



Dave Yost • Auditor of State



CLARK COUNTY LAND REUTILIZATION CORPORATION  
CLARK COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Clark County Land Reutilization Corporation  
Clark County  
3130 East Main Street, Suite 1A  
Springfield, Ohio 45505

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and the major fund of Clark County Land Reutilization Corporation, Clark County, Ohio, (the Corporation), a component unit of Clark County, as of and for the period ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Clark County Land Reutilization Corporation, Clark County, Ohio, as of December 31, 2014, and the respective changes in financial position, thereof for the period then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2015, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 2, 2015

## **CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014  
(Unaudited)

The management discussion and analysis of Clark County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the financial activities for the period ended December 31, 2014. The Corporation began operations on April 23, 2014. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

### **Highlights**

Key highlights for the period since inception are as follows:

- The Corporation is focused on facilitating the transition of blighted, foreclosed and abandoned properties into viable, marketable properties by working collaboratively with public and private entities in a financially responsible, transparent manner with a long-term goal of returning these properties to the tax roll or other greater public purpose.
- The Corporation received \$37,589 from Clark County under an arrangement to receive 2.5% of delinquent taxes collected. These funds are disbursed from the Delinquent Tax and Assessment Collection (DTAC) fund.
- The Corporation secured \$680,000 in grant funds through the Neighborhood Initiative Program (NIP) via the Ohio Housing Finance Agency (OHFA) for the acquisition, demolition, and greening of single-family residential units throughout Clark County.
- The Corporation set up policies and procedures outlining the acquisition and sale of properties.

### **Overview of the Financial Statements**

This annual report consists of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Corporation's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Corporation and present a longer-term view of those assets. The Statement of Activities shows changes to net position of the Corporation. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014  
(Unaudited)

**Reporting the Corporation's Financial Activities**

*Statement of Net Position and the Statement of Activities*

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

These two statements report the Corporation's net position and changes in that position. This 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 will also need to be evaluated.

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

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

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

*General Fund*

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using the modified accrual of 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, if necessary.



**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014  
(Unaudited)

As this is the initial year of operation, a comparative presentation with prior year will be presented in subsequent years. The table below provides a summary of Corporation's net position for 2014:

**TABLE 1  
NET POSITION**

<i>Assets:</i>	
Current and other Assets	\$ 23,206
Assets held for resale	<u>2,542</u>
Total Assets	<u>25,748</u>
<i>Liabilities:</i>	
Current liabilities	<u>1,998</u>
Total Liabilities	<u>1,998</u>
<i>Net Position</i>	
Unrestricted	<u>23,750</u>
Total Net Position	<u><u>\$ 23,750</u></u>

Cash collected by the Corporation is deposited into a checking account for operating purposes. Cash balance at December 31, 2014 was \$19,919.

Assets held for resale consists of 6 properties acquired during 2014.

Accounts payable consists of amounts payable for contracted services totaling \$1,998 at December 31, 2014.

As this is the initial year of operation, a comparative presentation with prior year will be presented in subsequent years. The table below shows the change in net position for the period ending December 31, 2014:

**TABLE 2  
CHANGES IN NET POSITION**

<b>Revenues</b>	
General Revenues:	
Intergovernmental	\$ <u>38,549</u>
Total Revenues	<u>38,549</u>
<b>Program Expenses</b>	
Professional and contracted services	11,942
Administration	<u>2,857</u>
Total Expenses	<u>14,799</u>
Change in Net Position	23,750
Net Position Beginning of Period	<u>-</u>
Net Position End of Period	<u><u>\$ 23,750</u></u>

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014  
(Unaudited)

Revenues for 2014 consist primarily of 2.5% of delinquent taxes collected, contributed by Clark County to the Corporation for the purpose of land reutilization.

The Corporation's expenses for 2014 were comprised of contracted services and administration costs for Corporation activities.

**The Corporation's General Fund**

This fund is accounted for using the modified accrual basis of accounting.

**Capital Assets**

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

**Debt**

As of December 31, 2014, the Corporation did not have any outstanding debt. The Corporation does have an available line of credit with a local financial institution in the amount of \$150,000, with no amounts drawn as of December 31, 2014.

**Current Financial Related Activities**

The Corporation began operations on April 23, 2014. The Corporation is Clark County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Clark County. The purpose of the Corporation is to strengthen communities in Clark County by returning vacant and abandoned properties to productive use and by supporting strategic residential and commercial demolition activities. The principal operating revenues of the Corporation in the future will continue to be contributions from Clark County's Delinquent Tax and Assessment Collection fund.

