



Dave Yost • Auditor of State

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis – For the Year Ended December 31, 2016.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – December 31, 2016.....	9
Statement of Activities – For the Year Ended December 31, 2016	10
Fund Financial Statements:	
Balance Sheet	
Governmental Fund – December 31, 2016	11
Statement of Revenues, Expenditures and Changes in Fund Balance	
Governmental Fund – For the Year Ended December 31, 2016	12
Notes to the Basic Financial Statements – For the Year Ended December 31, 2016	13
Supplemental Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	
General Fund – For the Year Ended December 31, 2016.....	21
Notes to Supplemental Information – For the Year Ended December 31, 2016	22
Management's Discussion and Analysis – For the Fiscal Ended December 31, 2015.....	24
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – December 31, 2015.....	28
Statement of Activities – For the Period June 29, 2015 through December 31, 2015.....	29
Fund Financial Statements:	
Balance Sheet	
Governmental Fund – December 31, 2015	30
Statement of Revenues, Expenditures and Changes in Fund Balance	
Governmental Fund – For the Period June 29, 2015 through December 31, 2015	31
Notes to the Basic Financial Statements – For the Year Ended December 31, 2015	32

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	39
Schedule of Findings.....	41



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Sandusky County Land Reutilization Corporation
Sandusky County
622 Croghan Street
Fremont, Ohio 43420

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 Sandusky County Land Reutilization Corporation, Sandusky County, Ohio (the Corporation), a component unit of Sandusky County, as of and for the period June 29, 2015 through December 31, 2015 and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Sandusky County Land Reutilization Corporation, Sandusky County, Ohio, as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the period June 29, 2015 through December 31, 2015 and the year ended December 31, 2016 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 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 schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule 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 August 10, 2017, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

Columbus, Ohio

August 10, 2017

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SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

The management's discussion and analysis of the Sandusky County 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The total net position of the Corporation decreased \$69,368 due to general revenues of \$95,648 and expenses of \$165,016 during 2016.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Corporation as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the Corporation as a whole, 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. For governmental funds, 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

Statement of Net Position and the Statement of Activities

While this document contains only one fund used by the Corporation to provide programs and activities, the view of the Corporation as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take 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 changes in those assets. This change in net position is important because it tells the reader that, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Governmental activities - The Corporation's programs and services are reported here. These services are funded primarily by intergovernmental revenues including state grants and other shared revenues.

Reporting the Corporation's Most Significant 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

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED
(Continued)

reflected as a governmental fund.

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. There were no differences between the government-wide statements and the general fund.

The Corporation maintains a general fund.

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.

Supplementary Information

The Corporation presents a budgetary comparison schedule for the general fund as supplementary information.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the Corporation as a whole. The table below provides a summary of the Corporation's net position at December 31, 2016 and December 31, 2015.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED
(Continued)

	Net Position	
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current and other assets	\$ 19,801	\$ 10,220
<u>Liabilities</u>		
Current and other liabilities	78,949	-
<u>Net Position</u>		
Unrestricted	<u>\$ (59,148)</u>	<u>\$ 10,220</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the Corporation's liabilities exceeded assets by \$59,148.

The table below shows the changes in net position for 2016 and the period June 29, 2015 through December 31, 2015.

	Change in Net Position	
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2016</u>	<u>2015</u>
Revenues		
General revenues:		
Grants and entitlements	\$ 95,648	\$ 10,130
Investment earnings	-	28
Other	-	75
Total general revenues	<u>95,648</u>	<u>10,233</u>
Expenses:		
General government	<u>165,016</u>	<u>13</u>
Total expenses	<u>165,016</u>	<u>13</u>
Change in net position	(69,368)	10,220
Net position at beginning of year	<u>10,220</u>	<u>-</u>
Net position (deficit) at end of year	<u>\$ (59,148)</u>	<u>\$ 10,220</u>

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED
(Continued)

Governmental Activities

Governmental activities net position decreased \$69,368 during 2016. This decrease is primarily the result of an advance of \$75,000 received from Sandusky County.

