CLARK COUNTY LAND REUTILIZATION CORPORATION
CLARK COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2016

Dave Yost · Auditor of State

CLARK COUNTY LAND REUTILIZATION CORPORATION
CLARK COUNTY
DECEMBER 31, 2016

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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 the Clark County Land Reutilization Corporation, Clark County, Ohio (the Corporation), a component unit of Clark County, as of and for the year ended December 31, 2016, 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, 2016, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2017, 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

Dave Yost
Auditor of State
Columbus, Ohio

August 18, 2017

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 year ended December 31, 2016. 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 $110,251 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 received $34,469 in unclaimed funds from Clark County.
- The Corporation billed $455,955 for 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 received a successful private letter ruling from the Internal Revenue Service affirming that contributions to the Clark County Land Reutilization Corporation are deductible as a charitable contribution under IRC section 170.

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 change 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.

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 change 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 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 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.

The table below provides a summary of the Corporation's net position for 2016 and 2015:

TABLE 1
NET POSITION

	2016	2015
Assets:		
Current and Other Assets	$ 186,625	$ 114,268
Assets Held for Resale	628,738	166,380
Total Assets	815,363	280,648
Liabilities:		
Current and Other Liabilities	85,972	14,368
Long-Term Liabilities:		
Due in More than One Year	191,787	-
Total Liabilities	277,759	14,368
Net Position		
Restricted	-	23,446
Unrestricted	537,604	242,834
Total Net Position	$ 537,604	$ 266,280

Cash collected by the Corporation is deposited into a checking account for operating purposes. Cash balance at December 31, 2016 and 2015 was $100,814 and $48,651 (including $27,035 and $23,446 restricted cash which was due to other governments), respectively. Unrestricted cash balance increased by $48,574 as of December 31, 2016 over previous year based on an overall increase in cash operating receipts over expenditures. Restricted cash balance increased by $3,589 as of December 31, 2016.

Assets held for resale as of December 31, 2016 increased by $462,358 over 2015 as the Corporation increased the acquisition of properties held for resale during 2016, including an acquisition of a commercial property for approximately $200,000.

Receivables at December 31, 2016, consisted primarily of funds due from the Ohio Housing Finance Agency (OHFA) Neighborhood Initiative Program. Intergovernmental receivables increased $20,851 due to grant receivable amount due from OHFA as of December 31, 2016. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The increase in current liabilities was primarily due to increases in accounts payable of $22,166 and unearned revenue of $21,907. Accounts payable includes $23,238 for remaining legal expenses incurred for a private letter ruling obtained by the Corporation during 2016. The unearned revenue represents amount received for maintenance fee from OHFA, but not yet earned. The increase in long-term liabilities at December 31, 2016 was due to the loan the Corporation obtained to purchase the commercial property noted above.

The table below shows the change in net position for the year ending December 31, 2016 and the period ending December 31, 2015:

TABLE 2
CHANGE IN NET POSITION

	2016	2015
Revenues		
Program Revenues:		
Charges for Services	$ 27,687	$ -
Operating Grants	455,955	134,849
Total Program Revenues	483,642	134,849
General Revenues:		
Intergovernmental	110,251	126,269
Other	34,759	36,907
Total General Revenues	145,010	163,176
Total Revenues	628,652	298,025
Program Expenses		
Professional and Contract Services	121,737	46,341
Economic Development - Land Reutilization	221,597	-
Administration	13,994	9,154
Total Expenses	357,328	55,495
Change in Net Position	271,324	242,530
Net Position Beginning of Period	266,280	23,750
Net Position End of Period	$ 537,604	$ 266,280

Governmental Activities

The Corporation's main revenue sources are OHFA Neighborhood Initiative Program grant and 2.5% of delinquent taxes collected and distributed to the Corporation by the County Treasurer.

Revenues increased by $330,627 primarily due to an increase of $321,106 in Neighborhood Initiative Program grant revenue earned during 2016 compared with 2015 and $34,469 in unclaimed funds from Clark County. Clark County DTAC funds revenue decreased by $16,018 during 2016 over 2015. In addition, in 2016 the Corporation reported charges for services from property sales, amounting to $27,687.

The Corporation's expenses increased by $301,833 during 2016 due to an increase of $221,597 related to economic development – land reutilization expense associated with properties put back into the community during the year and an additional $75,396 in professional and contract services reported for 2016 compared with the prior year.

The Corporation's General Fund

This fund is accounted for using the modified accrual basis of accounting. At December 31, 2016 the ending fund balance of the general fund was $729,391 which was an increase of $477,559 from the balance reported at the beginning of the year. The only reported difference between the general fund balance and the net position of governmental activities at the end of the year was the $191,787 long-term loan the Corporation entered into during the year.

