



**CRAWFORD COUNTY LAND REUTILIZATION CORPORATION
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016



Dave Yost • Auditor of State

**CRAWFORD COUNTY LAND REUTILIZATION CORPORATION
CRAWFORD COUNTY
DECEMBER 31, 2017 AND 2016**

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**CRAWFORD COUNTY LAND REUTILIZATION CORPORATION
CRAWFORD COUNTY
DECEMBER 31, 2017 AND 2016**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Crawford County Land Reutilization Corporation
Crawford County
112 E. Mansfield St., Suite 102
Bucyrus, Ohio 44820

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 Crawford County Land Reutilization Corporation, Crawford County, Ohio (the Corporation), as of and for the years ended December 31, 2017 and 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 Crawford County Land Reutilization Corporation, Crawford County, Ohio as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years 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.

Supplementary and Other Information

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

November 7, 2018

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Crawford County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

The management's discussion and analysis of the Crawford 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, 2017. 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 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 \$74,029 from Crawford County in 2017 under an arrangement to receive 5 percent of delinquent taxes collected.

The Corporation billed \$346,433 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 Crawford County.

Using This Annual Report

This annual report consists of financial statements and notes to the financial statements. These statements prepared and organized so the reader can understand the Corporation as a financial whole or as an entire operating entity.

The Statement of Net Position and the 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.

Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term, as well as what remains for future spending.

Reporting the Corporation as a Whole

The statement of net position and the statement of activities reflect how the Corporation did financially during 2017. These statements include all assets and liabilities using the accrual basis of accounting that is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is 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 the financial position of the Corporation as a whole has improved or diminished. However, in evaluating the overall position of the Corporation, non-financial information such as the condition of the Corporation's needs will also need to be evaluated.

Crawford County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

In the Statement of Net Position and the Statement of Activities, the Corporation has one kind of activity:

Governmental Activities - All of the Corporation's programs and services are reported here. These programs will be funded primarily by a percentage of delinquent property taxes collected and intergovernmental revenue including federal grants.

Reporting the Corporation's Most Significant Fund

The fund financial statements provide detailed information about the Corporation's major fund. The Corporation's major governmental fund is the General Fund.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are classified into three categories: governmental funds, proprietary funds, and fiduciary funds. The Corporation has only a governmental fund.

Governmental Fund - The presentation for the Corporation's only fund, the General Fund, focuses on how money flows into and out of it and the year end balance available for spending. The governmental fund is reported on the modified accrual accounting method that measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Corporation's general operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Corporation's short-term financing decisions.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

Government-Wide Financial Analysis

Table 1 provides a summary of the Corporation's net position for 2017 and 2016.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$378,752	\$95,723
Total Assets	<u>378,752</u>	<u>95,723</u>
Liabilities		
Current and Other Liabilities	79,166	425
Long-Term Liabilities	<u>100,000</u>	<u>0</u>
Total Liabilities	<u>179,166</u>	<u>425</u>
Net Position		
Unrestricted	<u>199,586</u>	<u>95,298</u>
Total Net Position	<u>\$199,586</u>	<u>\$95,298</u>

Crawford County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

In reviewing the table above, current and other assets is comprised of cash, prepaid items, intergovernmental receivables, and properties held for resale by the Corporation. Current and Other Assets increased significantly from 2016 as a result of the Corporation acquiring properties held for resale and from an increase in grant receivables due from OHFA. Current and other liabilities is comprised of amounts due for services provided to the Corporation and increased in 2017 from increases in accounts payable. Long-term liabilities increased from the Corporation obtaining loans in 2017 for the purpose of acquiring additional properties. The Corporation's total net position was unrestricted.

Table 2 shows the change in net position for 2017 and 2016.