General Fund

The fund balance of the general fund decreased \$69,368 during 2016. This decrease is primarily the result of an advance of \$75,000 received from Sandusky County.

Capital Assets

As of December 31, 2016, the Corporation does not have any capital assets.

Debt Administration

As of December 31, 2016, the Corporation does not have any debt.

Current Financial Related Activities

The County formed the Sandusky County Land Reutilization Corporation on June 29, 2015 with the purpose of reclaiming, rehabilitating or reutilizing economically non-productive land throughout Sandusky County. The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing a land bank program the County can begin to address dilapidated housing issues in communities located in Sandusky County and also return properties to productive use.

Contacting the Corporation's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Ms. Irma Celestino, Treasurer, Sandusky County, 622 Croghan Street, Fremont, Ohio 43420.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 19,035
Prepayments	766
	19,801
Total assets	19,801
Liabilities:	
Accounts payable.	3,949
Due to primary government	75,000
	78,949
Total liabilities.	78,949
Net position:	
Unrestricted (deficit)	(59,148)
Total net position (deficit)	\$ (59,148)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Expenses	Program Revenues Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position Governmental Activities
Governmental activities:			
Current:			
General government:			
Professional services	\$ 146,854	\$ -	\$ (146,854)
Insurance	282	-	(282)
Office costs	1,712	-	(1,712)
Property costs	16,093	-	(16,093)
Miscellaneous/other	75	-	(75)
Total governmental activities	\$ 165,016	\$ -	(165,016)
General revenues:			
Grants and entitlements not restricted to specific programs			95,648
Change in net position			(69,368)
Net position at beginning of year . . .			10,220
Net position (deficit) at end of year . .			\$ (59,148)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2016

	General
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 19,035
Prepayments	766
Total assets	\$ 19,801
Liabilities:	
Accounts payable.	\$ 3,949
Due to primary government	75,000
Total liabilities	78,949
Fund balances:	
Nonspendable:	
Prepayments	766
Unassigned	(59,914)
Total fund balances.	(59,148)
Total liabilities and fund balances	\$ 19,801

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	General
Revenues:	
Intergovernmental	\$ 95,648
Expenditures:	
Current:	
General government:	
Professional services	146,854
Insurance	282
Office costs	1,712
Property costs	16,093
Miscellaneous/other	75
Total expenditures	165,016
Net change in fund balance	(69,368)
Fund balance at beginning of year	10,220
Fund balance (deficit) at end of year.	\$ (59,148)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Sandusky County Land Reutilization Corporation (the "Corporation") is a county land reutilization corporation that was formed on June 29, 2015 when the Sandusky County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is for reclaiming, rehabilitating or reutilizing economically non-productive land throughout Sandusky County (the "County"). The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing the Corporation, the County can begin to address dilapidated housing issues in communities located in the County and also return properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. 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 No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organization Are Component Units" and GASB Statement No.61, "The Financial Reporting Entity: Omnibus", the Corporation'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 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. The Corporation is a component unit of Sandusky County, Ohio.

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.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

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, except for the fiduciary funds. These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation, however, does not have any business-type activities.

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Real Estate Tax Assessment and Collection (DRETAC) 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.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows 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, current deferred outflows, current liabilities and current deferred inflows 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. For 2016, there were no differences between the government-wide statements and 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 inflow of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Expenses/Expenditures

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

Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for 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. See supplemental information.

Federal Income Tax

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

Cash and Cash Equivalents

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

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

Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

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.

Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. 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, 2016.

Intergovernmental Revenue

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

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. Those committed amounts cannot be used for any other purpose unless the Board of Directors remove 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 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. In the general fund, assigned amounts represent intended uses established by policies of the Board of Directors. The Board of Directors has by resolution authorized the Treasurer to assign fund balance.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

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 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.

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 2016.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2016, the Corporation has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Corporation.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Corporation.

