



Dave Yost • Auditor of State



**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Van Wert County Land Reutilization Corporation  
Van Wert County  
121 E. Main Street  
Van Wert, Ohio 45891

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 Van Wert County Land Reutilization Corporation, Van Wert County, Ohio (the Corporation), as of and for the year ended December 31, 2017 and for the five month period 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 such 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 Van Wert County Land Reutilization Corporation, Van Wert County, Ohio, as of December 31, 2017 and 2016, and the respective changes in its financial position for the year then ended December 31, 2017 and the five month period 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.

*Supplemental Information*

Our audit was conducted to opine on the financial statements taken as a whole. The budgetary comparison schedule for the General Fund presents additional analysis and is not a required part of the 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 this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are 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 13, 2018, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 13, 2018

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

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

The management's discussion and analysis of the Van Wert County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the financial activities for the period ended December 31, 2017. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

**Highlights**

Key highlights for the period since inception are as follows:

- The Corporation is focused on facilitating the transition of blighted, foreclosed and abandoned properties into viable, marketable properties by working collaboratively with public and private entities in a financially responsible, transparent manner with a long-term goal of returning these properties to the tax roll or other greater public purpose.
- The Corporation secured \$500,000 in grant funds through the Neighborhood Initiative Program (NIP) via the Ohio Housing Finance Agency (OHFA) for the acquisition, demolition, and greening of single-family residential units throughout Van Wert County.
- Net position increased \$295,129 for 2017.

**Overview of the Financial Statements** This annual report consists of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole Corporation and present a longer-term view of those assets. The Statement of Activities shows changes to net position of the Corporation. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

**Reporting the Corporation's Financial Activities**

*Statement of Net Position and the Statement of Activities*

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

These two statements report the Corporation's net position and 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. However, in evaluating the overall position of the Corporation, non-financial information will also need to be evaluated.

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

- Assets
- Liabilities
- Net Position (Assets minus Liabilities)
- Program Expenses
- General Revenues
- Net Position Beginning and End of Year

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Unaudited)  
(Continued)**

**Reporting on the Corporation's Most Significant Fund**

*General Fund*

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year-end and available for spending in future periods. The general fund is reported using the modified accrual of accounting, which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements, if necessary.

As this is the initial year of operation, a comparative presentation with prior year will be presented in subsequent years. The table below provides a summary of Corporation's net position for 2017 and 2016:

**TABLE 1 NET POSITION**

	2017	2016
<b>Assets:</b>		
Current and Other Assets	\$ 83,818	\$ 8,928
Assets Held for Resale	304,799	
Total Assets	388,617	8,928
<b>Liabilities:</b>		
Current and Other Liabilities	17,648	100
<b>Total Liabilities</b>	17,648	100
<b>Deferred Inflow:</b>		
Unearned Revenue	67,012	-
<b>Net Position:</b>		
Unrestricted	303,957	8,828
Total net position	\$ 303,957	\$ 8,828

Cash collected by the Corporation is deposited into a checking account for operating purposes. Cash balance at December 31, 2017 was \$82,375. The increase in cash from prior year was the result of \$67,012 unearned revenues from OFHA. During 2017, the Corporation acquired 30 properties that are currently shown as assets held for resale.



**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Unaudited)  
(Continued)**

2016 is the initial year of operation. The table below shows the change in net position for 2017 and 2016:

**TABLE 2 CHANGES IN NET POSITION**

	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ -	\$ -
Total Program Revenues	0	0
General Revenues:		
Grants and Entitlements Not Restricted	318,461	10,000
Other	3,112	0
Total General Revenues	321,573	10,000
 Total Revenues	 321,573	 10,000
 <b>Program Expenses</b>		
Professional and Contract Services	8,779	323
Administration	16,631	849
Interest and Fiscal Charges	1,034	0
Total Expenses	26,444	1,172
 <b>Change in Net Position</b>	 295,129	 8,828
 Net Position Beginning of Period	 8,828	 0
Net Position End of Period	\$ 303,957	\$ 8,828

The Corporation's main revenue sources are OHFA Neighborhood Initiative Program grant and a 2.5% of delinquent taxes collected and distributed to the Corporation by the County Treasurer. Grants and entitlements not restricted increased in 2017 as a result of monies received from OHFA and monies received from Van Wert County.

