Office of Legislative
Auditor General

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May 21, 2015

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Office of Legislative Auditor General's Financial Assessment – Limited Review report for the Wayne County Land Bank Corporation's audited financial statements for the fiscal year ended September 30, 2014. Our report is dated May 5, 2015; DAP No. 2015-57-904. The report was accepted by the Audit Committee at its meeting held on May 13, 2015, and formally received by the Wayne County Commission on May 21, 2015.

We are pleased to inform you that officials from the Wayne County Land Bank provided their full cooperation. If you have any questions, concerns, or desire to discuss the report in greater detail, we would be happy to do so at your convenience. This report is intended for your information and should not be used for any other purpose.

Copies of all Office of Legislative Auditor General's final reports can be found on our website at: http://www.waynecounty.com/commission/743.htm.

Marcella Cora

Marcella Cora, CPA, CIA, CGMA, CICA
Auditor General

REPORT DISTRIBUTION

Wayne County Treasurer
Honorable Raymond J. Wojotowicz, Chairperson, Wayne County Land Bank Corporation
David Szymanski, Wayne County Deputy Treasurer
Christa McLellan, Deputy Treasurer-Financial Services

Wayne County Land Bank Corporation
Jamele Hage, Assistant Corporation Counsel

Department of Management & Budget
Tony Saunders, Interim Chief Financial Officer
Morgan Grondin, Management & Budget-Finance
Terry L. Hasse – Director, Grants and Contracts Administration, Management & Budget

Wayne County Executive

Office of Legislative
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May 5, 2015

DAP No. 2015-57-904

Honorable Raymond E. Basham, Chairman
Audit Committee
Wayne County Commission
County of Wayne, Michigan
500 Griswold Ave., Suite 727
Detroit, MI 48226

Subject: Office of Legislative Auditor General's Financial Assessment – Limited Review Report for the Wayne County Land Bank Corporation's Financial Statements for the fiscal year ended September 30, 2014.

Dear Chairman Basham:

The Department of Management & Budget provided the Wayne County Office of Legislative Auditor General (OAG) with a copy of the Wayne County Land Bank Corporation's (Land Bank) financial statements (see attached) for the fiscal year ended September 30, 2014, in accordance with Wayne County Ordinance 98-59, which requires all county departments, agencies and units to provide a copy of any audit or consulting report to the Legislative Auditor General.

Because we have performed more extensive financial reviews of the Land Bank's financial statements in the past few years, in accordance with professional attestation standards, and determined they were complete, thorough, and in accordance with generally accepted accounting principles, we elected to conduct a limited review of their financial reports for the fiscal year ended September 30, 2014.

Our limited review is substantially less in scope than an examination or audit in accordance with Generally Accepted Government Auditing Standards or Generally Accepted Auditing Standards, the objective of which is the expression of an opinion on the audited financial statements. Accordingly, we do not express such an opinion.

Our limited review of the Land Bank's financial statements and independent auditors' report for the fiscal year ended September 30, 2014, included, but was not necessarily limited to, a thorough and complete review of the documents; limited inquiries of Land Bank and county officials; and, analytical review procedures. Below we have summarized some key items from the financial and other reports for consideration by the Committee and Commission members:

BACKGROUND

- The Land Bank was incorporated on October 19, 2006, under the provisions of Section 5 of Article 3, and Section 28 of Article 7 of the Michigan Constitution of 1963, and the Land Bank Fast Track Act (Public Act 258 of 2003; MCL 124.751 to 124.774). The Land Bank acquires, manages, and disposes of public tax reverted property to foster development and promote economic growth. The Land Bank also sells abandoned properties and collaborates with non-profit organizations and developers to promote new economic development within Wayne County.

- The Land Bank, for financial reporting purposes, is classified as a discretely presented component unit of the County in accordance with generally accepted accounting principles. A discretely presented component unit is a legally separate entity from the County; however, the county is financially accountable and the relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

- The Land Bank Corporation's governing board consists of five members. The Wayne County Treasurer or his designee is the chairperson. Three members are appointed by the Wayne County Executive, and one member is appointed by the Wayne County Commission. The Land Bank is managed by an Executive Director selected by the Board of Directors.

