>
Expenditures	
Current:	
General Government	
Professional and Contract Services	2,316,896
Administration	280,949
<i>Total Expenditures</i>	<i>2,597,845</i>
<i>Net Change in Fund Balance</i>	<i>79,914</i>
<i>Fund Balance Beginning of Year</i>	<i>1,108,334</i>
<i>Fund Balance End of Year</i>	<i>\$ 1,188,248</i>

See accompanying notes to the basic financial statements.

Summit County Land Reutilization Corporation
*Reconciliation of the Changes in Fund Balance of
Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2014*

Net Change in Fund Balance - Governmental Fund	\$	79,914
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Grants		15,262
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental fund.		
Compensated Absences		<u>(6,082)</u>
Change in Net Position of Governmental Activities	\$	<u><u>89,094</u></u>

See accompanying notes to the basic financial statements.

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

Note 1 - Description of the Reporting Entity

The Summit County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 4, 2012 when the Summit County Council authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 2012-214 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Summit County (the County) by returning vacant and abandoned properties to productive use. 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.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of seven members including, (1) the County Fiscal Officer, (2) the County Executive, (3) a member of the County Council, (4) one representative of the City of Akron, as the municipal corporation in Summit County with the largest population, based on the population according to the most recent federal decennial census, (5) one representative of a township with a population of greater than ten thousand based on the population according to the most recent federal decennial census, (6) two additional members selected by the Fiscal Officer, Executive and Council Representative.

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

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

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board; and 1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or 2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation authorizes the issuance of debt, or the levying of taxes, or determines the budget. There are no component units included as part of this report.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation's significant accounting policies are described below.

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

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

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:

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

General Fund The general fund accounts for all financial resources that are received from the Summit County Fiscal Officer 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 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 may 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 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, the recording of deferred inflows/outflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

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 assets 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 assets 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.

Budgetary Process

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

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 demand deposit accounts. The Corporation had no investments during the year or at the end of the year.

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

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

Prepaid Items

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

Accrued Liabilities and Long-Term Obligations

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

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

Compensated Absences

The Corporation reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Corporation has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rate at year end, taking into consideration any limits specified in the Corporation's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account matured compensated absences payable in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its 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, 2014. The Corporation applies restricted resources first when an expense is incurred for which restricted and unrestricted amounts are available.

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

Intergovernmental Revenue

The Corporation receives operating income through Summit County. This money represents the penalties and interest on current 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 paid to the Corporation upon the Corporation's written request.

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.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2014.

Fund Balance

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation's 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.

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

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 policies of the Corporation's Board. The Board has by resolution authorized the Executive Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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 – Implementation of New Accounting Principles

For the fiscal year ended December 31, 2014, the Corporation has implemented Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Corporation.

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

Note 4 - Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Protection of the Corporation's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of Corporation's fund shall be required to pledge security for repayment of all public moneys. The Corporation has no investment policy dealing with deposit custodial risk beyond the requirement in State statute that requires securities purchased pursuant to this division shall be delivered into the custody of the Treasurer or an agent designated by the Treasurer.

Deposits - At December 31, 2014, the carrying amount of the Corporation's deposits was \$1,199,807 and the bank balance was \$1,199,823.

1. \$331,665 was covered by Federal depository insurance, by collateral held by the Corporation, or by collateral held by the Corporation's agent in the name of the Corporation; and
2. \$868,158 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the Corporation's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

Note 5 - Long-Term Obligations

Long term obligations consist of accrued compensated absences. Changes in compensated absences for December 31, 2014 is as follows:

	<u>12/31/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2014</u>	<u>Due within One Year</u>
Compensated Absences	<u>\$ 0</u>	<u>\$ 6,082</u>	<u>\$ 0</u>	<u>\$ 6,082</u>	<u>\$ 5,769</u>

Note 6 - Transactions with Summit County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Summit County Council to receive 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations.

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

Note 7 – 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; and natural disasters.

The Corporation maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years, nor has insurance coverage been significantly reduced from the prior year.