Expenses increased for 2017, as there was a full year of operation for 2017. The Corporation began operations August 2, 2016.

**The Corporation's General Fund**

This fund is accounted for using the modified accrual basis of accounting. At December 31, 2017, the ending fund balance of the general fund was \$303,957, which was an increase of \$295,129.

The General Fund ended the year with a negative unassigned fund balance due to GAAP related items.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Unaudited)  
(Continued)**

**Capital Assets**

As of December 31, 2017 and 2016, the Corporation did not have any capital assets.

**Debt**

As of December 31, 2017, the Corporation had a line of credit with the First Bank of Berne of \$400,000. The line of credit shall bear interest at the Wall Street Journal Prime Rate +0.00% fluctuating monthly. The line of credit is unsecured.

During 2017, the Corporation placed a \$10 lien on 24 properties for a total mortgage payable of \$240.

**Current Financial Related Activities**

The Corporation began operations on August 2, 2016. The Corporation is Van Wert County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Van Wert County. The purpose of the Corporation is to strengthen communities in Van Wert County by returning vacant and abandoned properties to productive use and by supporting strategic residential and commercial demolition activities. The principal operating revenues of the Corporation are revenue from property dispositions and grants.

**Request for Information**

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Krista Somerton, Program Manager, Van Wert County Economic Development Corporation, 145 E. Main Street, Van Wert, OH 45891.

**Van Wert County Land Reutilization Corporation**  
Van Wert County

Statement of Net Position  
December 31, 2017

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 82,375
Prepaid items	1,443
Asset Held for Resale	<u>304,799</u>
Total Assets	<u>388,617</u>
<b>Liabilities:</b>	
Accounts Payable	17,408
Mortgage Payable	<u>240</u>
Total Liabilities	<u>17,648</u>
<b>Deferred Inflow:</b>	
Unearned Revenue	<u>67,012</u>
<b>Net Position:</b>	
Unrestricted	<u>303,957</u>
Total net position	<u><u>\$ 303,957</u></u>

See accompanying notes to the financial statements.

**Van Wert County Land Reutilization Corporation**

Van Wert County

Statement of Activities

For the Year Ended December 31, 2017

	Program Revenues		Net (Expense) Revenues and Changes In Net Position
	Charges For Expenses	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>			
Professional and Contract Services	\$ 8,779	\$ -	\$ (8,779)
Administration	16,631	-	(16,631)
Interest and Fiscal Charges	1,034	-	(1,034)
	<hr/>	<hr/>	<hr/>
Total Governmental Activities	\$ 26,444	\$ -	\$ (26,444)
General Revenues:			
Grants and Entitlements not Restricted to Specific Programs			318,461
Other			3,112
Total General Revenues			<hr/> 321,573 <hr/>
Net Change in Net Position			295,129
Net Position Beginning of Year			<hr/> 8,828 <hr/>
Net Position End of Year			<hr/> \$ 303,957 <hr/>

See accompanying notes to the financial statements.

**Van Wert County Land Reutilization Corporation**  
Van Wert County

Balance Sheet - General Fund  
December 31, 2017

**Assets:**

Cash and Cash Equivalents	\$ 82,375
Prepaid items	1,443
Asset Held for Resale	<u>304,799</u>

Total Assets \$ 388,617

**Liabilities:**

Accounts Payable	\$ 17,408
Mortgage Payable	<u>240</u>
Total Liabilities	<u>17,648</u>

**Deferred Inflow:**

Unearned Revenue 67,012

**Fund Balance:**

Nonspendable	
Prepaid items	1,443
Asset Held for Resale	304,799
Unassigned	<u>(2,285)</u>
Total Fund Balance	<u>303,957</u>

Total Liabilities, Deferred Inflow and Fund Balance \$ 388,617

See accompanying notes to the financial statements.