Capital Assets

As of December 31, 2016 and 2015, the Corporation did not have any capital assets.

Debt

On December 19, 2016, the Corporation entered into a loan agreement to acquire a commercial property which is included in the assets held for resale. As of December 31, 2016, the Corporation borrowed $191,787 and has the ability to borrow additional funds up to the $250,000 loan maximum before maturity date of June 19, 2018. The promissory note has a variable interest rate (currently indexed at 3.5%) and requires one payment of all outstanding principal and accrued interest on June 19, 2018. The Corporation also has a line of credit with a local financial institution with a limit $250,000. As of December 31, 2016 and 2015 the Corporation has a zero ($0) balance due associated with the line of credit.

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.

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CLARK COUNTY LAND REUTILIZATION CORPORATION
Component Unit of Clark County
Statement of Net Position
December 31, 2016

	Governmental Activities
Assets:	
Cash	$ 73,779
Restricted Cash - Current	27,035
Accounts Receivable	1
Intergovernmental Receivable	82,758
Prepaid Items	3,052
Assets Held for Resale	628,738
Total Assets	815,363
Liabilities:	
Accounts Payable	23,283
Intergovernmental Payable	747
Unearned Revenue	34,907
Due to Other Governments from Restricted Assets	27,035
Long-Term Liabilities:	
Due in More than One Year	191,787
Total Liabilities	277,759
Net Position:	
Unrestricted	537,604
Total Net Position	$ 537,604

See accompanying notes to the basic financial statements.

CLARK COUNTY LAND REUTILIZATION CORPORATION
Component Unit of Clark County
Statement of Activities
For the Year Ended December 31, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental Activities:				
Professional and Contract Services	$ 121,737	$ -	$ -	$ (121,737)
Economic Development - Land Reutilization	221,597	27,687	455,955	262,045
Administration	13,994	-	-	(13,994)
Total	$ 357,328	$ 27,687	$ 455,955	126,314
General Revenues:				
Intergovernmental				110,251
Other				34,759
Total General Revenues				145,010
Change in Net Position				271,324
Net Position at the Beginning of Period				266,280
Net Position at the End of Period				$ 537,604

See accompanying notes to the basic financial statements.

CLARK COUNTY LAND REUTILIZATION CORPORATION
Component Unit of Clark County
Balance Sheet
General Fund
December 31, 2016

Assets:		
Cash	$	73,779
Restricted Cash - Current		27,035
Accounts Receivable		1
Intergovernmental Receivable		82,758
Prepaid items		3,052
Assets Held for Resale		628,738
Total Assets	$	815,363
Liabilities:		
Accounts Payable	$	23,283
Intergovernmental Payable		747
Due to Other Governments from Restricted Assets		27,035
Unearned Revenue		34,907
Total Liabilities		85,972
Fund Balance:		
Nonspendable		631,790
Unassigned		97,601
Total Fund Balance		729,391
Total Liabilities and Fund Balance	$	815,363

Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities

Total Governmental Fund Balance	$	729,391
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.		(191,787)
Net Position of Governmental Activities	$	537,604

See accompanying notes to the basic financial statements.

CLARK COUNTY LAND REUTILIZATION CORPORATION
Component Unit of Clark County
Statement of Revenues, Expenditures and Change in Fund Balance
General Fund
For the Year Ended December 31, 2016

Revenues:		
Intergovernmental	$	110,251
Operating Grants		470,403
Property Sales		27,687
Other		34,759
Total Revenues		643,100
Expenditures:		
Professional and Contract Services		121,737
Economic Development - Land Reutilization		221,597
Administration		13,994
Total Expenditures		357,328
Excess of Revenues Over Expenditures		285,772
Other Financing Sources:		
Loan Proceeds		191,787
Net Change in Fund Balance		477,559
Fund Balance Beginning of Period		251,832
Fund Balance End of Period	$	729,391

Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balance of Governmental Fund
to the Statement of Activities

Total Net Change in Fund Balance - Governmental Fund	$	477,559
Amounts reported for governmental activities in the statement of activities are different because:		
Proceeds from long-term debt oligations are reported as current financial resources in the fund but as an increase of long-term debt liabilities on the statement of net position.		(191,787)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. Operating grants		(14,448)
Change in Net Position of Governmental Activities	$	271,324

See accompanying notes to the basic financial statements.

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.

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 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 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 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 change 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; therefore a brief reconciliation is presented for the differences between the government-wide statements and the statements for the general fund.