Table 2
Change in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues		
Charges for Services	\$199	\$100
Operating Grants and Contributions	<u>480,787</u>	<u>33,440</u>
Total Program Revenues	<u>480,986</u>	<u>33,540</u>
General Revenues		
Grants and Entitlements Not Restricted to Specific Programs	74,029	70,784
Interest	8	5
Other	<u>183</u>	<u>0</u>
Total General Revenues	<u>74,220</u>	<u>70,789</u>
Total Revenues	<u>555,206</u>	<u>104,329</u>
Program Expenses		
General Government		
Professional and Contract Services	425,398	254
Program Administration	25,261	8,777
Interest and Fiscal Charges	<u>259</u>	<u>0</u>
Total Expenses	<u>450,918</u>	<u>9,031</u>
Change in Net Position	104,288	95,298
Net Position Beginning of Year	<u>95,298</u>	<u>0</u>
Net Position End of Year	<u>\$199,586</u>	<u>\$95,298</u>

Funding for the programs of the Corporation is derived from charges for services and operating grants and contributions.

Charges for services represents revenues realized by the Corporation for clear title to properties that have been reclaimed, rehabilitated, and reutilized. The most significant increase from 2016 was realized in operating grants and contributions as a result of the Corporation receiving grants from the OHFA Neighborhood Initiative Program and from an increase in contributions. General revenues are mostly comprised of the 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that was authorized by the Crawford County Board of Commissioners.

The Professional and Contract Services program consists of costs associated with the acquisition, demolition, and inspection of properties entrusted to the Corporation for the purposes of furthering the economic and housing development of Crawford County. The Program Administration program consists of costs related to the general administration of county land reutilization.

Crawford County Land Reutilization Corporation

Management’s Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

The Corporation’s expenses increased significantly in 2017 due to an increase in land reutilization expense associated with readying properties for anticipated return to community use and the related administrative costs.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by unrestricted intergovernmental revenues, and other general revenues.

Table 3

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
General Government				
Professional and Contract Services	\$425,398	(\$290,845)	\$254	\$33,286
Program Administration	25,261	321,172	8,777	(8,777)
Interest and Fiscal Charges	259	(259)	0	0
Total Expenses	<u>\$750,918</u>	<u>\$30,068</u>	<u>\$9,031</u>	<u>\$24,509</u>

A review of the above table demonstrates that program revenues paid over 100 percent of the total cost of services provided by the Corporation in 2017. For the professional and contract services program, operating grants and contributions primarily offset program expenses. For program administration, support was provided by general revenues that is comprised of 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that was authorized by the Crawford County Board of Commissioners.

The Corporation’s Fund

The Corporation’s governmental fund is the General Fund. The General Fund realized total revenues of \$408,773. Approximately 35 percent of the total revenues received by the Corporation was derived from 5 percent of delinquent taxes collected. Total expenditures for the General Fund amounted to \$450,659. The majority of expenditures were related to the acquisition of properties and returning them to a productive condition. The fund balance for the General Fund increased by \$58,114 in 2017.

Debt

On December 6, 2017, the Corporation entered into a loan agreement to acquire properties held for resale. As of December 31, 2017, the Corporation borrowed \$100,000 which has a loan maturity date of December 6, 2018. The promissory note has a variable interest rate (currently indexed at 4.75%) and requires on payment of all outstanding principal and accrued interest on December 6, 2018.

Requests for Information

This financial report is designed to provide a general overview of the Corporation’s finances for all those with an interest in the Corporation’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Manager, Crawford County Land Reutilization Corporation, 112 East Mansfield Street, Suite 207, Bucyrus, Ohio 44820.

Crawford County Land Reutilization Corporation

Statement of Net Position

December 31, 2017

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$63,365
Due from Other Governments	146,433
Prepaid Items	1,359
Properties Held for Resale	<u>167,595</u>
<i>Total Assets</i>	<u>378,752</u>
Liabilities	
Accounts Payable	78,907
Accrued Interest Payable	259
Long-Term Liabilities	
Due Within One Year	100,000
<i>Total Liabilities</i>	<u>179,166</u>
Net Position	
Unrestricted	<u>199,586</u>
<i>Total Net Position</i>	<u><u>\$199,586</u></u>

See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation

Statement of Activities

For the Year Ended December 31, 2017

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Professional and Contract Services	\$425,398	\$199	\$134,354	(\$290,845)
Program Administration	25,261	0	346,433	321,172
Interest and Fiscal Charges	259	0	0	(259)
<i>Total Governmental Activities</i>	\$450,918	\$199	\$480,787	30,068
			General Revenues	
			Grants and Entitlements not Restricted to Specific Purposes	74,029
			Interest	8
			Other	183
			<i>Total General Revenues</i>	74,220
			Change in Net Position	104,288
			<i>Net Position Beginning of Year</i>	95,298
			<i>Net Position End of Year</i>	\$199,586

