



Dave Yost • Auditor of State



**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Portage County Land Reutilization Corporation  
449 South Meridian Street  
PO Box 1217  
Ravenna, OH 44266

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 Portage County Land Reutilization Corporation, Portage County, Ohio (the Corporation), 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 Portage County Land Reutilization Corporation, Portage County, Ohio, as of December 31, 2014, and the 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 Schedule of Revenues, Expenditures and Changes in the Fund Balance – Budget (Non-GAAP) and Actual – 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 December 21, 2015, 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

December 21, 2015

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**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

The management's discussion and analysis of the Portage County 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

**Financial Highlights**

Key financial highlights for the year ended December 31, 2014 are as follows:

- The total net position of the Corporation decreased \$26,917 due to general revenues of \$340,394, program revenues of \$559,765 and expenses of 927,076 during the year ended December 31, 2014.
- The general fund of the Corporation had \$975,012 in revenues and \$927,076 in expenditures. For the year ended December 31, 2014, the general fund balance increased \$47,936.

**Using this Annual Financial Report**

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

The statement of net position and statement of activities provide information about the activities of the Corporation as a whole, presenting both an aggregate view of the Corporation's finances and a longer-term view of that net position. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Corporation's most significant funds with all other nonmajor funds presented in total in one column. During 2014, the Corporation only had a general fund.

**Reporting the Corporation as a Whole**

***Statement of Net Position and the Statement of Activities***

The view of the Corporation as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows or resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Corporation's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

Governmental activities - The Corporation's programs and services are reported here. These services are funded primarily by intergovernmental revenues including federal and state grants and other shared revenues. 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 and net position beginning and end of year.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

**Reporting the Corporation's Most Significant Fund**

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Corporation is considered a governmental fund.

Fund financial reports provide detailed information about the Corporation's major funds. The Corporation uses the general fund to account for a multitude of financial transactions. The analysis of the Corporation's general fund begins on page 6.

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation maintains a general fund. The basic governmental fund financial statements can be found on pages 11-14 of this report.

*Notes to the Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 15-21 of this report.

*Supplementary Information*

The Corporation presents a budgetary comparison schedule for the general fund as supplementary information on pages 22-24 of this report.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the Corporation as a whole. The table below provides a summary of the Corporation's net position at December 31, 2014 and 2013.

	<b>Net Position</b>	
	Governmental Activities	
	2014	2013
<u>Assets</u>		
Current and other assets	\$ 368,006	\$ 552,093
Total assets	368,006	552,093
<u>Liabilities</u>		
Current and other liabilities	39,914	197,084
Total liabilities	39,914	197,084
<u>Net Position</u>		
Unrestricted	328,092	355,009
Total net position	\$ 328,092	\$ 355,009

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2014, the Corporation's assets exceeded liabilities by \$328,092.

The assets of the Corporation decreased \$184,087 or 33.34%. This decrease was the result of no intergovernmental receivables being reported at December 31, 2014 while the Corporation had \$197,084 in intergovernmental receivables related to the Moving Ohio Forward (MOF) grant at December 31, 2013.

The liabilities of the Corporation decreased \$157,170 or 79.75%. This decrease was the result of less contracts payable outstanding at December 31, 2014 for demolitions of property within the County.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

The table below shows the comparative analysis of changes in net position for the year ended December 31, 2014 and 2013.

	<b>Change in Net Position</b>	
	Governmental Activities	
	2014	2013
<b>Revenues</b>		
Program revenues:		
Operating grants and contributions	\$ 559,765	\$ 292,845
General revenues:		
Grants and entitlements	340,332	360,916
Investment earnings	<u>62</u>	<u>-</u>
Total general revenues	<u>340,394</u>	<u>360,916</u>
Total revenues	<u>900,159</u>	<u>653,761</u>
<b>Expenses:</b>		
General government	<u>927,076</u>	<u>298,752</u>
Total expenses	<u>927,076</u>	<u>298,752</u>
Change in net position	(26,917)	355,009
Net position at beginning of period	<u>355,009</u>	<u>-</u>
Net position at end of period	<u>\$ 328,092</u>	<u>\$ 355,009</u>

**Governmental Activities**

Governmental activities net position decreased \$26,917 for the year ended December 31, 2014. Expenses consisting primarily of demolition reimbursements totaled \$927,076 during the year. The Corporation received \$559,765 in Moving Ohio Forward grant money, \$6,796 in donations, \$62 in investment earnings and \$333,536 in funding from Portage County which was Delinquent Tax Assessment and Collection (DTAC) funding. The large increase in expenses was the result of the Corporation primarily using grant money to demolish property in the County.

**General Fund**

The general fund had \$975,012 in revenues for the year ended December 31, 2014. The general fund had \$927,076 in expenditures for the year ended December 31, 2014. The fund balance of the general fund increased \$47,936 for the year ended December 31, 2014.

