

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
SUMMIT COUNTY, OHIO  
A COMPONENT UNIT OF SUMMIT COUNTY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**





# Dave Yost • Auditor of State

Board of Directors  
Summit County Land Reutilization Corporation  
1180 South Main Street, Suite 230  
Akron, Ohio 44301

We have reviewed the *Independent Auditor's Report* of the Summit County Land Reutilization Corporation, Summit County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Summit County Land Reutilization Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 28, 2018

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**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

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**Julian & Grube, Inc.**  
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Independent Auditor's Report

Summit County Land Reutilization Corporation  
Summit County  
1180 S. Main Street, Suite 230  
Akron, Ohio 44301

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Summit County Land Reutilization Corporation, Summit County, Ohio, a component unit of Summit County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Summit County Land Reutilization 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 Summit County Land Reutilization 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 Summit County Land Reutilization Corporation's internal control. Accordingly, we express no such 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, 2017, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary Information***

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

The budgetary comparison schedule 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information 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 June 20, 2018, on our consideration of the Summit County Land Reutilization 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 Summit County Land Reutilization Corporation's internal control over financial reporting and compliance.





**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

The management's discussion and analysis of the Summit County Reutilization Corporation's (the "Corporation") financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2017. 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, 2017 are as follows:

- The total net position increased \$182,759, which represents a 6 percent increase from 2016.
- The Corporation received a \$1,682,584 from Summit County in 2017 under an arrangement to receive 5 percent of delinquent taxes and assessments collected.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to the 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 a detailed look at specific financial conditions.

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 those finances. Fund financial statements tell how services were financed in the short-term as well as what remains for future spending.

**Reporting the Corporation as a Whole**

*Statement of Net Position and the Statement of Activities*

The statement of net position and the statement of activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by the private-sector. 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. However, in evaluating the overall position of the Corporation, non-financial information of the Corporation will also need to be evaluated.

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

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets/Deferred Outflows minus Liabilities/Deferred Inflows)
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Reporting 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 account which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

**The Summit County Land Reutilization Corporation as a whole**

Recall that the Statement of Net Position provides the perspective of the Corporation as a whole. Table 1 provides a summary of the Corporation's net position for 2017 compared to 2016.

**Table 1  
Net Position**

	2017	2016
<u>Assets</u>		
Current and other assets	\$ 2,742,451	\$ 2,239,851
Capital assets, net	22,835	23,038
Leased asset	197,085	-
Total assets	2,962,371	4,525,778
<u>Liabilities</u>		
Current and other liabilities	762,096	246,549
Long-term liabilities:	11,470	10,294
Total liabilities	773,566	256,843
<u>Net Position</u>		
Net Investment in Capital Assets	22,835	23,038
Restricted	1,086,476	-
Unrestricted	1,079,494	1,983,008
Total net position	\$ 2,188,805	\$ 2,006,046

In 2017, intergovernmental receivables increased \$1,402,771 due to increased reimbursements from reimbursable grants received during the year.

During 2017, the Corporation acquired capital assets in the amount of 7,878.

Also in 2017, the Corporation's current and other liabilities increased by \$515,547 due to ongoing demolition projects and grants payable at year-end.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Further details of the changes in net position between 2017 and 2016 can be discovered in Table 2.

**Table 2  
Changes in Net Position**

	2017	2016
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$ 11,800	\$ 11,175
Operating Grants and Contributions	\$ 1,764,721	\$ 1,610,944
General revenues:		
Grants and entitlements	1,682,584	1,562,256
Property Sales	149,247	-
Investment earnings	3,645	2,283
Lease Income	1,701	-
Other	701	2,361
<b>Total Revenues</b>	<b>3,614,399</b>	<b>3,189,019</b>
<b>Expenses:</b>		
Program Expenses:		
Professional and Contract Expenses	2,696,352	2,382,127
Administration	735,288	593,919
<b>Total Program Expenses</b>	<b>3,431,640</b>	<b>2,976,046</b>
<b>Increase in Net Position</b>	<b>182,759</b>	<b>212,973</b>
<b>Net position at beginning of year</b>	<b>2,006,046</b>	<b>1,793,073</b>
<b>Net position at end of year</b>	<b>\$ 2,188,805</b>	<b>\$ 2,006,046</b>

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

**The Corporation's Fund**

Information about the Corporation's governmental fund begins on page 9. This fund is accounted for using the modified accrual basis of accounting. The Corporation had revenues of \$2,431,628 and expenditures of \$3,430,261. The change in fund balance is from the Ohio Finance Agency reimbursing the company for qualified costs incurred in regard to a Neighborhood Initiative Program.