See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation

*Balance Sheet
Governmental Fund
December 31, 2017*

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$63,365
Due from Other Governments	146,433
Prepaid Items	1,359
Properties Held for Resale	<u>167,595</u>
<i>Total Assets</i>	<u><u>\$378,752</u></u>
Liabilities	
Accounts Payable	78,907
Deferred Inflows of Resources	
Unavailable Revenue	146,433
Fund Balance	
Nonspendable	168,954
Unassigned (Deficit)	<u>(15,542)</u>
<i>Total Fund Balance</i>	<u>153,412</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u><u>\$378,752</u></u>

See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2017*

<i>Total Governmental Fund Balance</i>	\$153,412
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*Amounts reported for governmental activities on the
statement of net position are different because of the following:*

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the fund.

Due from Other Governments	146,433
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(259)
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Long-Term Liabilities

Due Within One Year	(100,000)
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<i>Net Position of Governmental Activities</i>	<u><u>\$199,586</u></u>
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See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Fund
For the Year Ended December 31, 2017

	General
Revenues	
Charges for Services	\$199
Contributions	134,354
Intergovernmental	274,029
Interest	8
Other	183
<i>Total Revenues</i>	<i>408,773</i>
Expenditures	
Current:	
General Government	
Professional and Contract Services	425,398
Program Administration	25,261
<i>Total Expenditures</i>	<i>450,659</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(41,886)</i>
Other Financing Sources	
Loan Proceeds	100,000
<i>Net Change in Fund Balance</i>	<i>58,114</i>
<i>Fund Balance Beginning of Year</i>	<i>95,298</i>
<i>Fund Balance End of Year</i>	<i>\$153,412</i>

See accompanying notes to the basic financial statements

Crawford County, Ohio
*Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance
of Governmental Fund to Statement of Activities
For the Year Ended December 31, 2017*

<i>Net Change in Fund Balance - Total Governmental Fund</i>	\$58,114
 <i>Amounts reported for governmental activities on the statement of activities are different because of the following:</i>	
 Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	
Intergovernmental	146,433
 Proceeds from long-term debt obligations are reported as current financial resources in the fund but as an increase of long-term debt liabilities on the statement of net position.	
	(100,000)
 Interest is reported as an expenditure when due in the governmental fund but is accrued on outstanding debt on the statement of net position.	
Accrued Interest Payable	<u>(259)</u>
 <i>Change in Net Position of Governmental Activities</i>	 <u><u>\$104,288</u></u>

See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Crawford County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Crawford County on November 24, 2015 and incorporated on December 4, 2015 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is the Board of Directors, which consists of five to nine members including two County Commissioners, the County Treasurer, a representative of the municipal corporation in the County with the largest population, and additional members selected by the statutory directors (Commissioners and County Treasurer).

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.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The Corporation's basic financial statements consist of government-wide financial 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. The statements distinguish between those activities of the Corporation that are governmental in nature and those that are considered business-type activities. 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 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.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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.

B. Fund Accounting

The Corporation uses funds to maintain its financial records during the year. A fund is defined as a fiscal and 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.

Governmental Funds

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

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. 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 liabilities associated with the operation of the Corporation are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements

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

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The governmental 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 outflows and deferred inflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means 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 thirty-one days after year end.

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

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.

For the year ended December 31, 2017 the Corporation reported no amounts which are classified as deferred outflows of resources.

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 Corporation, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Corporation, unavailable revenue includes intergovernmental revenues including grants. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further detail on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Expenses/Expenditures

On the accrual basis, 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.

E. Budgetary Process

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

F. Federal Income Tax

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

G. Cash and Investments

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.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. The transfer fees paid to the Crawford County Auditor for these abandoned properties are expensed in the year paid. These properties are valued at the lower of the amount of the related lien or the net realizable value. 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 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 and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on 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.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

K. Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources as of December 31, 2017. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations 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, 2017.

