



Dave Yost • Auditor of State



**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
SUMMIT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Summit County Land Reutilization Corporation  
Summit County  
175 S. Main St., Suite 207  
Akron, OH 44308

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 the Summit County Land Reutilization Corporation, Summit County, Ohio (the Corporation), a component unit of Summit County as of December 31, 2012 and for the period June 4, 2012 through December 31, 2012, 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, 2012, and the respective changes in financial position thereof for the period June 4, 2012 through December 31, 2012 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 September 25, 2014, 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, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 25, 2014

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**Summit County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Period June 4, 2012 through December 31, 2012*  
*Unaudited*

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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, 2012. The Corporation began operations on June 4, 2012. 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 2012 are as follows:

- The Corporation is focused on returning property to productive use, returning property to the tax duplicate and accelerating economic or housing activity in Summit County communities. The Corporation works cooperatively with cities, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The Corporation received \$262,192 from Summit County under an arrangement to receive 5 percent of delinquent taxes and assessments collected.

### **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 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 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 Period June 4, 2012 through December 31, 2012  
Unaudited

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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
- 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**

The table below provides a summary of Corporation's net position for 2012. 2012 was the initial year of operations. Comparative information will be presented in future years as information becomes available.

**Table 1**  
**Net Position**

	2012
<b>Assets</b>	
Current and Other Assets	\$ 262,255
<b>Net Position</b>	
Unrestricted	\$ 262,255

**Summit County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Period June 4, 2012 through December 31, 2012*  
*Unaudited*

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The table below shows the changes in net position for the year ending December 31, 2012. Comparative information will be presented in future years as information becomes available.

**Table 2**  
**Changes in Net Position**

	2012
<b>Revenues</b>	
General Revenues	
Intergovernmental	\$ 262,192
Interest	63
<i>Increase in Net Position</i>	262,255
<i>Net Position Beginning of Year</i>	0
<i>Net Position End of Year</i>	\$ 262,255

**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 governmental revenues of \$262,255.

**Capital Assets**

As of December 31, 2012, the Corporation does not have any capital assets.

**Debt**

As of December 31, 2012, the Corporation does not have any debt.

**Summit County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Period June 4, 2012 through December 31, 2012*  
*Unaudited*

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**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 is currently participating in the Moving Ohio Forward Demolition Grant Program, through the office of the Ohio Attorney General, to assist communities with demolishing abandoned, vacant and blighted residential properties. Revenue for the Moving Ohio Forward Demolition Grant Program comes from the office of the Ohio Attorney General. The Corporation is not currently accepting, or acquiring, properties at this time.

**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, 175 S. Main St., Suite 207, Akron, Ohio 44308.

**Summit County Land Reutilization Corporation**

*Statement of Net Position*

*December 31, 2012*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Pooled Cash and Investments with Fiscal Agent	<u>\$ 262,255</u>
<b>Net Position</b>	
Unrestricted	<u>262,255</u>
<i>Total Net Position</i>	<u><u>\$ 262,255</u></u>

See accompanying notes to the basic financial statements.

**Summit County Land Reutilization Corporation**  
*Statement of Activities*  
For the Period June 4, 2012 through December 31, 2012

	Governmental Activities
<b>Expenses</b>	\$ 0
<b>General Revenues</b>	
Intergovernmental	262,192
Interest	63
<i>Total General Revenues</i>	262,255
<i>Change in Net Position</i>	262,255
<i>Net Position Beginning of Year</i>	0
<i>Net Position End of Year</i>	\$ 262,255

See accompanying notes to the basic financial statements.

**Summit County Land Reutilization Corporation**

*Balance Sheet  
Governmental Fund  
December 31, 2012*

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	<u>General</u>
<b>Assets</b>	
Pooled Cash and Investments with Fiscal Agent	<u>\$ 262,255</u>
<b>Fund Balances</b>	
Unassigned	<u>262,255</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 262,255</u>

See accompanying notes to the basic financial statements.

**Summit County Land Reutilization Corporation**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Period June 4, 2012 through December 31, 2012*

	General
<b>Revenues</b>	
Intergovernmental	\$ 262,192
Interest	63
<i>Total Revenues</i>	262,255
<b>Expenditures</b>	0
<i>Net Change in Fund Balance</i>	262,255
<i>Fund Balance Beginning of Year</i>	0
<i>Fund Balance End of Year</i>	\$ 262,255

See accompanying notes to the basic financial statements.

**Summit County Land Reutilization Corporation**  
*Notes to the Basic Financial Statements*  
*For the Period June 4, 2012 through December 31, 2012*

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**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 also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989 to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The

**Summit County Land Reutilization Corporation**  
*Notes to the Basic Financial Statements*  
*For the Period June 4, 2012 through December 31, 2012*

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FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The Corporation's significant accounting policies are described below.

***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.

**Summit County Land Reutilization Corporation**  
*Notes to the Basic Financial Statements*  
*For the Period June 4, 2012 through December 31, 2012*

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*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 liabilities is reported as fund balance. The following is the Corporation's only governmental fund:

**General Fund** The general fund accounts for all financial resources that are received from the 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 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 and current liabilities 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 revenue 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 Period June 4, 2012 through December 31, 2012*

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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.

*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. Except for the first year of operation, 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 Investments***

The Summit County Fiscal Officer acts as the fiscal agent for the Corporation, and the County Fiscal Officer maintains a cash and investment pool, including all funds for which the County Fiscal Officer is the fiscal agent. The County Fiscal Officer is also custodian for the Corporation's cash. The Corporation's cash is held in the County's cash and investment pool and are valued at the County Fiscal Officer's carrying amount.

***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.

**Summit County Land Reutilization Corporation**  
*Notes to the Basic Financial Statements*  
*For the Period June 4, 2012 through December 31, 2012*

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***Net Position***

Net position represents the difference between assets and liabilities. 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, 2012. The Corporation applies restricted resources first when an expense is incurred for which both restricted and unrestricted amounts are available.

***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 2012.

***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

**Summit County Land Reutilization Corporation**  
*Notes to the Basic Financial Statements*  
*For the Period June 4, 2012 through December 31, 2012*

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changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

**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; 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 this period (since the Corporation began operations), nor has insurance coverage been significantly reduced.

**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 Period June 4, 2012 through December 31, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over
				(Under)
<b>Revenues</b>				
Intergovernmental	\$ 1,420,569	\$ 1,420,569	\$ 262,192	\$ (1,158,377)
Operating Grants	3,780,560	3,780,560	0	(3,780,560)
Interest	0	0	63	63
<i>Total Revenues</i>	<u>5,201,129</u>	<u>5,201,129</u>	<u>262,255</u>	<u>(4,938,874)</u>
<b>Expenditures</b>				
Current:				
Professional and Contract Services	5,201,129	5,201,129	0	5,201,129
<i>Net Change in Fund Balance</i>	0	0	262,255	262,255
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 262,255</u>	<u>\$ 262,255</u>

See accompanying notes to the supplemental information.

**Summit County Land Reutilization Corporation**  
*Notes to the Supplemental Information*  
*For the Period June 4, 2012 through December 31, 2012*

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**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).

Net Change in Fund Balance

GAAP Basis	\$ 262,255
Net Adjustment for Expenditure Accruals	<u>0</u>
Budget Basis	<u>\$ 262,255</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  
175 S. Main St., Suite 207  
Akron, OH 44308

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 December 31, 2012 and for the period June 4, 2012 through December 31, 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 25, 2014.

### ***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

September 25, 2014



# 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  
NOVEMBER 6, 2014