



Dave Yost • Auditor of State

**CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION
CUYAHOGA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Cuyahoga County Land Reutilization Corporation
Cuyahoga County
323 West Lakeside Avenue, Suite 160
Cleveland, Ohio 44113

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, Ohio, as of December 31, 2013, 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* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund presents additional analysis and is not a required part of the basic financial statements.

The Federal Awards Expenditures Schedule also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules 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, these schedules are 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 August 6, 2014, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

August 6, 2014

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Cuyahoga County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2013

Unaudited

The discussion and analysis of Cuyahoga County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2013. 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 notes to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key Financial highlights for 2013 are as follows:

- The Corporation is focused on three interrelated principles: returning property to productive use, returning property to the tax duplicate, and accelerating economic or housing activity in Cuyahoga County communities. The Corporation works cooperatively with cities, other units of government, lenders, and individual property owners, to acquire troubled real estate and return it to productive use.
- Effective August 1, 2012, and presently running through May 31, 2014, the State of Ohio Attorney General's Office granted the Corporation as the lead entity, \$11,850,744 in grant monies. The money was to be used for residential demolition in Cuyahoga County. There are matching funds commitments by the Corporation and the Cuyahoga County Prosecutor's Office in order to obtain this money, which total to \$23,201,488. From these funds there was the obligation of the Corporation to reimburse/match the City of Cleveland's related demolition work with a total of \$8 million over this period of time. As of the end of 2013, the majority of this grant money had been received by the Corporation and the reimbursement/ match money to the City of Cleveland had been disbursed.

Using this Annual Financial Report

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

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

Cuyahoga County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Reporting on the Corporation as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the Corporation's net position and the changes in those assets. The change in net position is important because it tells the reader whether, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. However, in evaluating the overall position of the Corporation, non-financial information such as the condition of the Corporation's capital assets will also need to be evaluated.

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

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

Reporting on the Corporation's Most Significant Fund

Governmental Fund

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

Cuyahoga County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2013

Unaudited

The Cuyahoga County Land Reutilization Corporation as a Whole

Recall that the Statement of Net Position looks at the Corporation as a whole. Table 1 provides a summary of the Corporation's net position for 2013 and 2012.

Table 1
Net Position

	2013	2012
Assets		
Current and Other Assets	\$40,823,177	\$29,620,019
Depreciable Capital Assets	86,678	96,919
<i>Total Assets</i>	<u>40,909,855</u>	<u>29,716,938</u>
Liabilities		
Current and Other Liabilities	1,498,142	3,642,977
Long-Term Liabilities:		
Due Within One Year	1,280,000	1,237,008
Due In More Than One Year	4,145,000	5,425,000
<i>Total Liabilities</i>	<u>6,923,142</u>	<u>10,304,985</u>
Net Position		
Net Investment in Capital Assets	86,678	94,911
Unrestricted	33,900,035	19,317,042
<i>Net Position</i>	<u>\$33,986,713</u>	<u>\$19,411,953</u>

Cash collected by the Corporation is deposited into a checking account for operating purposes along with the majority of the funds kept in savings accounts currently paying interest at 0.15 percent to maximize the Corporation's funds. During 2013, cash and cash equivalents had a small decrease of \$13,058 from 2012.

Assets held for resale showed a \$11,611,412 increase over 2012.

Receivables at December 31, 2013, consisted of funds due from the County Fiscal Officer, funds due from the Neighborhood Stabilization Program-III (NSP-III), Environmental Protection Agency, and the Ohio Attorney General Demolition grants and loans. Intergovernmental receivables decreased due to the NSP-III and Ohio Attorney General grants winding down during 2012. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The decrease in liabilities was the result of the Corporation paying match money to the City of Cleveland before year end in 2013, as well as the paydown of the outstanding general obligation bonds.

Further details of the changes in net position between 2013 and 2012 can be observed in Table 2.