L. Intergovernmental Revenue

The Corporation receives operating income through Crawford 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 governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification 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” includes items that are not expected to be converted to cash. It also includes prepaid items, 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 - The restricted classification includes amounts 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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation’s Board of Directors. The committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Assigned - Amounts in the assigned 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 of Directors. The Board of Directors 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.

The Corporation first applies restricted resources when an expenditure is 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 can be used.

Note 3 - 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 cash and deposits is provided by the FDIC. As of December 31, 2017, the entire amount of the Corporation's bank balance of \$131,215 was covered by Federal Deposit Insurance Corporation (FDIC).

Note 4 - Government Grants

Support funded by grants is recognized as the Corporation performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

On November 28, 2016, the Corporation was awarded a grant through the Hardest Hit Fund (HHF) of the Neighborhood Initiative Program (NIP) to acquire blighted properties to improve property values and communities. On December 18, 2017, the grant agreement was amended and the Corporation was awarded \$1,293,750. The award is funded on a reimbursement basis as expenses are incurred first. As of December 31, 2017, \$346,433 of reimbursable expenses were incurred.

Note 5 - Transactions with Crawford County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Crawford County Board of Commissioners 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 and Assessment Collection (DTAC) fund and will be available for appropriation by the Corporation to fund operations. For December 31, 2017, this amount was \$74,029.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Pursuant to a Contract for Services Agreement approved by the Board of Directors, the Corporation incurred personnel and related charges to the Crawford County Treasurer's Office, the Crawford County Prosecutor's Office, and to the Crawford County Auditor's Office for the year ended December 31, 2017 in the amounts of \$15,497, \$325 and \$856, respectively.

Note 6 - Debt

On December 6, 2017, the Corporation obtained a loan in an amount of \$100,000 to acquire properties held for resale. The promissory note has a variable interest rate (currently indexed at 4.75%) and requires one payment of all outstanding principal and accrued interest on December 6, 2018.

The change in the Corporation's long-term obligations during 2017 was as follows:

	Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017	Amount Due in One Year
Loans Payable	\$0	\$100,000	\$0	\$100,000	\$100,000

Note 7 - 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 2017, the Corporation contracted with Auto-Owners (Mutual) Ins. Co. for the following coverage.

General Aggregate	\$3,000,000
Products and Completed OP Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence	1,000,000
Damage to Rented Premises	50,000
Medical Expense (any one person)	5,000

Settled claims did not exceed commercial coverage for 2017 or 2016.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 8 - 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 governmental fund. The constraints placed on fund balance for the General Fund is presented below.

	<u>Fund Balance</u>
Nonspendable for:	
Prepaid Items	\$1,359
Properties Held for Resale	167,595
Total Nonspendable	<u>168,954</u>
Unassigned (Deficit)	<u>(15,542)</u>
Total Fund Balance	<u>\$153,412</u>

Crawford County Land Reutilization Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales	\$1,000	\$1,000	\$199	(\$801)
Intergovernmental	270,000	270,000	274,029	4,029
Interest	0	0	8	8
Other	0	0	183	183
<i>Total Revenues</i>	271,000	271,000	274,419	3,419
Expenditures				
Current:				
General Government				
Professional and Contract Services	441,500	434,400	348,637	85,763
Program Administration	16,500	23,600	23,600	0
<i>Total Expenditures</i>	458,000	458,000	372,237	85,763
<i>Excess of Revenues Under Expenditures</i>	(187,000)	(187,000)	(97,818)	89,182
Other Financing Sources				
Loan Proceeds	180,000 #	180,000	100,000	(80,000)
<i>Net Changes in Fund Balance</i>	(7,000)	(7,000)	2,182	9,182
<i>Fund Balance Beginning of Year</i>	61,183	61,183	61,183	0
<i>Fund Balance End of Year</i>	\$54,183	\$54,183	\$63,365	\$9,182

See accompanying notes to the supplemental information.

