

LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY, OHIO
(A Component Unit of Licking County)

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2017



Dave Yost • Auditor of State

Board of Directors
Licking County Land Reutilization Corporation
20 South 2nd Street
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Licking County Land Reutilization Corporation, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Licking County Land Reutilization Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 28, 2018

This page intentionally left blank.

LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY, OHIO
(A Component Unit of Licking County)

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 6
Basic Financial Statements:	
Statement of Net Position	8
Statement of Activities.....	9
Balance Sheet - Governmental Fund	10
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to the Basic Financial Statements	14 - 21
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	22 - 23
Schedule of Findings and Responses.....	24

This page intentionally left blank.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Licking County Land Reutilization Corporation
Licking County
20 South 2nd Street
Newark, Ohio 43055

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 Licking County Land Reutilization Corporation, Licking County, Ohio, a component unit of Licking County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Licking County Land Reutilization 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 the accounting principles generally accepted in the United State 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 Licking County Land Reutilization 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 Licking County Land Reutilization 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 Licking County Land Reutilization Corporation, Licking County, Ohio, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with the accounting policies generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2018, on our consideration of the Licking County Land Reutilization 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 Licking County Land Reutilization Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 7, 2018

**LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

The management's discussion and analysis of Licking 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 Corporation began operations in July 2015. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole and financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- The Corporation is focused on returning property to productive use, returning property to the tax duplicate and accelerating economic or housing activity in Licking County communities. The Corporation works cooperatively with cities, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The Corporation received \$191,419 from the Licking County Delinquent Tax Assessment Collection Fund to be used in the operation of the land reutilization purposes of the Corporation.

Assets exceeded liabilities at the close of the year ended December 31, 2017 by \$655,690 (net position). This net position is unrestricted which represents the amount that can be used at the discretion of the Licking County Land Reutilization Corporation's Board.

At the end of the current year, the Corporation's total net position increased by \$239,077.

At the end of the current year, unassigned fund balance for the General Fund was \$331,001.

Overview of the Financial Statements

This annual report consists of management's discussion and analysis and basic financial statements. These statements are organized so the reader can understand the Corporation's financial activities. 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 assets. The Statement of Activities shows changes to net position during the current year. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting the Corporation's Financial Activities

Statement of Net Position and the Statement of Activities

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

These two statements report the Corporation's net position and changes in that position. This change in net position is important because it tells the reader whether, for the Corporation as a whole, the *financial position* of the Corporation has improved or diminished.

**LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Net Position:

- Assets
- Liabilities
- Net Position

Statement of Activities:

- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

Governmental activities - The Corporation's programs and services are reported here. These services are funded primarily by intergovernmental revenues. The Corporation's statement of net position and statement of activities can be found on page 8 and 9 of this report.

Reporting on the Corporation's Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Corporation can be reflected as a governmental fund.

Fund financial reports provide detailed information about the Corporation's major funds. The Corporation uses the general fund to account for a multitude of financial transactions.

Governmental Fund

The presentation for the Corporation's general fund focuses on how resources flow through the fund and reports the year-end balance available for spending in future periods. The governmental fund is reported using the modified accrual of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statement provides a detailed short-term view of the Corporation's general operations and the basic services provided. The Corporation had governmental revenues of \$824,445 and expenditures of \$606,091.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found on pages 12 through 18 of this report.

**LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Government-wide Financial Analysis

During 2017, as shown in the table below, the combined net position of the Corporation increased \$239,077 or 57%.

Assets:	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$204,750	\$224,443
Properties held for resale	250,743	192,170
Rehab property	38,223	0
Tax lien purchases	15,000	0
Due from other governments	<u>147,002</u>	<u>0</u>
 Total Assets	 655,718	 416,613
Liabilities:		
Licking County Port Authority	<u>28</u>	<u>0</u>
 Total Liabilities	 28	 0
Net Position:		
Unrestricted	655,690	416,613
 Total Net Position:	 <u>\$655,690</u>	 <u>\$416,613</u>
 Statement of Activities for year ended December 31, 2017 and 2016:		
Revenues:	<u>2017</u>	<u>2016</u>
Acquired properties	\$133,730	\$215,742
Intergovernmental	193,302	257,870
Demolition reimbursement	455,190	0
Grants	58,903	0
Reimbursements	4,043	0
 TOTAL REVENUES	 <u>845,168</u>	 <u>473,612</u>
Expenditures:		
Administrative	38,800	0
Fees	0	25,650
Grants	0	50,000
Insurance	842	842
Legal and Professional	9,491	10,075
Management Contract	24,000	20,000
Office	10,969	3,816
Property-Demolition/Maintenance	521,989	32,737
 TOTAL EXPENDITURES	 <u>\$606,091</u>	 <u>\$143,120</u>
 Increase in Net Position	 \$239,077	 \$330,491
Net Position - beginning of year	\$416,613	\$86,122
Net Position - end of year	<u>\$655,690</u>	<u>\$416,613</u>

**LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

General Fund Budgeting Highlights

Although not required, the Corporation's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The only budgeted fund is the general fund.