- In past years the primary sources of revenue for the Land Bank Corporation were local and federal grants and the sale of property. For FY 2014, Land Bank Corporation relied on revenue generated through the Transforming Underdeveloped Residential and Business Opportunities (TURBO) program.

- An intergovernmental agreement, dated June 23, 2006, exists between the Treasurer of the County of Wayne, and the Michigan Land Bank Fast Track Authority, a Michigan public corporation which created the Wayne County Land Bank Corporation. The agreement requires the County to provide employees and other services to the Land Bank Corporation as required. The agreement is in effect until terminated under a resolution recommended by the Treasurer, and adopted by the Wayne County Commission.

- According to Article II Section 2.01 of the intergovernmental agreement, "The purpose of the agreement is to create and empower the County Land Bank to exercise the powers, duties, functions, and responsibilities as provided under the Land Bank Act for the benefit of the County and State. Additionally, these duties as they are being carried out include, but are not limited to, the power, privilege, and authority to acquire, manage and dispose of interests in property and doing all other things necessary or convenient to implement the purposes, objectives, and provisions of the Land Bank Act and the purposes, objectives, and powers delegated to a County Land Bank under other laws or executive orders."

EXTERNAL AUDITORS REPORTS AND LETTERS

- The Land Bank Corporation received a report on the audited financial statements from Rehmann Robson LLC. The external auditor report indicates that the financial statements are free of material misstatements and is represented fairly in accordance with Generally Accepted Accounting Principles, which means that the entity's financial condition, position, and operations are fairly presented in the financial statements.

FINANCIAL RESULTS/OPERATIONS

Description	FY 2014	FY 2013	Increase (Decrease)	Primary Reasons
Total Assets	$2,079,420	$840,517	$1,238,903	Increase in Equity in Pooled Cash and Investments of $1,192,242 received from TURBO properties from developers found not in compliance.
Total Liabilities	$1,070,806	$357,969	$712,837	Increase in accounts and contracts payable of $717,089 due to more payments to be made to the TURBO developers.
Total Net Position	$1,008,614	$482,548	$526,066	General decrease in program and operating expenses.

- The assets of the Land Bank exceeded its liabilities at September 30, 2014, by $1,008,614 (total net position), all of which is available for spending at the Land Bank's discretion.

- The Land Bank generates revenue from the TURBO Program which entails collection of 50 percent of eligible tax reverted property specific tax, pursuant to the Tax Reverted Clean Title Act, 2003 PA 260 MCL 211.1021 – 211.1025. In fiscal year 2014, the Land Bank's revenues totaled $878,692 as compared to $704,339 in fiscal year 2013. Land Bank's fiscal year revenue was generated primarily through the TURBO Program.

- Land Bank governmental fund balance for FY 2014 was $1,111,693, an increase of $524,078 from the prior year. The entire amount constitutes unassigned fund balance, which is available for spending at the Land Bank's discretion.

CONCLUSION and RECOMMENDATION

Based on our limited review, nothing came to our attention that caused us to believe the financial report, including audited financial statements of the Wayne County Land Bank Corporation are not presented in conformity with generally accepted accounting principles.

It is our recommendation that Wayne County Land Bank Corporation's audited financial statements for fiscal year ended September 30, 2014 be forwarded to the Wayne County Commission for receipt and filing.

Respectfully submitted,

Marcella Cora

Marcella Cora, CPA, CIA, CGMA, CICA
Auditor General

Attachment

Cc: Honorable Raymond J. Wojotowicz, Chairperson, Wayne County Land Bank Corporation
David Szymanski, Wayne County Deputy Treasurer
Christa McLellan, Deputy Treasurer-Financial Services
Morgan Grondin, Management & Budget-Finance
Jamele Hage, Assistant Corporation Counsel
Tony Saunders, Interim Chief Financial Officer, Management & Budget
Terry L. Hasse, Director, Grants Compliance and Contract Management, Management & Budget

Attachment

Wayne County Land Bank
Financial Statements
Fiscal Year Ended September 30, 2014

WAYNE COUNTY LAND BANK CORPORATION

Year Ended September 30, 2014

Financial Statements

Rehmann

Business wisdom delivered.