Crawford County Land Reutilization Corporation

*Notes to the Supplemental Information
For the Year Ended December 31, 2017*

Note 1 - Budgetary Basis of Accounting

Budgetary Process

The budgetary process that is followed by the Corporation is for control purposes and is set forth in its Code of Regulations. At least thirty days prior to the end of each fiscal year, the Manager shall present to the Board of Directors the annual budget of the Corporation for the next succeeding fiscal year. The Board of Directors shall, at a regular or special meeting, conduct a public hearing on such budget and shall, at such meeting or at another meeting called for the purpose, adopt the annual budget which shall govern the expenditures of the Corporation during the fiscal year to which such budget applies. On and after the commencement of a fiscal year, the annual budget adopted for such fiscal year may be amended or supplemented by the Board of Directors as circumstances warrant. No binding monetary obligation of the Corporation shall be entered into unless there exists at the time in the applicable budget line item an unencumbered balance in an amount no less than lesser of (a) the amount of the monetary obligation to be incurred without either the amendment or supplement of such budget and line items by the Board of Directors and (b) the amount of the monetary obligation that will be due and payable in the fiscal year in which the monetary obligation is incurred. Nothing in this budgetary process shall be construed as prohibiting the President from approving the transfer of an unencumbered balance from any line item, account, or fund to a line item, account, or fund with respect to which an insufficient unencumbered balance exists when it is in the best interests of the Corporation to enter into the binding monetary obligation. In the event that due to unforeseen circumstances the annual budget has not been adopted and is not ready for adoption by the last day of the fiscal year immediately preceding the year for which such budget is to be effective, the Board of Directors may adopt a temporary budget governing fiscal matters for the first three months of the new fiscal year.

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

Crawford County Land Reutilization Corporation

*Notes to the Supplemental Information
For the Year Ended December 31, 2017*

The adjustments necessary to reconcile the GAAP and budgetary basis statements are as follows:

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$58,114
Net Adjustment for Expenditure Accruals	78,482
Prepaid Items	(159)
Properties Held for Resale	<u>(134,255)</u>
Budget Basis	<u><u>\$2,182</u></u>

Crawford County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2016

Unaudited

The management's discussion and analysis of the Crawford 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, 2016. 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 are as follows:

2016 was the first full year of operation for the Crawford County Land Reutilization Corporation. Net position for governmental activities was \$95,298.

The Corporation received \$70,784 from Crawford County in 2016 under an arrangement to receive 5 percent of delinquent taxes collected.

In 2016, the Corporation was approved for a \$1.725 million grant through the Ohio Housing Finance Agency to acquire blighted properties and return them to productive tax use. The grant award will be funded on a reimbursement basis.

Using This Annual Report

This annual report consists of financial statements and notes to the financial statements. These statements prepared and organized so the reader can understand the Corporation as a financial whole or as an entire operating entity.

The Statement of Net Position and the 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.

Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term, as well as what remains for future spending.

Reporting the Corporation as a Whole

The statement of net position and the statement of activities reflect how the Corporation did financially during 2016. These statements include all assets and liabilities using the accrual basis of accounting that is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is 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 the financial position of the Corporation as a whole has improved or diminished. However, in evaluating the overall position of the Corporation, non-financial information such as the condition of the Corporation's needs will also need to be evaluated.

Crawford County Land Reutilization Corporation

Management’s Discussion and Analysis

For the Year Ended December 31, 2016

Unaudited

In the Statement of Net Position and the Statement of Activities, the Corporation has one kind of activity:

Governmental Activities - All of the Corporation’s programs and services are reported here. These programs will be funded primarily by a percentage of delinquent property taxes collected and intergovernmental revenue including federal grants.

Reporting the Corporation’s Most Significant Fund

The fund financial statements provide detailed information about the Corporation’s major fund. The Corporation’s major governmental fund is the General Fund.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are classified into three categories: governmental funds, proprietary funds, and fiduciary funds. The Corporation has only a governmental fund.

Governmental Fund - The presentation for the Corporation’s only fund, the General Fund, focuses on how money flows into and out of it and the year end balance available for spending. The governmental fund is reported on the modified accrual accounting method that measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Corporation’s general operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Corporation’s short-term financing decisions.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

Government-Wide Financial Analysis

Table 1 provides a summary of the Corporation’s net position for 2016. No comparison is made to the prior year because no financial activity was incurred in 2015 when the entity was incorporated.

