



**RICHLAND COUNTY LAND REUTILIZATION CORPORATION  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2015**



**Dave Yost • Auditor of State**



**RICHLAND COUNTY LAND REUTILIZATION CORPORATION  
RICHLAND COUNTY  
DECEMBER 31, 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Richland County Land Reutilization Corporation  
Richland County  
50 Park Avenue East  
Mansfield, Ohio 44902

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 the Richland County Land Reutilization Corporation, Richland County, Ohio (the Corporation), as of and for the year ended December 31, 2015, 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 Richland County Land Reutilization Corporation, Richland County, Ohio as of December 31, 2015, 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 May 8, 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**  
Auditor of State  
Columbus, Ohio

May 8, 2017

## **Richland County Land Reutilization Corporation**

### *Management's Discussion and Analysis*

*For the Year Ended December 31, 2015*

*Unaudited*

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The management's discussion and analysis of the Richland County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2015. 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.

### **Financial Highlights**

Key financial highlights for 2015 are as follows:

- The Corporation received \$310,360 from Richland County under an arrangement to receive 5 percent of delinquent taxes and assessments collected.
- The Corporation received \$160,922 from the Moving Ohio Forward and Neighborhood Initiative Program grants.

### **Using this Annual Financial Report**

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

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

### **Reporting the Corporation as a Whole**

#### *Statement of Net Position and the Statement of Activities*

The Statement of Net Position and Statement of Activities include all assets and 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 net 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 of the Corporation will also need to be evaluated.

**Richland County Land Reutilization Corporation**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2015*

*Unaudited*

*(Continued)*

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

Assets  
Liabilities  
Deferred Inflows/Outflows  
Net Position (Assets minus Liabilities)  
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 basis 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 Richland County Land Reutilization Corporation as a Whole**

The table below provides a summary of Corporation's net position for 2015 compared to 2014.



**Richland County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2015*  
*Unaudited*  
*(Continued)*

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**Table 1**  
**Net Position**

	2015	2014
<b>Assets</b>		
Current and Other Assets	\$ 1,473,588	\$ 248,056
<b>Liabilities</b>		
Current and Other Liabilities	129,393	286
<b>Deferred Inflows of Resources</b>		
Loans	47,250	0
<b>Net Position</b>		
Unrestricted	1,296,945	247,770

During 2015, the Corporation's intergovernmental receivables increased \$977,870 over the prior year due to the Corporation qualifying for the Neighborhood Initiative Program grant.

Also in 2015, the Corporation's accounts payable increased \$129,107 due to ongoing demolition projects at year-end.

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

**Richland County Land Reutilization Corporation**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2015*  
*Unaudited*  
*(Continued)*

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**Table 2**  
**Net Position**

	2015	2014
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 69,678	\$ 10,482
Operating Grants	1,110,348	28,294
General Revenues		
Intergovernmental	310,360	290,001
<i>Total Revenues</i>	1,490,386	328,777
<b>Program Expenses</b>		
Professional and Contract Services	410,195	60,853
Administration	31,016	20,154
<i>Total Program Expenses</i>	441,211	81,007
<i>Change in Net Position</i>	1,049,175	247,770
<i>Net Position Beginning of Year</i>	247,770	0
<i>Net Position End of Year</i>	\$ 1,296,945	\$ 247,770

Intergovernmental revenues represent the 5 percent delinquent tax and assessments from the County.

During 2015, expenses increased across the board due to the Corporation acquiring more properties and increases in reimbursable grant revenues.

**The Corporation's Fund**

Information about the Corporation's governmental fund begins on page 9. This fund is accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues of \$580,925 and had expenditures of \$441,211.

**Capital Assets**

As of December 31, 2015, the Corporation does not have any capital assets.

**Debt**

As of December 31, 2015, the Corporation does not have any debt.

**Current Financial Related Activities**

**Richland County Land Reutilization Corporation**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2015*

*Unaudited*

*(Continued)*

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The Corporation, established on November 7, 2013, has been designated by Richland County, Ohio as its agent for the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed and other real property in Richland County. Principal operating revenues of the Corporation include contributions from Richland County's delinquent tax and assessment collection fund. The Corporation is currently participating in the Moving Ohio Forward Demolition Grant Program, through the office of the Ohio Attorney General, to assist communities with demolishing abandoned, vacant and blighted residential properties. Revenue for the Moving Ohio Forward Demolition Grant Program comes from the office of the Ohio Attorney General. The Corporation is also participating in the Neighborhood Initiative Program, a residential demolition grant program through the Ohio Housing Finance Agency.