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.

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

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.

For the year ended December 31, 2016 the Corporation reported no amounts which are classified as deferred inflows or outflows of resources.

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.

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. Once the properties are sold or titled back to the community, the Corporation recognizes the accumulated expenses on the operating statement.

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. 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 $23,446 in restricted cash assets at December 31, 2015 for funds held on behalf of participating Ohio Land Banks. As of December 31, 2016, the balance for funds held increased by $3,589, to $27,035, and is offset by an equal liability since an agreement was made to return the funds to the participating Ohio Land Banks. No restricted net position reported at year end.

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.

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.

3. DEPOSITS

At December 31, 2016, the entire amount of the Corporation's bank balance of $100,834 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. RECEIVABLES

Receivables at December 31, 2016, consisted of funds due from the Ohio Housing Finance Agency Neighborhood Initiative Program Grant and utilities reimbursement due from a homeowner. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The principal items of governmental activities intergovernmental receivables are an Ohio Housing Finance Agency Neighborhood Initiative Program grant in the amount of $82,758 and an accounts receivable from a homeowner for a reimbursement for utilities paid the Corporation in the amount of $1.

5. DEBT

On December 19, 2016, the Corporation obtained a loan in an amount not to exceed $250,000 to acquire a commercial property included in the assets held for resale. As of December 31, 2016, the Corporation borrowed $191,787 and has the ability to borrow additional funds up to the $250,000 limit before the maturity date of June 19, 2018. The promissory note has a variable interest rate (currently indexed at 3.5%) and requires one payment of all outstanding principal and accrued interest on June 19, 2018.

The change in the Corporation's long-term obligations during 2016 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Amount Due Within One Year
Governmental Activites:					
2016 Loan Payable	$ -	$ 191,787	$ -	$ 191,787	$ -

The Corporation also has an available line of credit with a local financial institution in the amount of $250,000, with no amounts drawn as of December 31, 2016.

6. 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 2016, the Corporation contracted with Wallace & Turner Insurance for various types of insurance as follows:

Type	Coverage	Provider
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

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.

7. 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 2016, this amount totaled $110,251.

Pursuant to a Contract for Services Agreement approved by the Board of Directors, the Corporation incurred $60,579 personnel and related charges to the Clark County Development Department for the year ended December 31, 2016.

8. LITIGATION

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

9. SUBSEQUENT EVENT

Subsequent to December 31, 2016, the Corporation has drawn an additional $20,000 against the loan obtained to purchase the commercial property and $150,000 against the line of credit (see Note 5).

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 year ended December 31, 2016, 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 18, 2017.

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.

Dave Yost
Auditor of State
Columbus, Ohio

August 18, 2017

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
SEPTEMBER 21, 2017

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

Dave Yost · Auditor of State

MANAGEMENT LETTER

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

To the Board of Directors:

We have audited the financial statements of the Clark County Land Reutilization Corporation, Clark County, Ohio (the Corporation), a component unit of Clark County, in accordance with *Government Auditing Standards*, as of and for the year ended December 31, 2016, and have issued our report thereon dated August 18, 2017.

Government Auditing Standards require us to report significant internal control deficiencies, fraud, (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated August 18, 2017, for the year ended December 31, 2016.

We are also submitting the following comments for your consideration regarding the Corporation's internal control. These comments reflect matters that do not require inclusion in the *Government Auditing Standards* report. Nevertheless, these comments represent matters for which we believe improvements in internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your Corporation. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Recommendations

1. Property Sales

The Board of Directors has approved a pricing schedule for properties that are sold by the Corporation. Sales amounts are derived from the appraised value of the property. The appraisal is based on the condition of the property at the time of sale, and may vary from the County Auditor's appraised value. The Corporation maintained invoices and receipts related to property sales however no documentation related to the calculations of the property sales were maintained.

The Corporation should implement procedures to verify that documentation is maintained for appraisals used in the calculation of property sale prices. Lack of details for property appraisals could result in inaccurate amounts being charged.

Recommendations
(Continued)

2. Fund Balance Classification

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. GASB 54 paragraph 6 indicates nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form. The "not in spendable form" criterion includes property acquired for resale.

A reclassification was made to the financial statements at December 31, 2016 to report $628,738 as nonspendable 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 assets held for resale.

To improve the accuracy of the Corporation's basic financial statements, the Corporation should implement procedures to review the basic financial statements. Failure to do so could result in materially misstated financial statements and unreliable financial information.

We intend this report for the information and use of the Board of Directors and management.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

August 18, 2017