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

***Capital Assets***

At the end of the year 2017, the Corporation had \$22,835 invested in capital assets. Table 3 shows year end 2017 balances compared to 2016.

**Table 3  
Capital Assets at  
December 31, 2017  
(Net of Depreciation)**

	2017	2016
<u>Governmental Activities</u>		
Furniture and Fixtures	\$ 21,960	\$ 21,726
Vehicles	875	1,312
Total	22,835	23,038

The Corporation purchased computers and office equipment in 2017. See note 5 for additional information about the Corporation's assets.

***Debt Administration***

As of December 31, 2017, the Corporation does not have any debt. The Corporation does have a line of credit with the Ohio Housing Finance Authority Agency with a limit of \$200,000 at zero percent interest. Details of 2017 activity is listed in note 4.

***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 participating in the Neighborhood Initiative Program, a \$9.5 million residential demolition grant has been awarded through the Ohio Housing Finance Agency. The purpose of the program is to assist communities with the demolition of abandoned, vacant and blighted residential properties. The Corporation continues to acquire properties for the Neighborhood Initiative Program and began demolition of its existing inventory in 2015. The Corporation also operates a Side Lot & Vacant Land Transfer program to acquire and dispose of abandoned, vacant lots throughout Summit County, in an effort to return them to productive tax use. The Corporation began accepting applications for the Side Lot & Vacant Land Transfer Program in 2016. In 2017, the Corporation launched its Welcome Home and Building for Business program that allows for the acquisition and disposition of residential and commercial properties with structures. Additionally, the Corporation awarded more than \$875,000 in grant funds to local communities and nonprofits in 2017 for projects that further the mission of the Corporation.

**Request for Information**

This financial report is designed to users of the financial statements with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information please contact the Executive Director, Summit County Land Revitalization Corporation, 1180 S. Main St., Suite 230, Akron, Ohio 44301.

Financial Statements

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 906,213
Intergovernmental and other receivables	1,713,688
Prepaid items	23,550
Inventory held for resale	99,000
Depreciable capital assets	22,835
Leased Asset	197,085
Total assets	2,962,371
 <b>LIABILITIES</b>	
Accounts payable	749,828
Accrued wages	12,268
Long-term liabilities	
Due within one year	10,997
Due in more than one year	473
Total liabilities	773,566
 <b>NET POSITION</b>	
Investment in capital assets	22,835
Restricted	1,086,476
Unrestricted (deficit)	1,079,494
Total net position	\$ 2,188,805

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

		<b>Program Revenues</b>		<b>Net Revenue (Expense) and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental activities:				
General government:				
Professional and contract services	\$ 2,696,352	\$ 11,800	\$ 1,764,721	\$ (919,831)
Administration	735,288	-	-	\$ (735,288)
Total governmental activities	\$ 3,431,640	\$ 11,800	\$ 1,764,721	(1,655,119)
 <b>General revenues:</b>				
Grants and entitlements not restricted to specific programs				1,682,584
Investment earnings				3,645
Property sales				149,247
Lease income				1,701
Miscellaneous				701
<i>Total General Revenues</i>				1,837,878
Change in net position				182,759
NET POSITION, JANUARY 1				2,006,046
<b>NET POSITION, DECEMBER 31</b>				<b>\$ 2,188,805</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 906,213
Intergovernmental and other receivables	1,713,688
Prepaid items	23,550
Inventory held for resale	99,000
Leased asset	197,085
<b>TOTAL ASSETS</b>	<b>\$ 2,939,536</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 749,828
Accrued Wages	12,268
Total liabilities	762,096
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - grants	1,437,895
Total liabilities and deferred inflows of resources	2,199,991
<b>FUND BALANCES</b>	
Nonspendable	
Prepaid items	23,550
Restricted	715,995
Total fund balance	739,545
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,939,536</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2017

<b>FUND BALANCE OF GOVERNMENTAL FUND</b>	\$	739,545
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.		22,835
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred inflows in the fund. Grants		1,437,895
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund. Compensated absences payable		<u>(11,470)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>2,188,805</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<b>General</b>
<b>REVENUES</b>	
Intergovernmental	\$ 1,682,584
Operating grants	581,950
Charges for services	11,800
Interest	3,645
Property sales	149,247
Lease income	1,701
Miscellaneous	701
Total revenues	2,431,628
<b>EXPENDITURES</b>	
Current:	
General government	
Professional and contract services	2,696,352
Administration	733,909
Total expenditures	3,430,261
NET CHANGE IN FUND BALANCE	(998,633)
<b>FUND BALANCE, JANUARY 31</b>	<b>1,738,178</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 739,545</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