Current Financial Related Activities and Next Year's General Fund Budget

The County formed the Licking County Land Reutilization Corporation in July 2015. The Corporation has been designated as the County's agent for the reclamation and reutilization of vacant, abandoned and non-productive properties throughout Licking County. The Corporation can potentially address parcels that have fair market values exceeded by the delinquent tax and assessments due. The purpose of the Corporation is to strengthen neighborhoods throughout Licking County by returning these vacant, abandoned and economically unattractive properties to productive use. The principal operating revenues of the Corporation are derived from contributions from the Licking County delinquent tax and assessment collection fund.

Request for Information

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Licking County Land Reutilization Corporation, 20 South 2nd Street, Newark Ohio 43055.

THIS PAGE IS INTENTIONALLY LEFT BLANK

LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY, OHIO
(A Component Unit of Licking County)

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 204,750
Property held for resale	250,743
Rehab property.	38,223
Tax lien purchases	15,000
Receivables:	
Due from other governments.	147,002
Total assets	655,718
 Liabilities:	
Licking county port authority	28
Total liabilities.	28
 Net position:	
Unrestricted	655,690
Total net position	\$ 655,690

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY, OHIO
(A Component Unit of Licking County)

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2017

	General
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 204,750
Property held for resale	250,743
Rehab property.	38,223
Tax lien purchases.	15,000
Receivables:	
Due from other governments.	147,002
Total assets	\$ 655,718
 Liabilities:	
Licking county port authority.	\$ 28
Total liabilities	28
 Deferred inflows of resources:	
Intergovernmental revenues not available	20,723
Total deferred inflows of resources	20,723
Total liabilities and deferred inflows of resources.	20,751
 Fund balances:	
Nonspendable:	
Properties held for resale	250,743
Rehab property	38,223
Tax lien purchases	15,000
Unassigned	331,001
Total fund balances.	634,967
Total liabilities and fund balances	\$ 655,718

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY, OHIO
(A Component Unit of Licking County)

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Total governmental fund balances	\$ 634,967
<i>Amounts reported for governmental activities on the statement of net position is different because:</i>	
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred inflows in the funds.	<u>20,723</u>
Net position of governmental activities	<u><u>\$ 655,690</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY, OHIO
(A Component Unit of Licking County)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	General
Revenues:	
Intergovernmental	\$ 191,419
Acquired properties	133,730
Demoilition reimbursement	434,467
Grants	58,903
Reimbursements	4,043
Unclaimed funds	1,883
Total revenues	824,445
 Expenditures:	
Current:	
General government:	
Insurance	842
Administration	38,800
Legal and professional	9,491
Management contract	24,000
Property expenses	521,989
Office expenses	10,969
Total expenditures	606,091
 Net change in fund balances	 218,354
 Fund balances at beginning of year	 416,613
Fund balances at end of year	\$ 634,967

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY, OHIO
(A Component Unit of Licking County)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds	\$	218,354
<i>Amounts reported for governmental activities in the statement of activities is different because:</i>		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>20,723</u>
Change in net position of governmental activities	\$	<u><u>239,077</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LICKING COUNTY LAND REUTILIZATION CORPORATION
(A Component Unit of Licking County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Licking County Land Reutilization Corporation (Corporation) is a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724 on July 10, 2015. The purpose of the Corporation is to facilitate the effective reutilization of nonproductive land situated within Licking County's (County) boundaries. The Corporation has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code. The Corporation will assist and facilitate activities of governmental entities in clearing, assembling and clearing title to land for economic development purposes.

The Corporation is governed by a five member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Newark), and one representative from a Licking County township (Licking Township). The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Corporation and the management and control of its properties. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The Corporation is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement Number 14, as amended by GASB Statement Number 39, *The Financial Reporting Entity*, the County's primary government and basic financial statements include components units, which are defined as 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 impose its will over the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; or (3) the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Corporation is obligated for the debt of organization. The Corporation is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

LICKING COUNTY LAND REUTILIZATION CORPORATION
(A Component Unit of Licking County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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 a 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 liabilities and deferred inflows of resources is reported as fund balance. The following is the Corporations' only governmental fund:

LICKING COUNTY LAND REUTILIZATION CORPORATION
(A Component Unit of Licking County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

General Fund - The general fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. The general fund receives 3% 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 and Collection Tax (DTACT) 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. In addition, the fund receives State grant revenues.