B. Deficit Fund Balances

Fund balances at December 31, 2016 included the following individual fund deficit:

<u>Major fund</u>	<u>Deficit</u>
General fund	\$ 59,148

The deficit fund balance resulted from adjustments for accrued liabilities and the reporting of advances between the County and the Corporation as "due to primary government".

NOTE 4 - DEPOSITS

Deposits with Financial Institutions

At December 31, 2016, the carrying amount of all Corporation deposits was \$19,035. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2016, all of the Corporation's bank balance of \$30,207 was covered by the Federal Deposit Insurance Corporation (FDIC).

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 5 - RISK MANAGEMENT

Commercial General Liability and Products/Completed Operations Liability

The Corporation is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the Corporation contracted with Cincinnati Insurance Company for Nonprofit Organization Directors and Officers Liability Insurance.

The limitations of coverages are as follows:

Limits of Insurance - Aggregate	\$1,000,000
Investigative Costs Sublimit - Aggregate	\$100,000
Excess Benefit Transaction Tax Sublimit - per manager	\$20,000
Additional Defense Limit - Aggregate	Unlimited
Excess Side A Limit - Aggregate	\$1,000,000
Deductibles	\$2,500

There has been no reduction in coverage from the prior year and settled claims did not exceed the Corporation's coverage.

NOTE 6 - TRANSACTIONS WITH SANDUSKY COUNTY

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Sandusky County Board of Commissioners to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Real Estate Tax Assessment and Collection (DRETAC) fund and will be available for appropriation by the Corporation to fund operations. At December 31, 2016, the Corporation recognized revenues of \$95,648 for these fees that were collected by the County in 2016. The Corporation also received a \$75,000 in an advance from the County that will be repaid with future revenues. This amount is recorded a "due to primary government" on the basic financial statements.

NOTE 7 - SUBSEQUENT EVENT

On January 30, 2017, the Corporation received an additional advance from Sandusky County in the amount of \$25,000.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 100,000	\$ 95,647	\$ 95,648	\$ 1
Advances from County	-	75,000	75,000	-
Total revenues	<u>100,000</u>	<u>170,647</u>	<u>170,648</u>	<u>1</u>
Expenditures:				
Current:				
General government:				
Professional services	5,600	136,375	142,905	(6,530)
Insurance	1,000	1,048	1,048	-
Office costs	900	2,275	1,712	563
Property costs	1,400	17,200	16,093	1,107
Miscellaneous/other	-	75	75	-
Total expenditures	<u>8,900</u>	<u>156,973</u>	<u>161,833</u>	<u>(4,860)</u>
Net change in fund balance	91,100	13,674	8,815	(4,859)
Fund balance at beginning of year	<u>10,220</u>	<u>10,220</u>	<u>10,220</u>	<u>-</u>
Fund balance at end of year	<u>\$ 101,320</u>	<u>\$ 23,894</u>	<u>\$ 19,035</u>	<u>\$ (4,859)</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO 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 Chairman 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 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 Chairman 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 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.

Budgetary Basis of Accounting

While the Corporation is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (non-GAAP Budgetary Basis) and Actual presented for the general fund is 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 that:

- (a) Revenues and other financing sources are recorded when received in cash (non-GAAP budgetary basis) as opposed to when susceptible to accrual (GAAP basis), and
- (b) Expenditures and other financing uses are recorded when paid in cash (non-GAAP budgetary basis) as opposed to when the liability is incurred (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis schedule for all governmental funds for which a budgetary basis schedule is presented:

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 8,815
Net adjustment for revenue accruals	(75,000)
Net adjustment for expenditure accruals	<u>(3,183)</u>
GAAP basis	<u><u>\$ (69,368)</u></u>

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015

The management's discussion and analysis of the Sandusky County Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the period June 29, 2015 through December 31, 2015. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The total net position of the Corporation increased \$10,220 due to general revenues of \$10,233 and expenses of \$13 during the period June 29, 2015 through December 31, 2015.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Corporation as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the Corporation as a whole, 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. For governmental funds, 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

Statement of Net Position and the Statement of Activities

While this document contains only one fund used by the Corporation to provide programs and activities, the view of the Corporation as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take 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 changes in those assets. This change in net position is important because it tells the reader that, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Governmental activities - The Corporation's programs and services are reported here. These services are funded primarily by intergovernmental revenues including state grants and other shared revenues.