**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 show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact Bart Hamilton, Chair of the Board of Directors, Richland County Land Reutilization Corporation, 50 Park Avenue East, Mansfield, Ohio 44906.

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**Richland County Land Reutilization Corporation**

*Statement of Net Position*

*December 31, 2015*

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	Governmental Activities
<b>Assets</b>	
Equity in Cash and Cash Equivalents	\$69,119
Intergovernmental Receivable	989,199
Prepaid Items	27,930
Inventory Held for Resale	340,090
Loans Receivable	47,250
	<hr/>
<i>Total Assets</i>	1,473,588
	<hr/>
<b>Liabilities</b>	
Accounts Payable	129,393
	<hr/>
<b>Deferred Inflows of Resources</b>	
Loans	47,250
	<hr/>
<b>Net Position</b>	
Unrestricted	1,296,945
	<hr/>
<i>Total Net Position</i>	\$1,296,945
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See accompanying notes to the basic financial statements

**Richland County Land Reutilization Corporation**

*Statement of Activities*

*For the Year Ended December 31, 2015*

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
General Government:				
Professional and Contract Services	\$410,195	\$69,678	\$1,110,348	\$769,831
Administration	31,016	0	0	(31,016)
<i>Total Governmental Activities</i>	441,211	69,678	1,110,348	738,815
		<b>General Revenues</b>		
		Grants and Entitlements not Restricted to Specific Programs		310,360
		Change in Net Position		1,049,175
		<i>Net Position Beginning of Year</i>		247,770
		<i>Net Position End of Year</i>		<u>\$1,296,945</u>

See accompanying notes to the basic financial statements

**Richland County Land Reutilization Corporation**

*Balance Sheet  
Governmental Funds  
December 31, 2015*

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	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$69,119
Intergovernmental Receivable	989,199
Prepaid Items	27,930
Inventory Held for Resale	340,090
Loans Receivable	47,250
	<hr/>
<i>Total Assets</i>	<u><u>\$1,473,588</u></u>
<b>Liabilities</b>	
Accounts Payable	\$129,393
	<hr/>
<b>Deferred Inflows of Resources</b>	
Loans	47,250
Unavailable Revenue	909,461
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Total Deferred Inflows of Resources	<u>956,711</u>
<b>Fund Balance</b>	
Nonspendable	75,180
Unassigned	312,304
	<hr/>
<i>Total Fund Balance</i>	<u>387,484</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u><u>\$1,473,588</u></u>

See accompanying notes to the basic financial statements

**Richland County Land Reutilization Corporation**

*Reconciliation of Total Governmental Fund Balance to*

*Net Position of Governmental Activities*

*December 31, 2015*

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<b>Total Governmental Fund Balance</b>	\$387,484
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*Amounts reported for governmental activities in the  
statement of net position are different because*

Other long-term assets are not available to pay for current- period  
expenditures and therefore, are deferred inflows in the fund

Intergovernmental Revenues	<u>909,461</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$1,296,945</u></u>
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**Richland County Land Reutilization Corporation**  
*Statement of Revenues, Expenditures and Change in Fund Balance*  
*Governmental Funds*  
*For the Year Ended December 31, 2015*

	General
<b>Revenues</b>	
Charges for Services	\$69,678
Intergovernmental	471,282
Contributions and Donations	39,965
<i>Total Revenues</i>	580,925
<b>Expenditures</b>	
Current:	
General Government:	
Professional and Contract Services	410,195
Administration	31,016
<i>Total Expenditures</i>	441,211
<i>Net Change in Fund Balance</i>	139,714
<i>Fund Balance Beginning of Year</i>	247,770
<i>Fund Balance End of Year</i>	\$387,484

See accompanying notes to the basic financial statements

**Richland County Land Reutilization Corporation**  
*Reconciliation of the Statement of Revenues, Expenditures and Change  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2015*

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**Net Change in Fund Balance - Total Governmental Funds** \$139,714

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

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds.

    Grants 909,461

*Change in Net Position of Governmental Activities* \$1,049,175

## **Richland County Land Reutilization Corporation**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015*

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### **Note 1 - Description of the Reporting Entity**

The Richland County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on November 7, 2013, when the Richland County Council authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 2012-214 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Richland County (the County) by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five to nine members including two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Mansfield), one representative from a township with the largest population (Madison Township), one representative from the local banking industry, and one local realtor.