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

LICKING COUNTY LAND REUTILIZATION CORPORATION
(A Component Unit of Licking County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 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, interest and grants revenue sources are considered to be both measurable and available at year-end.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will 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. There were no deferred outflows of resources at December 31, 2017.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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.

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.

THIS SPACE INTENTIONALLY LEFT BLANK

LICKING COUNTY LAND REUTILIZATION CORPORATION
(A Component Unit of Licking County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. 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 President 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 a 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 item 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 a balance from any line item, account, or fund to a line item, account, or fund with respect to which an insufficient 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 of 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.

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 a demand deposit account. 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.

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.

LICKING COUNTY LAND REUTILIZATION CORPORATION
(A Component Unit of Licking County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Net Position

Net position represents the difference between assets/deferred outflow of resources and liabilities/deferred inflows of resources. The Corporation did not have any deferred outflow of resources and deferred inflow of resources as of December 31, 2017. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2017.

Intergovernmental Revenue

The Corporation receives operating income through Licking County. The Corporation has been authorized by the Licking County Board of Commissioners to receive 3% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's DETAC fund and will be available for appropriation by the Corporation to fund operations. In addition, the Corporation receives state funding for the demolition of properties.

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 2017.

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

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

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

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

LICKING COUNTY LAND REUTILIZATION CORPORATION
(A Component Unit of Licking County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

The Corporation applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

Properties 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. For donated or forfeited properties, the asset is reported at fair value. The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, or the home on the property is demolished. Properties with demolished homes could be transferred to the city or township they are in after demolition, until those parcels may be merged with adjacent parcels for development or green space projects, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost.

NOTE 3 - DEPOSITS

At December 31, 2017, the carrying amount of the Corporation’s deposits was \$204,750. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2017, \$204,750 was covered by the Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure, that the Corporation’s deposits may not be returned to it. The Corporation was not exposed to custodial credit risk.

NOTE 4 - 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 The Cincinnati Insurance Company for the following types of insurance:

<u>Type</u>	<u>Coverage</u>
Directors/Officers Liability	1,000,000
Property Liability	1,000,000 Occ./2,000,000 Agg.
Theft and Forgery	\$500,000

There has been no significant reduction in coverage from the prior year. Settled claims have not exceeded the Corporation's coverage in the past three years.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2017 consisted of intergovernmental receivables (presented as due from other governments) arising from grants and entitlements. Receivables have been recorded to the extent that they are measurable at December 31, 2017. All receivables are expected to be collected within the subsequent year.

LICKING COUNTY LAND REUTILIZATION CORPORATION
(A Component Unit of Licking County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 - TRANSACTIONS WITH LICKING COUNTY

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Licking County Board of Commissioners to receive 3% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's DETAC fund and will be available for appropriation by the Corporation to fund operations.

During 2017, the Corporation paid \$20,000 in administrative costs to the Licking County Auditor's office.

NOTE 7 - CONTINGENCIES

The Corporation received financial assistance from State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation.

This page intentionally left blank.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Licking County Land Reutilization Corporation
Licking County
20 South 2nd Street
Newark, Ohio 43055

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 Licking County Land Reutilization Corporation, Licking County, Ohio, a component unit of Licking County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Licking County Land Reutilization Corporation's basic financial statements and have issued our report thereon dated June 7, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Licking County Land Reutilization 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 Licking County Land Reutilization 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 Licking County Land Reutilization 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

Board of Directors
Licking County Land Reutilization Corporation

Compliance and Other Matters

As part of reasonably assuring whether the Licking County Land Reutilization 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*.

Licking County Land Reutilization Corporation's Response to Finding

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

Purpose of this Report

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



Julian & Grube, Inc.
June 7, 2018

**LICKING COUNTY LAND REUTILIZATION CORPORATION
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2017-001

Significant Deficiency - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Audit adjustments were posted to the financial statements for the year ended December 31, 2017, to properly state financial statement amounts. For the government-wide financial statements, a receivable was recorded as "due from other governments" and a revenue was recorded as "operating grants and contributions" in the amount of \$147,002. For the fund financial statements, a receivable was recorded as "due from other governments" in the amount of \$147,002, a revenue was recorded as "demolition reimbursement" in the amount of \$126,279, and a deferred inflow of resources was recorded as "intergovernmental revenues not available" in the amount of \$20,723.

The audited financial statements, note disclosures, and Corporation records have been adjusted for the misstatements identified during the audit.

Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

We recommend the Licking County Land Reutilization Corporation implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to presenting them to the auditors.

Client Response: The Land Bank will work to provide a sound fiscal environment and has implemented additional policies and procedures to help with financial statement presentation.

This page intentionally left blank.



Dave Yost • Auditor of State

LICKING COUNTY LAND REUTILIZATION CORPORATION

LICKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 11, 2018