WAYNE COUNTY LAND BANK CORPORATION

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Rehmann

Rehmann Robson

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Jackson, MI 49203
Ph: 517.787.6503
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rehmann.com

INDEPENDENT AUDITORS' REPORT

April 27, 2014

To the Wayne County Land Bank Corporation Board of Directors,
the Wayne County Commission and the County Executive
Charter County of Wayne, Michigan

We have audited the accompanying financial statements of the governmental activities and the general operating fund of the ***Wayne County Land Bank Corporation,*** *a component unit of the Charter County of Wayne, Michigan,* as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 operating fund of the Wayne County Land Bank Corporation as of September 30, 2014, and the respective changes in its financial position thereof for the year then ended, in conformity with 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 that management's discussion and analysis and the budgetary comparison schedule, as listed in the table of contents, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

WAYNE COUNTY LAND BANK CORPORATION
(A Component Unit of the Charter County of Wayne, Michigan)

Management's Discussion and Analysis
(Unaudited)

As management of the Wayne County Land Bank Corporation (the "Land Bank"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Land Bank for the fiscal year ended September 30, 2014.

The Wayne County Land Bank Corporation is a public corporation that was created for the administration of public affairs and supported in whole or part by public funds, and officials appointed by local government, Wayne County, govern it. Therefore, the Land Bank is treated as a government entity, for accounting and auditing purposes, that is subject to generally accepted accounting principles (GAAP) for state and local governments.

Financial Highlights

- The assets of the Land Bank exceeded its liabilities at September 30, 2014, by $1,008,614 (total net position), all of which is available for spending at the Land Bank's discretion.

- The Land Bank generates revenue from the TURBO Program which entails collection of 50 percent of eligible tax reverted property specific tax, pursuant to the Tax Reverted Clean Title Act, 2003 PA 260 MCL 211.1021 - 211.1025. In fiscal year 2014, the Land Bank's revenues totaled $878,692 as compared to $704,339 in fiscal year 2013. Land Bank's fiscal year 2014 revenue was generated primarily through the TURBO program.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Land Bank's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains a budgetary schedule as required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* provide a broad view of the Land Bank's operations in a manner similar to a private-sector business.

The *statement of net position* presents all of the Land Bank's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Land Bank is improving or deteriorating.

The *statement of activities* presents information showing how the Land Bank's net position changed during the most recent fiscal year. All changes in the Land Bank's net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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 Land Bank uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 Land Bank's near-term financing requirements.

Because the focus of 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, readers may better understand the long-term impact of the Land Bank'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.*

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.

Government-wide Financial Analysis

	Net Position	
	2014	**2013**
Assets		
Current assets	$ 2,079,420	$ 839,664
Capital assets	-	853
Total assets	2,079,420	840,517
Liabilities		
Current liabilities	977,823	283,899
Noncurrent liabilities	92,983	74,070
Total liabilities	1,070,806	357,969
Net position		
Net investment in capital assets	-	853
Unrestricted	1,008,614	481,695
Total net position	$ 1,008,614	$ 482,548

As noted earlier, net position may serve over time as a useful indicator of the Land Bank's financial condition. In the case of the Land Bank, assets exceeded liabilities by $1,008,614 at September 30, 2014.

Total assets and liabilities increased by $1,238,903 and $712,837, respectively. Total net position increased by $526,066 due to a general decrease in program and operating expenses as compared to the prior year.

	Change in Net Position	
	2014	**2013**
Revenues		
Program revenue -		
TURBO revenues	$ 876,308	$ 703,803
General revenue -		
Interest and rents	2,384	536
Total revenues	878,692	704,339
Expenses	352,626	398,822
Change in net position	526,066	305,517
Net position, beginning of year	482,548	177,031
Net position, end of year	$ 1,008,614	$ 482,548

TURBO revenues increased by $172,505 due to additional collections resulting from the TURBO program.

An increase in the cost of fringe benefits other than retirement of $40,884 is directly related to payouts of accumulated compensated absences in early fiscal year 2014 as a result of personnel layoffs.

Total program expenses decreased by $46,196 due primarily to the sale of remaining parcels of inventoried property and related contractual services, land development and demolition expenses.