Cuyahoga County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 2
Changes in Net Position

	2013	2012
Revenues		
General Revenues		
Intergovernmental	\$7,000,000	\$7,000,000
Operating Grants	15,024,732	25,823,602
Interest	21,492	20,024
Miscellaneous	1,104,300	1,171,912
<i>Total General Revenues</i>	23,150,524	34,015,538
Program Expenses		
Professional and Contract Services	4,860,777	23,909,986
Indirect Salaries	2,104,975	2,236,383
Administration	1,359,931	751,128
Interest and Fiscal Charges	250,081	298,978
<i>Total Program Expenses</i>	8,575,764	27,196,475
<i>Increase in Net Position</i>	14,574,760	6,819,063
<i>Net Position Beginning of Year</i>	19,411,953	12,592,890
<i>Net Position End of Year</i>	\$33,986,713	\$19,411,953

Revenues decreased due to decreased operating grants remaining from the County and Federal grants related to the Consortium, as well as the Ohio Attorney General's Moving Ohio Forward grants. Professional and contract services decreased due to fewer properties acquired during 2013 and fewer expenses related to the Federal grants received and used by the Consortium mentioned previously.

The Corporation's main revenue sources are Federal and State grants and penalties on late paid delinquent property taxes and interest on those delinquencies collected and distributed to the Corporation by the County Fiscal Officer.

The Corporation expenses decreased due to lower disbursements related to lower grant partner revenues, decreased accounts, accrued wages and intergovernmental payables, as well as an increase in assets being held for resale.

The Corporation's Fund

Information about the Corporation's governmental fund begins on page 13. This fund is accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues of \$23,150,524 and expenditures of \$9,803,016.

Cuyahoga County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2013

Unaudited

Budgeting Highlights

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

During the course of 2013, the Corporation amended its general fund budget. All recommendations for a budget change come from the Corporation's Director of Finance to the Board of Directors for resolution enactment on the change. The general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

Original and final budgeted revenues for the general fund were \$25,174,880, and the actual revenue was \$23,464,022. The major factor contributing to the decrease of actual revenues as compared to original and final budgeted revenues was an decrease in grant income from the County from the Corporation's estimates. Actual expenditures were \$1,004,140 less than the final budget estimates due to conservative budgeting.

Capital Assets

During 2013, the Corporation had \$86,678 of furniture and equipment. See Note 6 of the basic financial statements for additional information on capital assets.

Debt

At the end of 2013, the Corporation had \$5,425,000 in bonds, with \$1,280,000 due within one year. See Note 9 of the basic financial statements for additional information on debt.

Current Financial Related Activities

The Corporation, in its continuing efforts to keep its operational and administrative costs down, has developed an operational policy to provide its staff with the best possible technologically advanced equipment and software available at a reasonable cost in order to assist their efforts in providing the most effective and cost efficient means of operation to meet the Corporation's goals and mission.

Contacting the Corporation's Financial Office

This financial report is designed to provide the citizens, taxpayers, investors, and creditors of the Corporation with a general overview of the Corporation's finances and to reflect the Corporation's accountability for the monies it receives. Questions concerning any of this information in this report or requests for additional information should be directed to Michael DiMartino, Director of Finance, Cuyahoga County Land Reutilization Corporation, 323 West Lakeside Avenue, Suite 160, Cleveland, Ohio 44113.

Basic Financial Statements

Cuyahoga County Land Reutilization Corporation

Statement of Net Position

For the Year Ended December 31, 2013

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$11,123,922
Cash Equivalents Held by Trustee	2,395,348
Accounts Receivable	3,679
Intergovernmental Receivable	106,301
Prepaid Items	52,361
Loans Receivable	546,675
Assets Held for Resale	26,594,891
Depreciable Capital Assets, Net	86,678
<i>Total Assets</i>	<u>40,909,855</u>
Liabilities	
Accounts Payable	1,221,226
Accrued Wages	93,357
Vacation Benefits Payable	64,394
Intergovernmental Payable	101,534
Accrued Interest Payable	17,631
Long-Term Liabilities:	
Due Within One Year	1,280,000
Due In More Than One Year	4,145,000
<i>Total Liabilities</i>	<u>6,923,142</u>
Net Position	
Net Investment in Capital Assets	86,678
Unrestricted	33,900,035
<i>Total Net Position</i>	<u><u>\$33,986,713</u></u>