**General Fund Budgeting Highlights**

There are no budgetary requirements for the Corporation identified in the Ohio Revised Code. The Corporation's budget is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary process that is followed is for control purposes.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

During the course of 2014, the Corporation did not amend its general fund budget. For the general fund, original and final budgeted revenues totaled \$1,112,920. Actual revenues for 2014 were \$1,097,243. This represents a \$15,677 decrease from original and final budgeted revenues. Intergovernmental revenues decreased due to less than expected Delinquent Tax Assessment and Collection Tax (DTACT) funding, the actual Moving Ohio Forward grant money received during the year slightly did not meet budgeted projections.

General fund original and final appropriations totaled \$1,127,020. The actual budget basis expenditures for fiscal year 2014 totaled \$1,084,326, which is lower than the final budget appropriations by \$42,694. This decrease was the result of actual expenditures not meeting the budget projections related to the Moving Ohio Forward grant.

***Capital Assets***

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

***Debt Administration***

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

***Current Financial Related Activities***

The County formed the Portage County Land Reutilization Corporation with the purpose of reclaiming, rehabilitating or reutilizing economically non-productive land throughout Portage County. The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing a land bank program the County can begin to address dilapidated housing issues in communities located in Portage County and also return properties to productive use.

The County Land Bank was successful in obtaining a demolition grant from the Ohio Attorney General Mike DeWine - Moving Ohio Forward program to assist in addressing demolitions of residential structures throughout Portage County.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Ms. Vicki A. Kline, Treasurer, Portage County, 449 S. Meridian Street, Ravenna, Ohio 44266-1217.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . .	\$ 366,938
Prepayments . . . . .	1,068
Total assets . . . . .	368,006
<b>Liabilities:</b>	
Contracts payable. . . . .	37,388
Intergovernmental payable . . . . .	2,526
Total liabilities . . . . .	39,914
<b>Net position:</b>	
Unrestricted . . . . .	328,092
Total net position . . . . .	\$ 328,092

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expense) and Changes in Net Position Governmental Activities</u>
<b>Governmental activities:</b>			
General government:			
Demolition reimbursements. . . . .	\$ 882,157	\$ 521,064	\$ (361,093)
Insurance . . . . .	1,786	-	(1,786)
Professional services. . . . .	42,077	38,701	(3,376)
Miscellaneous/other . . . . .	1,056	-	(1,056)
	<u>\$ 927,076</u>	<u>\$ 559,765</u>	<u>(367,311)</u>
<b>General revenues:</b>			
Grants and entitlements not restricted to specific programs. . . . .			340,332
Investment income. . . . .			62
			<u>340,394</u>
Total general revenues. . . . .			340,394
Change in net position. . . . .			(26,917)
<b>Net position at beginning of period . .</b>			<u>355,009</u>
<b>Net position at end of period. . . . .</b>			<u>\$ 328,092</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	<b>General</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . .	\$ 366,938
Prepayments . . . . .	1,068
Total assets . . . . .	\$ 368,006
<b>Liabilities:</b>	
Contracts payable. . . . .	\$ 37,388
Intergovernmental payable . . . . .	2,526
Total liabilities . . . . .	39,914
<b>Fund balances:</b>	
Nonspendable - prepayments . . . . .	1,068
Unassigned . . . . .	327,024
Total fund balances. . . . .	328,092
Total liabilities and fund balances . . . . .	\$ 368,006

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<b>General</b>
<b>Revenues:</b>	
Intergovernmental. . . . .	\$ 333,536
Investment income. . . . .	62
Contributions and donations. . . . .	6,796
Moving Ohio Forward grant . . . . .	634,618
Total revenues . . . . .	975,012
 <b>Expenditures:</b>	
Current:	
General government:	
Demolition reimbursements. . . . .	882,157
Insurance . . . . .	1,786
Professional services. . . . .	42,077
Miscellaneous/other . . . . .	1,056
Total expenditures . . . . .	927,076
 Net change in fund balances . . . . .	 47,936
 <b>Fund balances at beginning of year . . . . .</b>	 280,156
<b>Fund balances at end of year . . . . .</b>	<b>\$ 328,092</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

<b>Net change in fund balances - total governmental funds</b>	\$ 47,936
<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 funds.	<u>(74,853)</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (26,917)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY**

The Portage County Land Reutilization Corporation (the "Corporation") is a county land reutilization corporation that was formed when the Portage County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is for reclaiming, rehabilitating or reutilizing economically non-productive land throughout Portage County (the "County"). The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing the Corporation, the County can begin to address dilapidated housing issues in communities located in the County and also return 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 five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years. The Board of Directors was comprised of nine members at December 31, 2014.

The County is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organization Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", the Corporation's primary government and basic financial statements include components units which are defined as 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 impose its will over the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; or (3) the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Corporation is obligated for the debt of organization. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

**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.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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 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 or fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Corporation at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

Fund Financial Statements

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

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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 plus deferred outflows of resources less liabilities plus deferred inflows of resources is reported as fund balance.

The following is the Corporation's only governmental fund:

***General Fund*** - The general fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. The general fund receives 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment and Collection Tax (DTACT) fund. 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, all deferred outflows of resources, all liabilities and all 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, current deferred outflows of resources, current liabilities and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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 inflow of resources and in the presentation of expenses versus expenditures.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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.