Fund Analysis

As noted earlier, the Land Bank uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Land Bank's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Land Bank's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

WAYNE COUNTY LAND BANK CORPORATION
(A Component Unit of the Charter County of Wayne, Michigan)

Management's Discussion and Analysis
(Unaudited)

As of the end of the current fiscal year, the Land Bank's governmental fund reported ending fund balance of $1,111,693, an increase of $524,078 in comparison with the prior year. The entire amount constitutes *unassigned fund balance* , which is available for spending at the Land Bank's discretion.

Budgetary Highlights

A budget is adopted for the year. Amendments are prepared as necessary. No reclassifications were made this fiscal year that were significant budget adjustments to account for any activity.

Economic Factors and Next Year's Budgets and Rates

- The Wayne County Land Bank Corporation relies on revenue generated through the TURBO program.

- The Land Bank has no budget appropriated for funding from Wayne County in the next fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Land Bank's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Wayne County Land Bank Corporation, 500 Griswold, 30th Floor, Detroit, Michigan 48226.

WAYNE COUNTY LAND BANK CORPORATION
(A Component Unit of the Charter County of Wayne, Michigan)

Governmental Fund Balance Sheet and Statement of Net Position
September 30, 2014

	General Operating Fund	Adjustments	Statement of Net Position
Assets			
Current assets:			
Equity in pooled cash and investments	$ 1,878,484	$ -	$ 1,878,484
Other cash and investments	5,500	-	5,500
Accounts receivable	195,436	-	195,436
Total assets	$ 2,079,420	-	2,079,420
Liabilities			
Current liabilities:			
Accounts and contracts payable	$ 961,037	-	961,037
Liability for compensated absences	-	10,096	10,096
Other liabilities	6,690	-	6,690
Total current liabilities	967,727	10,096	977,823
Noncurrent liabilities:			
Net pension obligation	-	42,229	42,229
Net other postemployment benefits obligation	-	50,754	50,754
Total noncurrent liabilities	-	92,983	92,983
Total liabilities	967,727	103,079	1,070,806
Fund balance			
Unassigned	1,111,693	(1,111,693)	-
Total liabilities and fund balance	$ 2,079,420	(1,008,614)	1,070,806
Net position			
Unrestricted		$ 1,008,614	$ 1,008,614

See accompanying notes to the basic financial statements.

WAYNE COUNTY LAND BANK CORPORATION
(A Component Unit of the Charter County of Wayne, Michigan)

Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities

For the Year Ended September 30, 2014

	General Operating Fund	Adjustments	Statement of Activities
Program revenues			
TURBO revenues	$ 876,308	$ -	$ 876,308
Expenditures / expenses			
Salaries and wages	123,898	-	123,898
Fringe benefits other than retirement	58,515	(21,754)	36,761
Retirement pension and health care	66,696	18,913	85,609
Contractual services	89,981	-	89,981
Legal	12,245	-	12,245
Travel	1,080	-	1,080
Materials and supplies	305	-	305
Operating	1,894	-	1,894
Depreciation	-	853	853
Total expenditures / expenses	354,614	(1,988)	352,626
Program revenues over expenditures /expenses	521,694	1,988	523,682
General revenues			
Interest and rents	2,384	-	2,384
Change in fund balance / net position	524,078	1,988	526,066
Fund balance/net position at October 1, 2013	587,615	(105,067)	482,548
Fund balance/net position at September 30, 2014	$ 1,111,693	$ (103,079)	$ 1,008,614

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Wayne County Land Bank Corporation (the "Land Bank"), a discretely presented component unit of the Charter County of Wayne, Michigan (the "County"), was incorporated October 2006 under the provisions of Section 5 of Article 3, and Section 28 of Article 7, of the Michigan Constitution of 1963 and the Land Bank Fast Track Act, 2003 PA 258, MCL 124.751 to 124.774. Under these provisions, an intergovernmental agreement (the "Agreement") was entered into between the Land Bank and the Michigan Land Bank Fast Track Authority (the "Authority"), a public body corporate and politic within the Michigan Department of Labor and Economic Growth, and the Wayne County Treasurer. This Agreement established the Land Bank as a separate legal entity and public body corporate to administer and execute Land Bank objectives.