See accompanying notes to the basic financial statements

Cuyahoga County Land Reutilization Corporation

Statement of Activities

For the Year Ended December 31, 2013

	<u>Governmental Activities</u>
Expenses:	
Land Reutilization	
Professional and Contract Services	\$4,860,777
Indirect Salaries	2,104,975
Administration	1,359,931
Interest and Fiscal Charges	250,081
	<u>8,575,764</u>
<i>Total Program Expenses</i>	
General Revenue:	
Intergovernmental	7,000,000
Operating Grants	15,024,732
Interest	21,492
Miscellaneous	1,104,300
	<u>23,150,524</u>
<i>Total General Revenues</i>	
<i>Increase in Net Position</i>	14,574,760
<i>Net Position Beginning of Year</i>	<u>19,411,953</u>
<i>Net Position End of Year</i>	<u><u>\$33,986,713</u></u>

See accompanying notes to the basic financial statements

Cuyahoga County Land Reutilization Corporation

Balance Sheet

Governmental Fund

December 31, 2013

	<u>General Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,123,922
Accounts Receivable	3,679
Intergovernmental Receivable	106,301
Prepaid Items	52,361
Loans Receivable	546,675
Assets Held for Resale	26,594,891
Restricted Assets:	
Cash Equivalents Held by Trustee	<u>2,395,348</u>
<i>Total Assets</i>	<u><u>\$40,823,177</u></u>
Liabilities and Fund Balance	
<i>Liabilities:</i>	
Accounts Payable	\$1,221,226
Accrued Wages	93,357
Intergovernmental Payable	<u>101,534</u>
<i>Total Liabilities</i>	<u>1,416,117</u>
Fund Balance	
Nonspendable	27,193,927
Restricted	2,395,348
Unassigned	<u>9,817,785</u>
<i>Total Fund Balance</i>	<u>39,407,060</u>
<i>Total Liabilities and Fund Balance</i>	<u><u>\$40,823,177</u></u>

See accompanying notes to the basic financial statements

Cuyahoga County Land Reutilization Corporation
*Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2013*

Total Governmental Fund Balances \$39,407,060

*Amounts reported for governmental activities in the
statement of net position are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 86,678

Vacation benefits payable is a contractually required benefit not
expected to be paid with expendable available financial
resources and therefore not reported in the funds. (64,394)

Accrued interest payable is not due and payable in the current
period and therefore is not reported in the funds. (17,631)

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the funds:

General Obligation Bonds (5,425,000)

Net Position of Governmental Activities \$33,986,713

See accompanying notes to the basic financial statements

Cuyahoga County Land Reutilization Corporation
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2013

	General Fund
Revenues	
Intergovernmental	\$7,000,000
Operating Grants	15,024,732
Interest	21,492
Other	1,104,300
	23,150,524
<i>Total Revenues</i>	<i>23,150,524</i>
Expenditures	
Professional and Contract Services	4,860,777
Indirect Salaries	2,101,446
Administration	1,349,690
Debt Service:	
Principal Retirement	1,237,008
Interest and Fiscal Charges	254,095
	9,803,016
<i>Total Expenditures</i>	<i>9,803,016</i>
<i>Net Change in Fund Balances</i>	<i>13,347,508</i>
<i>Fund Balance Beginning of Year</i>	<i>26,059,552</i>
<i>Fund Balance End of Year</i>	<i>\$39,407,060</i>

See accompanying notes to the basic financial statements

Cuyahoga County Land Reutilization Corporation
*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, 2013*

Net Change in Fund Balance -Total Governmental Fund	\$13,347,508
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	15,497	
Current Year Depreciation	<u>(20,535)</u>	
Total		(5,038)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(5,203)
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	4,014
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,237,008
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Some expenses reported in the statement of activities, such as vacation benefits payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(3,529)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>\$14,574,760</u></u>
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See accompanying notes to the basic financial statements

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

Note 1 - Reporting Entity and Basis of Presentation

Cuyahoga County Land Reutilization Corporation (the Corporation) is a body corporate and politic organized on April 16, 2009, by the Board of County Commissioners of Cuyahoga County (BOCC), under the authority of Chapter 1724, Ohio Revised Code.