**Request for Information**

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nancy Sowards, Fiscal Officer, Clark County Land Reutilization Corporation, 3130 East Main Street, Suite 1A, Springfield, Ohio 45505.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County

Statement of Net Position

December 31, 2014

	<b><u>Governmental Activities</u></b>
<b>Assets:</b>	
Cash	\$ 19,919
Prepaid items	3,287
Assets held for resale	<u>2,542</u>
Total Assets	<u>25,748</u>
<b>Liabilities:</b>	
Accounts Payable	<u>1,998</u>
Total Liabilities	<u>1,998</u>
<b>Net Position:</b>	
Unrestricted	<u>23,750</u>
Total net position	\$ <u><u>23,750</u></u>

See accompanying notes to the basic financial statements.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County

Statement of Activities

For the Period Ended December 31, 2014

	<u><b>Governmental Activities</b></u>
<b>Expenses:</b>	
Land Reutilization	
Professional and Contract Services	\$ 11,942
Administration	<u>2,857</u>
Total Program Expenses	<u>14,799</u>
<b>General Revenues:</b>	
Intergovernmental	37,589
Miscellaneous	<u>960</u>
Total General Revenues	<u>38,549</u>
Increase in Net Position	23,750
Net position at the Beginning of Period	<u>-</u>
Net position at the End of Period	<u>\$ 23,750</u>

See accompanying notes to the basic financial statements.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County

Balance Sheet

General Fund

December 31, 2014

**Assets:**

Cash	\$	19,919
Prepaid items		3,287
Assets held for resale		<u>2,542</u>
Total Assets	\$	<u><u>25,748</u></u>

**Liabilities:**

Accounts Payable	\$	<u>1,998</u>
Total Liabilities		<u>1,998</u>

**Fund Balance:**

Nonspendable		3,287
Unassigned		<u>20,463</u>
Total Fund Balance		<u>23,750</u>
Total Liabilities and Fund Balance	\$	<u><u>25,748</u></u>

See accompanying notes to the basic financial statements.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**  
 Component Unit of Clark County  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 General Fund  
 For the Period Ended December 31, 2014

<b>Revenues:</b>	
Intergovernmental	\$ 37,589
Miscellaneous	<u>960</u>
Total Revenues	<u>38,549</u>
<b>Expenditures:</b>	
Professional and Contract Services	11,942
Administration	<u>2,857</u>
Total Expenditures	<u>14,799</u>
Net Change in Fund Balance	23,750
Fund Balance Beginning of Period	<u>-</u>
Fund Balance End of Period	<u><u>\$ 23,750</u></u>

See accompanying notes to the basic financial statements.

## CLARK COUNTY LAND REUTILIZATION CORPORATION

Component Unit of Clark County  
Notes to the Basic Financial Statements  
For the Period Ended December 31, 2014

### 1. DESCRIPTION OF THE REPORTING ENTITY

The Clark County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Clark County on April 23, 2014 and incorporated on May 13, 2014 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is a five member Board of Directors, consisting of the County Treasurer, two County Commissioners, one representative of the City of Springfield, and one member representing the townships with populations in excess of 10,000.

The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code. The Corporation is classified as a component unit of Clark County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61.

The financial statements include all agencies, divisions, and operations for which the Corporation is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Corporation itself is included in the financial reporting entity.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

The Corporation's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

##### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation, however, does not have any business-type activities.

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

## CLARK COUNTY LAND REUTILIZATION CORPORATION

Component Unit of Clark County  
Notes to the Basic Financial Statements  
For the Period Ended December 31, 2014

### Fund Financial Statements

Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

#### **B. 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 only fund is classified as a governmental fund.

### 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 liabilities is reported as fund balance. The following is the Corporation's only governmental fund:

**General Fund:** The general fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. The general fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

#### **C. Measurement Focus**

### Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities 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 current liabilities 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. No reconciliations were required between the government-wide statements and the statements for the general fund.