**Van Wert County Land Reutilization Corporation**  
Van Wert County

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund  
For the Year Ended December 31, 2017

**Revenues:**

Grants and Entitlements	\$ 287,389
Contributions and Donations	5,000
Intergovernmental	26,072
Other	<u>3,112</u>
Total Revenues	<u>\$ 321,573</u>

**Expenditures:**

Land Reutilization:	
Professional and Contract Services	\$ 8,779
Administration	16,631
Debt Service:	
Interest and Fiscal Charges	<u>1,034</u>
Total Expenditures	<u>26,444</u>
Net Change in Fund Balance	295,129
Fund Balance Beginning of Period	<u>8,828</u>
Fund Balance End of Period	<u><u>\$ 303,957</u></u>

See accompanying notes to the financial statements.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY**

The Van Wert County Land Reutilization Corporation (the "Corporation") is a county land reutilization corporation that was formed on August 2, 2016, when the Van Wert 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 to strengthen neighborhoods in Van Wert County (the "County") by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03(B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of no less than five and no more than nine 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 component 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 an 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 discretely presented component unit of Van Wert 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.

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.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

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 or fiduciary funds.

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 Fund

The governmental fund focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the governmental fund 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 of resources less liabilities plus deferred inflows of resources is reported as fund balance. The following is the Corporation's only governmental fund:

General Fund - The general fund accounts for all financial resources that are not required to be separately accounted for. 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.



**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

***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 of resources, all liabilities and all deferred inflows of resources associated with the operation of the Corporation are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

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

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

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

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

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. For the Corporation, deferred inflows of resources include unearned revenue. Unearned revenue is reported on both the statement of net position and the governmental funds balance sheet.

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.

***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.

***Prepayments***

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

***Assets Held for Resale***

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of homes on the properties. 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.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(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 of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 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:

*Non-spendable Fund Balance* - The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid amounts and property acquired for resale, unless the use of the proceeds from the collection of the sale of those properties is restricted, committed or assigned.

*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 have 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.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

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.

***Intergovernmental Revenues***

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

***Estimates***

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 – ACCOUNTABILITY**

At December 31, 2017, the General fund had a deficit unassigned fund balance in the amount of \$2,285, resulting from adjustments for accrued items.

**NOTE 4 - DEPOSITS**

At December 31, 2017, the entire amount of the Corporation's bank balance of \$85,625 was covered by Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure the Corporation's deposits may not be returned to it. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Corporation. Protection of the Corporation's cash and deposits is provided by the FDIC or collateralized by the financial institution.

**NOTE 5 - RISK MANAGEMENT**

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.

The Corporation has obtained commercial insurance from private carriers for the following risk:

- Directors/Officers Liability
- Commercial Property Coverage
- Commercial General Liability Coverage

The amount of settlements has not exceeded coverage in any of the past three years. Also, the limits have not been lowered significantly in the past year.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**NOTE 6 - DEBT**

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
First Bank of Berne Line of Credit	\$100	\$100,000	(\$100,100)	\$0
Mortgage Payable	\$0	\$240	\$0	\$240
	<u>\$100</u>	<u>\$100,240</u>	<u>(\$100,100)</u>	<u>\$240</u>

On August 31, 2016, the Corporation received a line of credit in the amount of \$500,000 from the First Bank of Berne. The Corporation was charged \$100 for the application. \$100,000 was borrowed and repaid during 2017. The interest rate on the line of credit is the Wall Street Journal Prime Rate +0.0% fluctuating monthly. The line of credit is unsecured. On November 17, 2017, the Corporation renewed the line of credit for \$400,000.

During 2017, the Corporation placed a \$10 lien on 24 properties for a total mortgage payable of \$240.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Van Wert County Board of Commissioners to receive 2.5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County’s Delinquent Real Estate Tax and Assessment Collection (DRETAC) fund and will be available for appropriation by the Corporation to fund operations. For 2017, this amount totaled \$26,072.

**NOTE 8 – LITIGATION**

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

**NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2017, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” This statement impacts the plan and not the employer; therefore, this statement had no effect on net position or fund balances.

For fiscal year 2017, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 80, “Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.” This statement clarifies the financial statement requirements for certain component units. This statement had no effect on net position or fund balances.

For fiscal year 2017, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 81, “Irrevocable Split-Interest Agreements.” This statement improves accounting and financial reporting by establishing recognition and measurement requirements for irrevocable split-interest agreements. This statement had no effect on net position or fund balances.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

For fiscal year 2017, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73." This statement addresses implementation issues of the GASB pension suite. This statement had no effect on net position or fund balances.

