

**PORTAGE COUNTY LAND REUTILIZATION CORPORATION
PORTAGE COUNTY, OHIO
BASIC
FINANCIAL STATEMENTS**

FOR THE YEAR ENDING DECEMBER 31, 2014

MS. VICKI A. KLINE, CPA, TREASURER, PORTAGE COUNTY

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

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Accountant's Compilation Report

To the Board of Directors
Portage County, Ohio

We have compiled the basic financial statements, as listed in the table of contents, for the Portage County Land Reutilization Corporation (the "Corporation"), as of and for the year ending December 31, 2014. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 7, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. We have compiled such information without audit or review and, accordingly, we do not express an opinion or provide any assurance on it.

Julian & Grube, Inc.

April 13, 2015

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 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 those finances. 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.

Reporting the Corporation as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the Corporation to provide programs and 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 - Most of 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(SEE ACCOUNTANT'S COMPILATION REPORT)

Reporting the Corporation's Most Significant Funds

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. All of the funds of the Corporation can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 9-12 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 13-19 of this report.

Supplementary Information

The Corporation presents a budgetary comparison schedule for the general fund as supplementary information on pages 20-22 of this report.

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. Since this is the first year that the Corporation has prepared financial statements, comparison with prior year is not available. A comparative analysis will be provided in future years when prior year information is available.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

	Net Position	
	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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(SEE ACCOUNTANT'S COMPILATION REPORT)

The table below shows the comparative analysis of changes in net position for the year ended December 31, 2014. Since this is the first year that the Corporation has prepared financial statements, comparison with prior year is not available. A comparative analysis will be provided in future years when prior year information is available.

	Change in Net Position	
	Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Operating grants and contributions	\$ 559,765	\$ 292,845
General revenues:		
Grants and entitlements	340,332	360,916
Investment earnings	62	-
Total general revenues	<u>340,394</u>	<u>360,916</u>
Total revenues	<u>900,159</u>	<u>653,761</u>
Expenses:		
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>	-
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 period. The Corporation received \$559,765 in Moving Ohio Forward grant money, \$6,796 in donations, \$62 in investment earnings and \$333,535 in funding from Portage County which was Delinquent Tax Assessment and Collection (DTAC) funding.

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

Although not required, the Corporation's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The only budgeted fund is the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(SEE ACCOUNTANT'S COMPILATION REPORT)

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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . .	\$ 366,938
Prepayments	1,068
Total assets	368,006
Liabilities:	
Contracts payable.	37,388
Due to other governments	2,526
Total liabilities	39,914
Net position:	
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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expense) and Changes in Net Position Governmental Activities</u>
Governmental activities:			
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>
General revenues:			
Grants and entitlements not restricted to specific programs.			340,332
Investment income.			<u>62</u>
			340,394
Total general revenues.			<u>340,394</u>
Change in net position.			(26,917)
Net position at beginning of period . .			<u>355,009</u>
Net position at end of period.			<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
(SEE ACCOUNTANT'S COMPILATION REPORT)

		General
Assets:		
Equity in pooled cash and cash equivalents . .	\$	366,938
Prepayments		1,068
Total assets	\$	368,006
Liabilities:		
Contracts payable.	\$	37,388
Due to other governments		2,526
Total liabilities		39,914
Fund balances:		
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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General
Revenues:	
Intergovernmental.	\$ 333,536
Investment income.	62
Contributions and donations.	6,796
Moving Ohio Forward grant	634,618
Total revenues	975,012
 Expenditures:	
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
 Fund balances at beginning of period	 280,156
Fund balances at end of period	\$ 328,092

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
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds	\$ 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>
Change in net position of governmental activities	<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
(SEE ACCOUNTANT'S COMPILATION REPORT)

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
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 include the financial activities of the primary government, except for the fiduciary funds. 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

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

Fund Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014
(SEE ACCOUNTANT'S COMPILATION REPORT)

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
(SEE ACCOUNTANT'S COMPILATION REPORT)

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
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

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

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
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

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.

NOTE 3 - DEPOSITS AND INVESTMENTS

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).

PORTAGE COUNTY LAND REUTILIZATION CORPORATION
PORTAGE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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 dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
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>
Expenditures:				
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
Fund balances at beginning of period.	354,021	354,021	354,021	-
Fund balance at end of period	<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
(SEE ACCOUNTANT'S COMPILATION REPORT)

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
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NOTES TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014
(SEE ACCOUNTANT'S COMPILATION REPORT)

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>\$ 47,936</u>