## CLARK COUNTY LAND REUTILIZATION CORPORATION

Component Unit of Clark County  
Notes to the Basic Financial Statements  
For the Period Ended December 31, 2014

### D. Basis of Accounting

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

#### Revenues - Exchange and Non-exchange Transactions

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

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

#### 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, if any, are not recognized in governmental funds.

### E. Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for taxing governmental entities.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County

Notes to the Basic Financial Statements

For the Period Ended December 31, 2014

**F. Federal Income Tax**

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

**G. Cash**

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

**H. 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.

**I. 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 structures on the properties. The Corporation holds the properties until they are either sold or transferred to a private purchaser, non-profit, or public end-user. Properties 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.

**J. Accrued Liabilities**

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.

**K. Net Position**

Net position represents the difference between assets/deferred outflow of resources and liabilities/deferred inflows of resources. The Corporation did not have any deferred outflow of resources and deferred inflow of resources as of December 31, 2014. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2014.

**L. Intergovernmental Revenue**

The Corporation receives operating income through Clark 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.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County  
Notes to the Basic Financial Statements  
For the Period Ended December 31, 2014

**M. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**N. 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:

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

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

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

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

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

The Corporation has not adopted a formal fund balance policy.

The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County  
Notes to the Basic Financial Statements  
For the Period Ended December 31, 2014

**3. DEPOSITS**

At December 31, 2014, the entire amount of the Corporation's bank balance of \$19,919 was covered by Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure the Corporation's deposits may not be returned to it. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Corporation. Protection of the Corporation's cash and deposits is provided by the FDIC or collateralized by the financial institution.

**4. DEBT**

The Corporation has an available line of credit with a local financial institution in the amount of \$150,000, with no amounts drawn as of December 31, 2014.

**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 2014, the Corporation contracted with Wallace & Turner Insurance for various types of insurance as follows:

<u>Type</u>	<u>Coverage</u>	<u>Provider</u>
General Aggregate	\$2,000,000	Cincinnati Insurance
Products & Completed Op Aggregate	2,000,000	Cincinnati Insurance
Personal & Advertising Injury	1,000,000	Cincinnati Insurance
Each Occurrence	1,000,000	Cincinnati Insurance
Damage to Rented Premises	100,000	Cincinnati Insurance
Medical Expense (any one person)	5,000	Cincinnati Insurance

During 2014 the settled claims did not exceed commercial coverage.

**6. TRANSACTIONS WITH CLARK COUNTY**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Clark County Board of Commissioners to receive 2.5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax and Assessment Collection (DTAC) fund and will be available for appropriation by the Corporation to fund operations. For 2014, this amount totaled \$37,589.

Pursuant to a Contract for Services Agreement approved by the Board of Directors, the Corporation incurred \$10,454 personnel and related charges to the Clark County Development Department for the period ended December 31, 2014.

**CLARK COUNTY LAND REUTILIZATION CORPORATION**

Component Unit of Clark County  
Notes to the Basic Financial Statements  
For the Period Ended December 31, 2014

**7. LITIGATION**

The Corporation is not currently a party to any legal proceedings which would have a material impact on the financial statements.

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# 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*

Clark County Land Reutilization Corporation  
Clark County  
3130 East Main Street, Suite 1A  
Springfield, Ohio 45505

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Clark County Land Reutilization Corporation, Clark County, (the Corporation), a component unit of Clark County, as of and for the period ended December 31, 2014 and the related notes to the financial statements, and have issued our report thereon dated June 2, 2015.

### ***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

### ***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*.

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***Corporation's Response to Finding***

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

***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, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 2, 2015



CLARK COUNTY LAND REUTILIZATION CORPORATION  
CLARK COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014

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

FINDING NUMBER 2014-001

**Material Weakness – Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

An adjustment was made to the financial statements at December 31, 2014 to report \$2,259 as prepaid items rather than expenditures for insurance premiums paid in 2014 for a policy that covers 9 months of 2015.

Additionally, a reclassification was made to the financial statements at December 31, 2014 to report \$3,287 as non-spendable fund balance rather than unassigned fund balance in the General fund. The adjustment was necessary to properly classify the portion of fund balance related to the prepaid items, which are not in spendable form.

Failure to properly classify items on the financial statements results in inaccurate financial reports.

We recommend the Corporation implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. The reclassifications identified during the audit should be reviewed by the Fiscal Officer to ensure that similar errors are not reported on the financial statements in subsequent years.

**Officials' Response:**

Procedures to address FINDING NUMBER 2014-001 will be developed and implemented by the Clark County Land Reutilization Corporation.

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# Dave Yost • Auditor of State

## CLARK COUNTY LAND REUTILIZATION CORPORATION

### CLARK 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  
JUNE 23, 2015