The Corporation's governing body is a seven member Board of Directors, consisting of the County Fiscal Officer, the County Executive or their designee, a member of the County Council, two representatives of the City of Cleveland, and the remaining members selected by the County Executive, County Treasurer, and County Council representative. The Corporation is classified as a related organization of Cuyahoga County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39. The Board resolved to expand its membership to nine on October 28, 2011.

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 consists of all funds, departments, boards and agencies that are not legally separate from the Corporation and any other organizations that would need to be included to ensure the financial statements of the Corporation are not misleading.

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Corporation's 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.

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

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 fiduciary funds. These statements usually distinguish between those activities of the Corporation that are governmental and those that are considered business-type. The Corporation, however, does not have business-type activities.

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

Fund Financial Statements

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

Fund Accounting

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

For financial statement presentation purposes, the Corporation's fund is classified as governmental.

Governmental Funds

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

General Fund The general fund accounts for all financial resources that are received from the 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.

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore 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 in the financial records and reported on the financial statements. Government-wide financial 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, in the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

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

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

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required. See supplemental information on page 28.

Cash and Cash Equivalents

To improve cash management, cash received by the Corporation is pooled. Individual fund integrity is maintained through the Corporation's records. 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.

The Corporation utilizes a trustee to hold monies set aside under the provisions of the debt agreement. The balance in this account is presented on the balance sheet as "restricted assets – cash equivalents held by trustee".

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.

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price plus any 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. Properties with demolished homes in the City of Cleveland are transferred to the City after demolition, until those parcels may be merged with adjacent parcels for development or green space projects, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost.

Capital Assets

The Corporation's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the financial statements of the general fund.

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 fair market values as of the date received.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method for furniture and equipment over useful lives of five to fifteen years.

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.

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 Corporation will compensate the employees for the benefits through paid time off or some other means. The Corporation records a liability for all accumulated unused vacation time when earned for all employees with more than six months of service. Since the Corporation's employee policy limits the accrual of vacation time to six months from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

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 interfund loans, 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 formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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 the Board or a Corporation official delegated that authority, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

The Corporation applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Intergovernmental Revenue

The Corporation receives operating income through Cuyahoga County. This money represents the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are paid to the Corporation upon the Corporation's written request.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Note 3 – Changes in Accounting Principles

For year 2013, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB 14 and 34."

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the CAC's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Deposits and Investments

Monies held by the Corporation are classified by State Statute into two categories, active and inactive. Active monies are public monies determined to be necessary to meet current demand upon the Corporation treasury. Active monies must be maintained either as cash in the Corporation treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the Corporation's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Monies held by the Corporation, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

- Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
 4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the Corporation;
 5. Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook accounts;
 6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
 7. The State Treasurer's investment pool (STAR Ohio);
 8. Securities lending agreements in which the Corporation lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
 9. Up to twenty-five percent of the Corporation's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase.
 10. Fifteen percent of the Corporation's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase.
 11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper.
 12. One percent of the Corporation's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the Corporation. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 Director of Finance or an agent designated by the Director of Finance.

At year-end, the carrying amount of the Corporation's deposits was \$10,209,990 and the bank balance was \$10,324,301. All was collateralized with securities held by the pledging institution's trust department, not in the Corporation's name.

Note 5 - 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; injuries to employees; and natural disasters. During 2013, the Corporation contracted with Zito Insurance Agency for various types of insurance as follows:

Type	Coverage
General Aggregate	\$1,000,000/\$2,000,000
Liability Property	1,000,000
Commercial General Liability	1,000,000
Personal Injury	1,000,000
Business Personal Property	150,000
Ohio Employers Liability	1,700,000
Directors/Officers Liability	2,000,000
Employment Practices Liability	1,000,000
Employee Dishonesty	250,000
Employee Benefits Liability	1,000,000/3,000,000
Umbrella Coverage	5,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