The Land Bank's Articles of Incorporation provide for a governing body of five members (the "Board"). The five members include the Wayne County Treasurer, or his designee, three appointments made by the Wayne County Chief Executive, and one appointment by the Wayne County Commission. For financial reporting purposes, the Land Bank is a component unit of the County because each member of the Board is either a County employee, or appointed by the County, which indicates that the County is able to either directly or indirectly impose its will on the Land Bank.

The objectives of the Land Bank are to acquire, manage and dispose of interests in public, tax-reverted property, to foster development of that property and promote economic growth. One program, TURBO (Transforming Underdeveloped Residential and Business Opportunities), reimburses investors by giving cash back to property owners who make significant real estate investments in the County. The Land Bank also sells abandoned property at affordable rates, works with nonprofit organizations and developers to provide economic support for new developments, and demolishes and maintains blighted property to create cleaner, safer neighborhoods.

The Land Bank generates revenue from the collection of 50 percent of eligible tax reverted property specific tax, pursuant to the Tax Reverted Clean Title Act, 2003 PA 260, MCL 211.1021 - 211.1025.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Land Bank gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Land Bank considers revenues to be available if they are collected within sixty days of the end of the current period. Interest and rents, and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time. Expenditures generally are recorded when the liability is incurred, as under accrual accounting.

Government-wide Financial Statements

The government-wide statement of net position and statement of activities report the overall financial activity of the Land Bank. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the Land Bank's governmental activities. Program revenues include: (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of the Fund. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The accounts of the Land Bank are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The financial statements of the Land Bank include a General Operating Fund, which is a governmental fund type. This fund accounts for all financial resources and expenditures.

Assets, Liabilities, and Fund Balance/Net Position

Cash and Investments - Cash resources of the Land Bank are pooled and invested. Interest on pooled investments is allocated among the respective County funds based on average investment balances. Securities traded on national and international exchanges are valued at last reported sales price at current exchange rates, which represent fair value. Investments that do not have an established market are reported at estimated fair market value. Gains or losses on investments sold or exchanged are recognized when the transactions are completed which approximates their settlement dates.

Capital Assets - Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Machinery and equipment is depreciated over five years.

Expenditures greater than $5,000 for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized; routine maintenance and repairs are charged to expense as incurred. At the time capital assets are disposed of, the costs and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the results of operations. The Land Bank's capital assets were fully depreciated in fiscal year 2014.

Compensated Absences - Through the County, employees charged to the Land Bank earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited.

In the government-wide financial statements, all vacation and sick pay is accrued when earned by the employee. In the fund financial statements, the funds report a liability for vacation and sick pay for employees who have separated from the County, however, their accrued vacation and sick pay remain due and payable at year-end.

Changes in the liability for compensated absences for the year ended September 30, 2014 are as follows:

Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
$ 31,850	$ 10,096	$ (31,850)	$ 10,096	$ 10,096

Accounts Payable and Other Liabilities - The majority of accounts payable represent amounts owed to developers participating in the TURBO program. Other liabilities represent accrued wages and fringe benefits. The Land Bank does not have deposit liabilities or liabilities in escrow at September 30, 2014.

Net Pension and Other Postemployment Benefits Obligations - The County offers both pension and retiree health care benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the County reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Complete information regarding the County's pension and retiree healthcare benefits is presented in the County's comprehensive annual financial report.

At year end, the Land Bank had net pension and OPEB obligations of $42,229 and $50,754, respectfully.

Fund Balance/Net Position -

In the fund financial statements, governmental funds may report the following components of fund balance:

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use of a specific purpose.

- Committed - Amounts that have been committed for specific purposes by formal action of the government's highest level of decision-making authority (i.e. Wayne County Land Bank Board). Commitments are made and can be rescinded only via resolution of the Wayne County Land Bank Board.

- Assigned - Amounts that are constrained by the government's intent (i.e., Wayne County Land Bank Board) to be used for specific purposes, but are neither restricted nor committed.

- Unassigned - Residual amounts remaining in the general operating fund.

The entire fund balance in the governmental fund has been reported as unassigned at September 30, 2014.