Note 8 – Fund Balance

Fund balance can be 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 governmental fund. The constraints placed on fund balance for the general fund are as follows:

	<u>Fund Balance</u>
Nonspendable for Prepaid Items	\$ 996
Committed for Discretionary Grants	439,890
Unassigned	<u>747,362</u>
Fund Balance	<u>\$ 1,188,248</u>

Note 9 – Employee Benefits

Compensated Absences

The Corporation employees earn vacation leave at varying rates based upon length of service. Employees earn two to three weeks of vacation per year, depending upon length of service. Annual vacation eligibility is as of the anniversary of employment and unused vacation may be carried over indefinitely.

Vacation leave is accrued at the rate for County of Summit employees, set forth in the Codified Ordinances of Summit County, except that earned vacation shall be made available upon the successful completion, and favorable performance review, of a six-month probationary period as determined by the Executive Director. After one (1) full year of service with Summit County Land Reutilization Corporation, an employee will be credited with vacation earned during the first year of employment. New employees with no prior public service are eligible for paid vacation only after one (1) full year of employment. If a new employee with no prior service credit terminates employment before serving one (1) full year of employment, he/she will receive no vacation pay out. Otherwise, when an employee terminates employment, he or she will receive the balance of unused, earned vacation time.

Employees earn sick leave at the rate of 4.6 hours per 80 hours worked with no maximum accumulation. No sick leave is paid out at termination, but upon retirement, employees receive 25 percent of their sick leave balance not to exceed 240 hours.

Summit County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

Health Insurance Benefits

The Corporation makes available to all full time employees comprehensive major medical/hospitalization health care insurance. Participating employees may elect coverage (i.e. single, family, etc.) as provided under the offered plan(s). Eligible employees may elect applicable coverage. Employee participation costs, as may be applicable, shall be made through payroll deduction.

Retirement Benefits

The Corporation adopted a SIMPLE IRA plan for all employees who met certain eligibility requirements dictated by plan documents. The plan allows employees to make contributions up to IRS contribution limits with the Corporation matching the first 3 percent of employee contributions.

Supplemental Information

Summit County Land Reutilization Corporation
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 1,794,104	\$ (205,896)
Operating Grants	0	1,608,901	1,601,816	(7,085)
Interest	0	1,000	4,230	3,230
<i>Total Revenues</i>	2,000,000	3,609,901	3,400,150	(209,751)
Expenditures				
Current:				
General Government				
Professional and Contract Services	2,169,604	4,290,130	3,590,921	699,209
Administration	230,799	304,324	269,390	34,934
<i>Total Expenditures</i>	2,400,403	4,594,454	3,860,311	734,143
<i>Net Change in Fund Balance</i>	(400,403)	(984,553)	(460,161)	524,392
<i>Fund Balance Beginning of Year</i>	(651,435)	(651,435)	(651,435)	0
Prior Year Encumbrances Appropriated	2,311,403	2,311,403	2,311,403	0
<i>Fund Balance End of Year</i>	\$ 1,259,565	\$ 675,415	\$ 1,199,807	\$ 524,392

See accompanying notes to the basic financial statements.

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Summit County Land Reutilization Corporation

*Notes to the Supplemental Information
For the Year Ended December 31, 2014*

Note 1 – Budgetary Basis of Accounting

Budgetary Process

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

Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).

Summit County Land Reutilization Corporation

Notes to the Supplemental Information

For the Year Ended December 31, 2014

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

Net Change in Fund Balance

GAAP Basis	\$ 79,914
Net Adjustment for Revenue Accruals	722,391
Net Adjustment for Expenditure Accruals	<u>(1,262,466)</u>
Budget Basis	<u>\$ (460,161)</u>



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Summit County Land Reutilization Corporation
Summit County
1180 S. Main St., Suite 230
Akron, OH 44301

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Summit County Land Reutilization Corporation, Summit County, Ohio, (the Corporation), a component unit of Summit County, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated October 24, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2016



Dave Yost • Auditor of State

SUMMIT COUNTY LAND REUTILIZATION CORPORATION

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 6, 2016**