Note 6 - Capital Assets

A summary of changes in capital assets during 2013 follows:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Furniture and Equipment	\$135,021	\$15,497	(\$7,793)	\$142,725
Less Accumulated Depreciation	(38,102)	(20,535)	2,590	(56,047)
<i>Governmental Activities Capital Assets, Net</i>	<u>\$96,919</u>	<u>(\$5,038)</u>	<u>(\$5,203)</u>	<u>\$86,678</u>

Note 7 – Employee Benefits

Compensated Absences

The Corporation employees earn vacation leave at varying rates based upon length of service. All employees may carry over accrued vacation time including any amounts resulting from the first year's employment, but all vacation time carried over from one calendar year must be used by the end of the following year, or it will be forfeited. Eligible employees hired prior to July 1, 2009, and eligible employees hired thereafter but who have worked continuously for at least six months may, conversely, ask that any unused vacation time be "cashed out" and paid to the employee. To "cash out", any unused carryover vacation time may be paid to the eligible employee if requested in writing no later than January 31 of the carry over year.

Health Insurance Benefits

The Corporation provides employee medical and prescription drug insurance through a choice of three companies. Full-time employees contribute 10 percent of the annual premium and part-time staff contribute a pro-rata portion to a maximum of 50 percent. The insurance plans include deductibles ranging from zero to \$500 for single and zero to \$1,000 for family.

Social Security

All employees pay into Social Security. The Corporation's liability is 6.2 percent of wages.

Note 8 - Receivables

Receivables at December 31, 2013, consisted of funds due from the County Treasurer and funds due from the Neighborhood Stabilization Program-III grant, Environmental Protection Agency, and the Ohio Attorney General Demolition grants and loans. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The principal item of governmental activities intergovernmental receivable is an Ohio Attorney General Demolition Grant in the amount of \$106,301.

Loans receivable represents loans to the Cleveland Housing Network and other various agencies. The loans bear varying interest rates. The loan to the Cleveland Housing Network is to be repaid by July 1, 2020. Loans expected to be collected in more than one year are \$546,675.

Cuyahoga County Land Reutilization Corporation

Notes To The Basic Financial Statements

For The Year Ended December 31, 2013

Note 9 - Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of the Corporation's bonds are as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Special Receipts Bonds, Series 2010 A	3.9%	\$9,000,000	December 1, 2017

The changes in the Corporation's long-term obligations during the year consist of the following:

	Principal Outstanding 12/31/2012	Additions	(Reductions)	Principal Outstanding 12/31/2013	Amount Due in One Year
Governmental Activities:					
Special Receipt Bonds, Series 2010 A	\$6,660,000	\$0	(\$1,235,000)	\$5,425,000	\$1,280,000
Capital Lease	2,008	0	(2,008)	0	0
Total Governmental Activities	\$6,662,008	\$0	(\$1,237,008)	\$5,425,000	\$1,280,000

The Corporation issued \$9 million of Series "A" Special Receipts tax-exempt bonds on December 14, 2010 to one private investor (Capital One Funding LLC) with a seven year life. These bonds call for semi-annual interest payments at the rate of 3.9 percent per year and annual principal payments. The Corporation made its last payment on the capital lease during 2013. This lease was paid out of the general fund.

Principal and interest requirements to retire the debt outstanding at December 31, 2013, are as follows:

	Series 2010 A Bonds (Tax Exempt)	
	Principal	Interest
2014	\$1,280,000	\$211,575
2015	1,330,000	161,655
2016	1,380,000	109,785
2017	1,435,000	55,965
Total	\$5,425,000	\$538,980