Table 1
Net Position

	<u>2016</u>
Assets	
Current and Other Assets	<u>\$95,723</u>
Total Assets	<u>95,723</u>
Liabilities	
Current and Other	
Liabilities	<u>425</u>
Total Liabilities	<u>425</u>
Net Position	
Unrestricted	<u>95,298</u>
Total Net Position	<u><u>\$95,298</u></u>

Crawford County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2016

Unaudited

In reviewing the table above, current and other assets is comprised of cash, prepaid items, and properties held for resale by the Corporation. Current and other liabilities is comprised of amounts due for services provided to the Corporation. The Corporation's total net position was unrestricted.

Table 2 shows the change in net position for 2016. No comparison is made to the prior year because no financial activity was incurred in 2015 when the entity was incorporated.

Table 2
Change in Net Position

	<u>2016</u>
Revenues	
Program Revenues	
Charges for Services	\$100
Operating Grants and Contributions	<u>33,440</u>
Total Program Revenues	<u>33,540</u>
General Revenues	
Grants and Entitlements Not Restricted to Specific Programs	70,784
Interest	<u>5</u>
Total General Revenues	<u>70,789</u>
Total Revenues	<u>104,329</u>
Program Expenses	
General Government	
Professional and Contract Services	254
Program Administration	<u>8,777</u>
Total Expenses	<u>9,031</u>
Increase in Net Position	95,298
Net Position Beginning of Year	<u>0</u>
Net Position End of Year	<u>\$95,298</u>

Funding for the programs of the Corporation is derived from charges for services and operating grants.

Charges for services represents revenues realized by the Corporation for clear title to properties that have been reclaimed, rehabilitated, and reutilized. Operating grants and contributions represents contributions received by the Corporation during 2016. General revenues are mostly comprised of the 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that was authorized by the Crawford County Board of Commissioners.

The Professional and Contract Services program consists of costs associated with the acquisition, demolition, and inspection of properties entrusted to the Corporation for the purposes of furthering the economic and housing development of Crawford County.

The Program Administration program consists of costs related to the general administration of county land reutilization.

Crawford County Land Reutilization Corporation

Management’s Discussion and Analysis

For the Year Ended December 31, 2016

Unaudited

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by unrestricted intergovernmental revenues, and other general revenues. No comparison is made to the prior year because no financial activity was incurred in 2015 when the entity was incorporated.

Table 3

	Total Cost of Services	Net Cost of Services
	<u>2016</u>	<u>2016</u>
General Government		
Professional and Contract Services	\$254	\$33,286
Program Administration	8,777	(8,777)
Total Expenses	<u>\$9,031</u>	<u>\$24,509</u>

A review of the above table demonstrates that program revenues sufficiently paid the total cost of services provided by the Corporation in 2016. For the professional and contract services program, operating grants and contributions primarily offset program expenses. For program administration, support was provided by general revenues that is comprised of 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that was authorized by the Crawford County Board of Commissioners.

The Corporation’s Fund

The Corporation’s governmental fund is the General Fund. The General Fund realized total revenues of \$104,329. Approximately 68 percent of the total revenues received by the Corporation was derived from 5 percent of delinquent taxes collected. Total expenditures for the General Fund amounted to \$9,031. The majority of expenditures were related to initial costs from the first full year of operation for the Corporation. The fund balance for the General Fund increased \$95,298 in 2016.

Requests for Information

This financial report is designed to provide a general overview of the Corporation’s finances for all those with an interest in the Corporation’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Manager, Crawford County Land Reutilization Corporation, 112 East Mansfield Street, Suite 207, Bucyrus, Ohio 44820.

Crawford County Land Reutilization Corporation

Statement of Net Position

December 31, 2016

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$61,183
Prepaid Items	1,200
Properties Held for Resale	<u>33,340</u>
<i>Total Assets</i>	<u>95,723</u>
Liabilities	
Accounts Payable	<u>425</u>
<i>Total Liabilities</i>	<u>425</u>
Net Position	
Unrestricted	<u>95,298</u>
<i>Total Net Position</i>	<u><u>\$95,298</u></u>