The Corporation is dedicated to strategically acquiring tax foreclosed property and other foreclosed property from the Board of Revision, Sheriff's Sale, Bank Real Estate Owned, County Fiscal Officer, third parties, and through donations. The Corporation then strives to put the properties back to productive use.

The reporting entity for the Corporation is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consist of all funds, departments, boards and agencies that are not legally separate from the Corporation and any other organizations that would need to be included to ensure the financial statements of the Corporation are not misleading.

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

### **Note 2 - Summary of Significant Accounting Policies**

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation's significant accounting policies are described below.

**Richland County Land Reutilization Corporation**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015*

*(Continued)*

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***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***

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

***Fund Accounting***

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

***Governmental Funds***

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

## **Richland County Land Reutilization Corporation**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015*

*(Continued)*

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

### ***Measurement Focus***

#### ***Government-Wide Financial Statements***

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

#### ***Fund Financial Statements***

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore may include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

#### ***Basis of Accounting***

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

#### ***Revenues - Exchange and Nonexchange Transactions***

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

Nonexchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the

**Richland County Land Reutilization Corporation**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015*

*(Continued)*

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year when use is first permitted, matching requirements, in which the Corporation must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Corporation on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, grants and loan 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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation did not have any deferred outflows of resources at December 31, 2015.

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

***Expenses/Expenditures***

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

***Budgetary Process***

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

***Federal Income Tax***

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

***Cash and Cash Equivalents***

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

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

***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.

**Richland County Land Reutilization Corporation**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015*

*(Continued)*

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***Assets Held for Resale***

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of homes on the properties. The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, the home on the property is demolished, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund.

The Corporation had no long-term obligations at December 31, 2015.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its 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, 2015. The Corporation applies restricted resources first when an expense is incurred for which restricted and unrestricted amounts are available.

***Intergovernmental Revenue***

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

***Estimates***

The preparation of 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.

***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2015.

**Richland County Land Reutilization Corporation**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015*

*(Continued)*

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***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation’s Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed or use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Corporation’s Board. The Board has by resolution authorized the Executive Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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.



**Richland County Land Reutilization Corporation**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015*

*(Continued)*

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***Note 3 - Deposits***

***Deposits***

***Custodial credit risk*** is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Protection of the Corporation's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of Corporation's fund shall be required to pledge security for repayment of all public moneys. The Corporation has no investment policy dealing with deposit custodial risk beyond the requirement in State statute that requires securities purchased pursuant to this division shall be delivered into the custody of the Treasurer or an agent designated by the Treasurer.

Deposits - At December 31, 2015, the carrying amount of the Corporation's deposits was \$69,119 and the bank balance was \$69,178. At December 31, 2015 \$69,178 was covered by Federal depository insurance.

***Note 4 - Transactions with Richland County***

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Richland County Council to receive 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations.

***Note 5 - Risk Management***

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The Corporation maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past two years, nor has insurance coverage been significantly reduced from the prior year.

***Note 6 - Receivables***

Receivables at December 31, 2015, consisted of funds due from the City of Mansfield and funds due from the Ohio Housing Finance Agency Neighborhood Initiative Program Grant and loans. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The principal items of intergovernmental receivables are an Ohio Housing Finance Agency Neighborhood Initiative Program grant in the amount of \$982,742 as well as a receivable from the City of Mansfield for a reimbursement for work done on a demolition project in the amount of \$6,457.

Loans receivable represents loans to an individual for \$47,250 related to the demolition of a building. The loans bear a zero interest rate. The loan to the individual was used to demolish a building in Shelby and is to be repaid by October 15, 2026.

**Richland County Land Reutilization Corporation**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015*

*(Continued)*

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***Note 7 – Fund Balance***

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the government fund. The constraints placed on fund balance for the general fund is presented as follows:

<u>Fund Balance</u>	<u>General Fund</u>
Nonspendable:	
Prepays	\$27,930
Loans Receivable	<u>47,250</u>
Total Nonspendable	75,180
Unassigned	<u>312,304</u>
Total	<u><u>\$387,484</u></u>



# 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*

Richland County Land Reutilization Corporation  
Richland County  
50 Park Avenue East  
Mansfield, Ohio 44902

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 Richland County Land Reutilization Corporation, Richland County, Ohio, (the Corporation) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated May 8, 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 opinion 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

May 8, 2017