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, intergovernmental revenue and operating grant sources are considered to be both measurable and available at year-end.

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the Corporation that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the Corporation that is applicable to a future reporting period.

Grants and entitlements not received during the available period are recorded as deferred inflows of resources on the governmental fund financial statements.

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. See supplemental information.

*Federal Income Tax*

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

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION**  
**PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Cash and Cash Equivalents*

All monies received by the Corporation are deposited in a demand deposit account. The Corporation had no investments during the year or at the end of the year.

*Prepayments*

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

*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 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.

*Net Position*

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2014.

*Intergovernmental Revenue*

The Corporation receives operating income through Portage 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.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*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 Fund Balance* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

*Restricted Fund Balance* - The restricted classification is used when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* - The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation’s Board of Directors.

*Assigned Fund Balance* - Assigned fund balance includes amounts that are constrained by the Corporation’s intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned Fund Balance* - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Corporation applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

*Estimates*

The preparation of the basic financial statements in conformity with GAAP requirements 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.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS**

*Deposits with Financial Institutions*

At December 31, 2014, the carrying amount of all Corporation deposits was \$366,938. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, \$16,876 of the Corporation's bank balance of \$366,938 was exposed to custodial credit risk as discussed below while \$350,062 was covered by the Federal Deposit Insurance Corporation (FDIC).

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of bank failure, the Corporation's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Corporation. The Corporation has no investment policy for custodial credit risk beyond the requirements of State statute.

**NOTE 4 - RISK MANAGEMENT**

*Public Officials Management & Employment Practices Liability*

The Corporation is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the Corporation contracted with Sutton Insurance for public official's management and employment practices liability insurance. The limitations of coverages are as follows:

Public Officials Management	\$1,000,000
Employment Practices Liability	\$1,000,000
Policy Aggregate	\$1,000,000
Non-Monetary Coverage-Defense Only	\$50,000
Non-Monetary Coverage Defense Only Aggregate	\$100,000
Crisis Management	\$25,000

**NOTE 5 - TRANSACTIONS WITH PORTAGE COUNTY**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Portage County Board of Commissioners to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment and Collection Tax (DTACT) fund and will be available for appropriation by the Corporation to fund operations. At December 31, 2014, the Corporation had revenues of \$333,536 for these fees that were collected by the County in 2014.

During 2014, the Corporation also entered into an agreement with the Portage County Regional Planning Commission to provide the necessary services for the overall administration of the Moving Ohio Forward grant. The agreement is for the period of the grant. For the year ending December 31, 2014, the Corporation paid \$47,725 in administration fees to the Portage County Regional Planning Commission.

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental. . . . .	\$ 356,000	\$ 356,000	\$ 333,536	(22,464)
Investment income. . . . .	-	-	62	62
Contributions and donations. . . . .	-	-	6,796	6,796
Moving Ohio Forward grant. . . . .	756,920	756,920	756,849	(71)
Total revenues . . . . .	<u>1,112,920</u>	<u>1,112,920</u>	<u>1,097,243</u>	<u>(15,677)</u>
<b>Expenditures:</b>				
Current:				
General government:				
Demolition reimbursements. . . . .	1,069,720	1,069,720	1,032,141	37,579
Insurance . . . . .	1,800	1,800	1,866	(66)
Professional services . . . . .	54,500	54,500	49,263	5,237
Miscellaneous/other . . . . .	1,000	1,000	1,056	(56)
Total expenditures . . . . .	<u>1,127,020</u>	<u>1,127,020</u>	<u>1,084,326</u>	<u>42,694</u>
Net change in fund balances . . . . .	(14,100)	(14,100)	12,917	27,017
<b>Fund balances at beginning of year. . . . .</b>	354,021	354,021	354,021	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 339,921</u>	<u>\$ 339,921</u>	<u>\$ 366,938</u>	<u>\$ 27,017</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

NOTES TO 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 Chairman 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 Chairman 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 accounting principles general accepted in the United States of America (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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (non-GAAP budgetary basis) as opposed to when susceptible to accrual (GAAP basis), and
- (b) Expenditures and other financing uses are recorded when paid in cash (non-GAAP budgetary basis) as opposed to when the liability is incurred (GAAP basis).

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION  
PORTAGE COUNTY, OHIO**

NOTES TO SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 1 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 12,917
Net adjustment for revenue accruals	(122,231)
Net adjustment for expenditure accruals	<u>157,250</u>
GAAP basis	<u><u>\$ 47,936</u></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

Portage County Land Reutilization Corporation  
449 South Meridian Street  
P0 Box 1217  
Ravenna, OH 44266

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 Portage County Land Reutilization Corporation, Portage County, Ohio (the Corporation) 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 December 21, 2015.

### ***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

December 21, 2015



# Dave Yost • Auditor of State

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION**

**PORTAGE 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  
FEBRUARY 4, 2016**