See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation

Statement of Activities

For the Year Ended December 31, 2016

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Professional and Contract Services	\$254	\$100	\$33,440	\$33,286
Program Administration	8,777	0	0	(8,777)
<i>Total Governmental Activities</i>	\$9,031	\$100	\$33,440	24,509
			General Revenues	
			Grants and Entitlements not Restricted to Specific Purposes	70,784
			Interest	5
			<i>Total General Revenues</i>	70,789
			Change in Net Position	95,298
			<i>Net Position Beginning of Year</i>	0
			<i>Net Position End of Year</i>	\$95,298

See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation

*Balance Sheet
Governmental Fund
December 31, 2016*

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$61,183
Prepaid Items	1,200
Properties Held for Resale	<u>33,340</u>
<i>Total Assets</i>	<u><u>\$95,723</u></u>
Liabilities	
Accounts Payable	<u>425</u>
<i>Total Liabilities</i>	<u>425</u>
Fund Balance	
Nonspendable	34,540
Unassigned	<u>60,758</u>
<i>Total Fund Balance</i>	<u>95,298</u>
<i>Total Liabilities and Fund Balance</i>	<u><u>\$95,723</u></u>

See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Fund
For the Year Ended December 31, 2016

	General
Revenues	
Charges for Services	\$100
Contributions	33,440
Intergovernmental	70,784
Interest	5
<i>Total Revenues</i>	104,329
Expenditures	
Current:	
General Government	
Professional and Contract Services	254
Program Administration	8,777
<i>Total Expenditures</i>	9,031
<i>Net Change in Fund Balance</i>	95,298
<i>Fund Balance Beginning of Year</i>	0
<i>Fund Balance End of Year</i>	\$95,298

See accompanying notes to the basic financial statements

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Crawford County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Crawford County on November 24, 2015 and incorporated on December 4, 2015 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is the Board of Directors, which consists of five to nine members including two County Commissioners, the County Treasurer, a representative of the municipal corporation in the County with the largest population, and additional members selected by the statutory directors (Commissioners and County Treasurer).

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.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The Corporation's basic financial statements consist of government-wide financial 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. The statements distinguish between those activities of the Corporation that are governmental in nature and those that are considered business-type activities. 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 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.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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.

B. Fund Accounting

The Corporation uses funds to maintain its financial records during the year. A fund is defined as a fiscal and 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.

Governmental Funds

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

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. 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 liabilities associated with the operation of the Corporation are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements

The governmental fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and change in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. No reconciliations were required between the government-wide statements and the statements for the General Fund.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The governmental 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 outflows and deferred inflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means 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 thirty-one days after year end.

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

Expenses/Expenditures

On the accrual basis, 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.

E. Budgetary Process

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

F. Federal Income Tax

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

G. Cash and Investments

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.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. The transfer fees paid to the Crawford County Auditor for these abandoned properties are expensed in the year paid. These properties are valued at the lower of the amount of the related lien or the net realizable value. 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 nominal cost. As of December 31, 2016, the Corporation held 6 parcels in trust of which the Corporation intends to sell or transfer for a nominal amount. Once the properties are sold or titled back to the community, the Corporation recognizes the accumulated expenses on the operating statement.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on 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 outflows of resources and liabilities/deferred inflows of resources as of December 31, 2016. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations 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, 2016.

L. Intergovernmental Revenue

The Corporation receives operating income through Crawford 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.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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 governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification 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” includes items that are not expected to be converted to cash. It also includes prepaid items, 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 - The restricted classification includes amounts 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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation’s Board of Directors. The committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned 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 of Directors. The Board of Directors 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.

The Corporation first applies restricted resources when an expenditure is 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 can be used.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Note 3 - 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 cash and deposits is provided by the FDIC. As of December 31, 2016, the entire amount of the Corporation's bank balance of \$61,183 was covered by Federal Deposit Insurance Corporation (FDIC).

Note 4 - Government Grants

Support funded by grants is recognized as the Corporation performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

On November 28, 2016, the Corporation was awarded \$1.725 million through the Hardest Hit Fund (HHF) of the Neighborhood Initiative Program (NIP) to acquire blighted properties to improve property values and communities. The award is funded on a reimbursement basis as expenses are incurred first. As of December 31, 2016, no reimbursable expenses were incurred.

Note 5 - Transactions with Crawford County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Crawford County Board of Commissioners 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 and Assessment Collection (DTAC) fund and will be available for appropriation by the Corporation to fund operations. For December 31, 2016, this amount was \$70,784.