The government-wide financial statements utilize a net position presentation. Net position is typically categorized as net investment in capital assets (net of related debt), restricted and unrestricted. Net position is restricted when externally imposed by creditors, grantors, contributors, laws or regulations or constitutional provisions.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the County shall consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the County will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

At year-end, the carrying amount of the Land Bank's pooled cash and investments, which were deposited entirely in the County Treasurer's internal cash management pool was $1.9 million. Other cash and investments include cash on hand of $500 and an imprest checking account with a balance of $5,000. Because it is infeasible to allocate risk to individual component units or pool participants, aggregate cash and investment categories are presented in the County's basic financial statements.

3. BUDGET MATTERS

The budgetary comparison schedule is presented as required supplementary information. At September 30, 2014, actual revenues exceeded budget by $0.7 million; actual revenues over expenditures exceeded budget by approximately the same amount.

WAYNE COUNTY LAND BANK CORPORATION
(A Component Unit of the Charter County of Wayne, Michigan)

Notes to the Basic Financial Statements

4. RECONCILIATION OF FUND-BASED INFORMATION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Amounts reported in the statement of net position are different than the general operating fund because:

Total fund balance - general operating fund	$ 1,111,693
Compensated absences are not due and payable in the current period, and therefore are not reported in the general operating fund	(10,096)
Net pension obligation is not due and payable in the current period, and therefore is not reported in the general operating fund	(42,229)
Net other postemployment benefits obligation is not due and payable in the current period, and therefore are not reported in the general operating fund	(50,754)
Net position of governmental activities	$ 1,008,614

Amounts reported in the statement of activities are different than the general operating fund because:

Net change in fund balance - general operating fund	$ 524,078
The general operating fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation Current year depreciation expense	(853)
Retiree health care costs are reported in the general operating fund as they are paid; however, the statement of activities reports the expense as the obligation would be funded at the level of the actuarially required contribution	(21,985)
Pension costs are reported in the general operating fund as they are paid; however, the statement of activities reports the expense as the obligation would be funded at the level of the actuarially required contribution	3,072
Compensated absences are reported in the general operating fund as they are paid; however, the statement of activities reports the current year expense	21,754
Net position of governmental activities	$ 526,066

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REQUIRED SUPPLEMENTARY INFORMATION

WAYNE COUNTY LAND BANK CORPORATION
(A Component Unit of the Charter County of Wayne, Michigan)

Required Supplementary Information
Budgetary Comparison Schedule
For the Year Ended September 30, 2014

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Interest	$ -	$ -	$ 2,384	$ 2,384
Other	200,000	147,903	876,308	728,405
Total revenues	200,000	147,903	878,692	730,789
Expenditures				
Personnel	130,116	-	123,898	(123,898)
Fringe benefits other than retirement	53,998	2,000	58,515	(56,515)
Retirement pension / health care	36,325	-	66,696	(66,696)
Contractual services	123,100	309,903	89,981	219,922
Legal	13,000	13,000	12,245	755
Travel	2,000	1,857	1,080	777
Materials and supplies	4,000	3,500	305	3,195
Operating	14,492	3,843	1,894	1,949
Total expenditures	377,031	334,103	354,614	(20,511)
Revenues over (under) expenditures	(177,031)	(186,200)	524,078	710,278
Fund balance at October 1, 2013	587,615	587,615	587,615	-
Fund balance at September 30, 2014	$ 410,584	$ 401,415	$ 1,111,693	$ 710,278

See accompanying note to required supplementary information.

WAYNE COUNTY LAND BANK CORPORATION
(A Component Unit of the Charter County of Wayne, Michigan)

Note to Required Supplementary Information

1. BUDGETS AND BUDGETARY ACCOUNTING

Budgets shown in the financial statements for the general operating fund were prepared on the modified accrual basis used to reflect actual results.

The Executive Director prepares and submits a proposed operating budget to the Wayne County Land Bank Board for the fiscal year beginning October 1. The operating budget is adopted by the Board. Amendments to the operating budget are prepared and submitted to the Board for approval. The legal level of budgetary control for the Wayne County Land Bank is at the activity level. The budget has been adopted on the basis of activity totals, and the line item detail is shown for additional analysis only.

For budgetary purposes at year-end, encumbrances (representing purchase orders, contracts and other commitments) lapse and must be re-appropriated in the following year. All unencumbered appropriations lapse at the end of the fiscal year.

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