Reporting the Corporation's Most Significant 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

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015
(Continued)

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 fund. The Corporation uses the general fund to account for a multitude of financial transactions.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

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 in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government’s near-term financing decisions. There were no differences between the government-wide statements and the general fund.

The Corporation maintains a general fund.

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.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the Corporation as a whole. The table below provides a summary of the Corporation’s net position at December 31, 2015. Since this is the first year that the Corporation has prepared financial statements, comparison with prior year is not available. A comparative analysis will be provided in future years when prior year information is available.

	Net Position
	<u>Governmental Activities</u>
	<u>2015</u>
<u>Assets</u>	
Current and other assets	\$ <u>10,220</u>
<u>Net Position</u>	
Unrestricted	\$ <u>10,220</u>

Over time, net position can serve as a useful indicator of a government’s financial position. At December 31, 2015, the Corporation’s assets exceeded liabilities by \$10,220.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015
(Continued)

The table below shows the changes in net position for the period June 29, 2015 through December 31, 2015. Since this is the first year that the Corporation has prepared financial statements, comparison with prior year is not available. A comparative analysis will be provided in future years when prior year information is available.

	Change in Net Position
	Governmental Activities
	2015
Revenues	
General revenues:	
Grants and entitlements	\$ 10,130
Investment earnings	28
Other	75
Total general revenues	10,233
Expenses:	
General government	13
Change in net position	10,220
Net position at beginning of period	-
Net position at end of period	\$ 10,220

Governmental Activities

Governmental activities net position increased \$10,220 during the period June 29, 2015 through December 31, 2015.

General Fund

The fund balance of the general fund increased \$10,220 during the period June 29, 2015 through December 31, 2015.

Capital Assets

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

Debt Administration

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

Current Financial Related Activities

The County formed the Sandusky County Land Reutilization Corporation on June 29, 2015 with the purpose of reclaiming, rehabilitating or reutilizing economically non-productive land throughout Sandusky County. The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015
(Continued)

upon. By establishing a land bank program the County can begin to address dilapidated housing issues in communities located in Sandusky County and also return properties to productive use.

Contacting the Corporation's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Ms. Irma Celestino, Treasurer, Sandusky County, 622 Croghan Street, Fremont, Ohio 43420.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 10,220
Net position:	
Unrestricted	\$ 10,220

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

STATEMENT OF ACTIVITIES
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expense) and Changes in Net Position Governmental Activities</u>
Governmental activities:			
Current:			
General government:			
Materials and supplies	\$ 13	\$ -	\$ (13)
Total governmental activities	<u>\$ 13</u>	<u>\$ -</u>	<u>(13)</u>
 General revenues:			
Grants and entitlements not restricted to specific programs			10,130
Investment income			28
Miscellaneous			<u>75</u>
Total general revenues			<u>10,233</u>
Change in net position			10,220
Net position at beginning of period . . .			<u>-</u>
Net position at end of period			<u>\$ 10,220</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)**

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2015

	General
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 10,220
Fund balance:	
Unassigned	\$ 10,220

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUND
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015

	General
Revenues:	
Intergovernmental	\$ 10,130
Investment income	28
Other	75
Total revenues	10,233
 Expenditures:	
Current:	
General government:	
Materials and supplies	13
Net change in fund balance	10,220
 Fund balance at beginning of period	 -
Fund balance at end of period	\$ 10,220

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Sandusky County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 29, 2015 when the Sandusky County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is for reclaiming, rehabilitating or reutilizing economically non-productive land throughout Sandusky County (the County). The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing the Corporation, the County can begin to address dilapidated housing issues in communities located in the County and also return properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. 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 No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organization Are Component Units" and GASB Statement No.61, "The Financial Reporting Entity: Omnibus", the Corporation'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 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. The Corporation is a component unit of Sandusky County, Ohio.