<b>NET CHANGES IN FUND BALANCE - TOTAL GOVERNMENTAL FUND</b>	\$	(998,633)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental fund report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities		7,878
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund Depreciation of capital assets		(8,081)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (i.e., earned but unavailable revenues) Grants		1,182,771
Some expenses, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund Compensated absences		<u>(1,176)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>182,759</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 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.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### a. 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.

### b. 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.

### c. 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.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### d. Fund Accounting

The Corporation uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement presentation purposes, the Corporation's fund is classified as governmental.

#### **Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the Corporation's only governmental fund:

#### 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.

### e. Measurement Focus

#### *Government-Wide Financial Statements*

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

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Fund Financial Statements*

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore may include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

#### **f. Basis of Accounting**

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources and in the presentation of expenses versus expenditures.

#### **g. Revenues - Exchange and Non-exchange Transactions**

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

Non-exchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Corporation must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Corporation on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, interest and grants revenue sources are considered to be both measurable and available at year-end.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### h. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. The balance sheet has one item which qualifies for reporting in this category, unavailable revenue-grants, which is deferred due to funds not received within the period of availability.

### i. 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.

### j. 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.

### k. Federal Income Tax

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

### l. Cash and Cash Equivalents

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

### m. Prepaid Items

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

### n. Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon a combination of the purchase price plus costs of maintenance, rehabilitation, or demolition of homes on the properties. The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, or the home on the property is demolished.



# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### o. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Corporation maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Useful Life
Furniture and fixture	4 Years
Vehicles	4 Years

### p. Accrued Liabilities and Long- Term Obligations

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

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

### q. Compensated Absences

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

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

---

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

### r. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Investment in capital asset consists of capital assets, net of accumulated depreciation. 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 restricted net position at December 31, 2017 of \$1,086,746. The Corporation applies restricted resources first when an expense is incurred for which both restricted and unrestricted amounts are available.

### s. 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.

### t. 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.

### u. 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 2017.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### v. Fund Balance

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

#### *Nonspendable*

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

#### *Restricted*

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

#### *Committed*

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation’s Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

#### *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.

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *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.

## 3. DEPOSITS AND INVESTMENTS DEPOSITS

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

At December 31, 2017, the carrying amount of the Corporation's deposits was \$906,213 and the bank balance was \$906,213.

1. \$250,000 was covered by Federal depository insurance, by collateral held by the Corporation, or by collateral held by the Corporation's agent in the name of the Corporation; and
2. \$656,213 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the Corporation's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by FDIC.

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**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

**4. LIABILITIES**

a. Long term Liabilities

Long-term liabilities consist of accrued compensated absences. Changes in compensated absences for December 31, 2017 are as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1, 2017	Additions	Reductions	Balances December 31, 2017	Due within one year
Compensated absences	\$ 10,294	\$ 23,953	\$ 22,777	\$ 11,470	\$ 10,997

b. Line of Credit

Activity for the Corporation's line of credit is as follows:

GOVERNMENTAL ACTIVITIES	Balances January 1	Additions	Reductions	Balances December 31, due within one year
Line of credit	\$ -	\$ 200,000	\$ 200,000	\$ -

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**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

**5. CAPITAL ASSETS**

A summary of changes in capital assets during 2017 follows:

	Balances January 1, 2017	Additions	Retirements	Balances December 31, 2017
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets being depreciated				
Furniture and fixtures	\$ 25,355	\$ 7,878	\$ -	\$ 33,233
Vehicles	1,750	-	-	1,750
Total capital assets being depreciated	<u>27,105</u>	<u>7,878</u>	<u>-</u>	<u>34,983</u>
Less accumulated depreciation:				
Furniture and fixtures	3,629	7,644	-	11,273
Vehicles	438	437	-	875
Total accumulated depreciation	<u>4,067</u>	<u>8,081</u>	<u>-</u>	<u>12,148</u>
Total capital assets being depreciated, net	<u>23,038</u>	<u>(203)</u>	<u>-</u>	<u>22,835</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 23,038</u>	<u>\$ (203)</u>	<u>\$ -</u>	<u>\$ 22,835</u>

Depreciation expense of \$8,081 has been included in administration expenses in the statement of activities.