Pursuant to a Contract for Services Agreement approved by the Board of Directors, the Corporation incurred \$2,080 of personnel and related charges to the Crawford County Treasurer's Office.

Note 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 Auto-Owners (Mutual) Ins. Co. for the following coverage.

General Aggregate	\$3,000,000
Products and Completed OP Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence	1,000,000
Damage to Rented Premises	50,000
Medical Expense (any one person)	5,000

During 2016 the settled claims did not exceed commercial coverage.

Crawford County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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 governmental fund. The constraints placed on fund balance for the General Fund is presented below.

	<u>Fund Balance</u>
Nonspendable for:	
Prepaid Items	\$1,200
Properties Held for Resale	33,340
Total Nonspendable	<u>34,540</u>
Unassigned	<u>60,758</u>
Total Fund Balance	<u>\$95,298</u>

Crawford County Land Reutilization Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$100	\$100
Intergovernmental	75,000	75,000	70,784	(4,216)
Interest	5,000	5,000	5	(4,995)
<i>Total Revenues</i>	80,000	80,000	70,889	(9,111)
Expenditures				
Current:				
General Government				
Professional and Contract Services	18,500	18,500	29	18,471
Program Administration	17,000	17,000	9,677	7,323
<i>Total Expenditures</i>	35,500	35,500	9,706	25,794
<i>Net Changes in Fund Balance</i>	44,500	44,500	61,183	16,683
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$44,500	\$44,500	\$61,183	\$16,683

See accompanying notes to the supplemental information.

Crawford County Land Reutilization Corporation

*Notes to the Supplemental Information
For the Year Ended December 31, 2016*

Note 1 - Budgetary Basis of Accounting

Budgetary Process

The budgetary process that is followed by the Corporation is for control purposes and is set forth in its Code of Regulations. At least thirty days prior to the end of each fiscal year, the Manager shall present to the Board of Directors the annual budget of the Corporation for the next succeeding fiscal year. The Board of Directors shall, at a regular or special meeting, conduct a public hearing on such budget and shall, at such meeting or at another meeting called for the purpose, adopt the annual budget which shall govern the expenditures of the Corporation during the fiscal year to which such budget applies. On and after the commencement of a fiscal year, the annual budget adopted for such fiscal year may be amended or supplemented by the Board of Directors as circumstances warrant. No binding monetary obligation of the Corporation shall be entered into unless there exists at the time in the applicable budget line item an unencumbered balance in an amount no less than lesser of (a) the amount of the monetary obligation to be incurred without either the amendment or supplement of such budget and line items by the Board of Directors and (b) the amount of the monetary obligation that will be due and payable in the fiscal year in which the monetary obligation is incurred. Nothing in this budgetary process shall be construed as prohibiting the President from approving the transfer of an unencumbered balance from any line item, account, or fund to a line item, account, or fund with respect to which an insufficient unencumbered balance exists when it is in the best interests of the Corporation to enter into the binding monetary obligation. In the event that due to unforeseen circumstances the annual budget has not been adopted and is not ready for adoption by the last day of the fiscal year immediately preceding the year for which such budget is to be effective, the Board of Directors may adopt a temporary budget governing fiscal matters for the first three months of the new fiscal year.

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

Crawford County Land Reutilization Corporation

*Notes to the Supplemental Information
For the Year Ended December 31, 2016*

The adjustments necessary to reconcile the GAAP and budgetary basis statements are as follows:

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$95,298
Net Adjustment for Expenditure Accruals	425
Prepaid Items	(1,200)
Properties Held for Resale	(33,340)
Budget Basis	<u><u>\$61,183</u></u>

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Dave Yost • Auditor of State

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

Crawford County Land Reutilization Corporation
Crawford County
112 E. Mansfield St., Suite 102
Bucyrus, Ohio 44820

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 Crawford County Land Reutilization Corporation, Crawford County, Ohio, (the Corporation) as of and for the years ended December 31, 2017 and 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 November 7, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

November 7, 2018



Dave Yost • Auditor of State

CRAWFORD COUNTY LAND REUTILIZATION CORPORATION

CRAWFORD 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
DECEMBER 18, 2018**