Supplemental Information

Cuyahoga County Land Reutilization Corporation
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$7,000,000	\$7,000,000	\$7,000,000	\$0
Grant Income	17,198,730	17,198,730	15,341,909	(1,856,821)
Interest	20,900	20,900	21,492	592
Miscellaneous	955,250	955,250	1,100,621	145,371
<i>Total Revenues</i>	<u>25,174,880</u>	<u>25,174,880</u>	<u>23,464,022</u>	<u>(1,710,858)</u>
Expenditures				
Current:				
Professional and Contract Services	22,605,468	22,605,468	21,103,555	1,501,913
Indirect Salaries	2,268,697	2,268,697	2,249,616	19,081
Administration	761,818	761,818	1,284,404	(522,586)
Total Current:	<u>25,635,983</u>	<u>25,635,983</u>	<u>24,637,575</u>	<u>998,408</u>
Debt Service:				
Principal Retirement	1,235,000	1,235,000	1,235,000	0
Interest and Fiscal Charges	259,740	259,740	254,008	5,732
Total Debt Service	<u>1,494,740</u>	<u>1,494,740</u>	<u>1,489,008</u>	<u>5,732</u>
<i>Total Expenditures</i>	<u>27,130,723</u>	<u>27,130,723</u>	<u>26,126,583</u>	<u>1,004,140</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,955,843)</u>	<u>(1,955,843)</u>	<u>(2,662,561)</u>	<u>(706,718)</u>
Other Financing Sources				
Proceeds of Sale of Assets Held for Resale	2,050,750	2,050,750	2,649,503	598,753
<i>Net Change in Fund Balance</i>	<u>94,907</u>	<u>94,907</u>	<u>(13,058)</u>	<u>(107,965)</u>
<i>Fund Balance Beginning of Year</i>	<u>13,532,328</u>	<u>13,532,328</u>	<u>13,532,328</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$13,627,235</u>	<u>\$13,627,235</u>	<u>\$13,519,270</u>	<u>(\$107,965)</u>

See accompanying notes to the supplemental information

Cuyahoga County Land Reutilization Corporation

*Notes to the Supplemental Information
For the Year Ended December 31, 2013*

Note 1 – Budgetary Basis of Accounting

Budgetary Process

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Cuyahoga County Land Reutilization Corporation

*Notes to the Supplemental Information
For the Year Ended December 31, 2013*

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

Net Change in Fund Balance	
GAAP Basis	\$13,347,508
Net Adjustment for Revenue Accruals	2,963,001
Net Adjustment for Expenditure Accruals	<u>(16,323,567)</u>
Budget Basis	<u><u>(\$13,058)</u></u>

**CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION
CUYAHOGA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Cuyahoga County</i>			
Neighborhood Stabilization Program (NSP 3)	B-08-UN-39-0002	14.218	\$ 118,672
Direct Award			
ARRA Neighborhood Stabilization Program (NSP 2)	B-09-CN-OH-0032	14.256	1,638
ARRA Neighborhood Stabilization Program (NSP 2) Reimbursements Paid to Coalition Partners	B-09-CN-OH-0032	14.256	2,200,979
Total ARRA Neighborhood Stabilization Program (NSP 2)			<u>2,202,617</u>
Total U.S. Department of Housing and Urban Development			<u>2,321,289</u>
U.S. Environmental Protection Agency			
Direct Award			
Brownfields Assessment Grants	BF-00E00415-0	66.818	245,052
Total U.S. Environmental Protection Agency			<u>245,052</u>
Total Federal Expenditures			<u><u>\$ 2,566,341</u></u>

The accompanying notes are an integral part of this schedule.

**CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Cuyahoga County Land Reutilization Corporation's (the Corporation's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The Corporation passes certain federal awards received from the United States Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the Corporation reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Corporation has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



Dave Yost • Auditor of State

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

Cuyahoga County Land Reutilization Corporation
Cuyahoga County
323 West Lakeside Avenue, Suite 160
Cleveland, Ohio 44113

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 General Fund of the Cuyahoga County Land Reutilization Corporation, Cuyahoga County, (the Corporation) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 6, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

August 6, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Cuyahoga County Land Reutilization Corporation
Cuyahoga County
323 West Lakeside Avenue, Suite 160
Cleveland, Ohio 44113

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Cuyahoga County Land Reutilization Corporation's (the Corporation) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Cuyahoga County Land Reutilization Corporation's major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Corporation's major federal program.

Management's Responsibility

The Corporation's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Corporation's compliance for the Corporation's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Corporation's major program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, the Cuyahoga County Land Reutilization Corporation complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The Corporation's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Corporation's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 6, 2014

**CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Neighborhood Stabilization Program 2, CFDA #14.256
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION

CUYAHOGA 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
AUGUST 19, 2014**