*Leased Asset*

In 2017, the Corporation purchased and renovated a structure that is being leased to an addiction recovery organization. The purchase and renovation totaled \$197,085. The lease is a 15 year lease. In 2017, the Corporation received one monthly lease payment.

**6. TRANSACTIONS WITH SUMMIT COUNTY**

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

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 7. RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

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

## 8. EMPLOYEE BENEFITS

### *Compensated Absences*

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

Vacation leave is accrued at the rate for County of Summit employees, set forth in the Codified Ordinances of Summit County, except that earned vacation shall be made available upon the successful completion, and favorable performance review, of a six-month probationary period as determined by the Executive Director. After six months of service with Summit County Land Reutilization Corporation, an employee will be credited with vacation earned during the first six months of employment. New employees with no prior public service are eligible for paid vacation only after six (6) months of employment. If a new employee with no prior service credit terminates employment before serving six (6) months of employment, he/she will receive no vacation pay out. Otherwise, when an employee terminates employment, he or she will receive the balance of unused, earned vacation time.

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

### *Health Insurance Benefits*

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

# SUMMIT COUNTY LAND REUTILIZATION CORPORATION

A Component Unit of Summit County  
For the Year Ended December 31, 2017  
Notes to the Basic Financial Statements

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## 8. EMPLOYEE BENEFITS (Continued)

### *Retirement Benefits*

The corporation adopted a SIMPLE IRA plan for all employees who met certain eligibility requirements dictated by plan documents. The plan allows employees to make contributions up to IRS contribution limits with the Corporation matching the first 3% of employee contributions. The SIMPLE IRA plan was terminated as of December 31, 2017 in favor of the Summit County Land Reutilization Corporation 401K plan created January 1, 2018. The new 401K plan allows higher employee contributions and employer match with a three year vesting schedule to encourage employee retention.

## 9. CONTINGENCIES

The Corporation received financial assistance from State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation.



## **SUPPLEMENTARY INFORMATION**

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Intergovernmental	\$ 1,681,000	\$ 1,681,000	\$ 1,682,584	\$ 1,584
Operating grants	3,460,840	3,460,840	361,950	(3,098,890)
Charges for services	7,875	7,875	11,800	3,925
Interest	2,400	2,400	3,645	1,245
Property sales	254,625	254,625	149,247	(105,378)
Lease income	-	-	1,701	1,701
Other	-	-	701	701
Total revenues	5,406,740	5,406,740	2,211,628	(3,195,112)
<b>EXPENDITURES</b>				
Current				
General government				
Professional and contract services	4,849,250	5,086,750	2,696,352	2,390,398
Administration	810,253	817,030	534,745	282,285
Total expenditures	5,659,503	5,903,780	3,231,097	2,672,683
NET CHANGE IN FUND BALANCE	(252,763)	(497,040)	(1,019,469)	(522,429)
<b>FUND BALANCE, JANUARY 1</b>	1,925,682	1,925,682	1,925,682	-
<b>FUND BALANCE, DECEMBER 31</b>	\$ 1,672,919	\$ 1,428,642	\$ 906,213	\$ (522,429)

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

**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 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:

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

**SUMMIT COUNTY LAND REUTILIZATION CORPORATION  
A COMPONENT UNIT OF SUMMIT COUNTY**

NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

**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**

GAAP Basis	\$ (998,633)
Net adjustment for revenue accruals	(220,000)
Net adjustment for expenditure accruals	<u>199,164</u>
Budget Basis	<u>\$ (1,019,469)</u>



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Summit County Land Reutilization Corporation  
Summit County  
1180 S. Main Street, Suite 230  
Akron, Ohio 44301

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Summit County Land Reutilization Corporation, Summit County, Ohio, a component unit of Summit County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Summit County Land Reutilization Corporation's basic financial statements and have issued our report thereon dated June 20, 2018.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Summit County Land Reutilization 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 Summit County Land Reutilization 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 Summit County Land Reutilization 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.

Board of Directors  
Summit County Land Reutilization Corporation

***Compliance and Other Matters***

As part of reasonably assuring whether the Summit County Land Reutilization 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 Summit County Land Reutilization Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Summit County Land Reutilization Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.  
June 20, 2018



# 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  
SEPTEMBER, 11 2018**