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.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015
(Continued)

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, except for the fiduciary funds. These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation, however, does not have any business-type activities.

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

Fund Financial Statements

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

Fund Accounting

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

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015
(Continued)

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 plus deferred outflows less liabilities plus deferred inflows is reported as fund balance. The following is the Corporation's only governmental fund:

General Fund - The general fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. The general fund receives 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Real Estate Tax Assessment and Collection (DRETAC) 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.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows 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, current deferred outflows, current liabilities and current deferred inflows 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. For 2015, there were no differences between the government-wide statements and 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 inflow of resources and in the presentation of expenses versus expenditures.

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015
(Continued)

Revenues - Exchange and Nonexchange Transactions

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

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

Expenses/Expenditures

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

Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. During the period June 29, 2015 through December 31, 2015, the Corporation did not prepare an annual budget.

Federal Income Tax

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

Cash and Cash Equivalents

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

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

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015
(Continued)

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.

Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. 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, 2015.

Intergovernmental Revenue

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

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. Those committed amounts cannot be used for any other purpose unless the Board of Directors remove 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 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. In the general fund, assigned amounts represent intended uses established by policies of the Board of

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY, OHIO
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 29, 2015 THROUGH DECEMBER 31, 2015
(Continued)

Directors. The Board of Directors has by resolution authorized the Treasurer to assign fund balance. 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 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.

Estimates

The preparation of the basic financial statements in conformity with GAAP requirements 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 the period June 29, 2015 through December 31, 2015.

NOTE 3 - DEPOSITS

Deposits with Financial Institutions

At December 31, 2015, the carrying amount of all Corporation deposits was \$10,220. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2015, all of the Corporation's bank balance of \$10,220 was covered by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 - TRANSACTIONS WITH SANDUSKY COUNTY

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Sandusky County Board of Commissioners to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Real Estate Tax Assessment and Collection (DRETAC) fund and will be available for appropriation by the Corporation to fund operations. During the period June 29, 2015 through December 31, 2015, the Corporation received \$10,130 in funding.

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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*

Sandusky County Land Reutilization Corporation
Sandusky County
622 Croghan Street
Fremont, Ohio 43420

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 Sandusky County Land Reutilization Corporation, Sandusky County, Ohio (the Corporation) as of and for the period June 29, 2015 through December 31, 2015 and the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 10, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

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

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

August 10, 2017

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness

Financial Reporting

The Corporation's Treasurer and Board are responsible for internal controls related to financial reporting, including the reporting of supplemental information. We identified the following errors requiring adjustment to the accompanying supplemental budgetary comparison schedule for the year ending December 31, 2016:

- Intergovernmental original estimated revenues in the General Fund were increased \$100,000 in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) to match the amounts approved by the Board;
- Intergovernmental final estimated revenues in the General Fund were increased \$95,647 in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) to match the amounts approved by the Board;
- Advances from county final estimated receipts in the General Fund were increased \$75,000 in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) to match the amounts approved by the Board;
- Total final estimated expenditures in the General Fund were increased \$148,073 in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) to match the amounts approved by the Board.

These errors were a result of inadequate policies and procedures in reviewing the supplemental information. Failure to complete accurate information could lead to the Board making misinformed decisions. The accompanying budgetary comparison schedule has been adjusted to correct these errors.

To help ensure the Corporation's budgetary comparison schedule is complete and accurate, the Corporation should adopt policies and procedures, including a final review of the annual report by the Treasurer and Board of Directors to identify and correct errors, omissions, and misclassifications.

Officials' Response

It has been noted and corrected and the independent accounting firm that prepares our financial reports has been updated and made aware of the error and it will be corrected going forward.

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Dave Yost • Auditor of State

SANDUSKY COUNTY LAND REUTILIZATION CORPORATION

SANDUSKY 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
AUGUST 29, 2017**