**NOTE 10 – SUBSEQUENT EVENTS**

On March 2, 2018, the Corporation repaid \$160 of the mortgage payable at December 31, 2017.

The Corporation has purchased five additional properties as of April 18, 2018, in the amount of \$30,353.

**Van Wert County Land Reutilization Corporation**

Van Wert County

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

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Grants and Entitlements	\$ 330,000	\$ 330,000	\$ 354,401	\$24,401
Contributions and Donations	5,000	5,000	5,000	-
Intergovernmental	20,000	20,000	26,072	6,072
Other	-	-	3,112	3,112
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>\$ 355,000</u>	<u>\$ 355,000</u>	<u>\$ 388,585</u>	<u>33,585</u>
<b>Expenditures:</b>				
Land Reutilization:				
Property Expenses	300,000	300,000	303,499	(3,499)
Professional and Contract Services	6,000	6,000	8,457	(2,457)
Administration	33,350	33,350	1,139	32,211
Debt Service:				
Principal Retirement	100,000	100,000	100,000	0
Interest and Fiscal Charges	1,000	1,000	1,134	(134)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>440,350</u>	<u>440,350</u>	<u>414,229</u>	<u>26,121</u>
Excess of Revenues Over (Under) Expenditures	(85,350)	(85,350)	(25,644)	59,706
Other Financing Sources				
Loan Proceeds	100,000	100,000	100,240	240
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net Change in Fund Balance	14,650	14,650	74,596	59,946
Fund Balance Beginning of Period	7,779	7,779	7,779	0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance End of Period	<u>\$ 22,429</u>	<u>\$ 22,429</u>	<u>\$ 82,375</u>	<u>\$ 59,946</u>

See accompanying notes to the supplemental information.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

Budgetary Process

The budgetary process that is followed by the Corporation is for control purposes and is set forth in the Code of Regulations. On or after the commencement of a fiscal year, the annual budget adopted may be amended or supplemented by the Board of Directors. Nothing in this budgetary process shall be construed as prohibiting the Treasurer from approving the transfer of an unencumbered balance from any line item when it is in the best interest of the Corporation to enter into the binding monetary obligation.

Budgetary Basis of Accounting

While the Corporation is reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The major differences between the budget basis and GAAP basis are expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The following table summarizes the adjustments to reconcile the GAAP basis statements to the budgetary basis for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$295,129
Net adjustment for revenue accruals	167,252
Net adjustments for expenditures accruals	<u>(387,785)</u>
Budget Basis	<u><u>\$74,596</u></u>



**VAN WERT COUNTY LAND REUTILIZATION CORPORATION**  
**VAN WERT COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016**  
**(UNAUDITED)**

The management's discussion and analysis of the Van Wert County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the financial activities for the period ended December 31, 2016. The Corporation began operations on August 2, 2016. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

### **Highlights**

Key highlights for the period since inception are as follows:

- The Corporation is focused on facilitating the transition of blighted, foreclosed and abandoned properties into viable, marketable properties by working collaboratively with public and private entities in a financially responsible, transparent manner with a long-term goal of returning these properties to the tax roll or other greater public purpose.
- The Corporation secured \$500,000 in grant funds through the Neighborhood Initiative Program (NIP) via the Ohio Housing Finance Agency (OHFA) for the acquisition, demolition, and greening of single-family residential units throughout Van Wert County.
- The Corporation set up policies and procedures outlining the acquisition and sale of properties.

**Overview of the Financial Statements** This annual report consists of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole Corporation and present a longer-term view of those assets. The Statement of Activities shows changes to net position of the Corporation. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

### **Reporting the Corporation's Financial Activities**

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

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

These two statements report the Corporation's net position and 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. However, in evaluating the overall position of the Corporation, non-financial information will also need to be evaluated.

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

- Assets
- Liabilities
- Net Position (Assets minus Liabilities)
- Program Expenses
- General Revenues
- Net Position Beginning and End of Year

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016  
(UNAUDITED)  
(Continued)**

**Reporting on the Corporation's Most Significant Fund**

*General Fund*

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year-end and available for spending in future periods. The general fund is reported using the modified accrual of accounting, which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements, if necessary.

As this is the initial year of operation, a comparative presentation with prior year will be presented in subsequent years. The table below provides a summary of Corporation's net position for 2016:

**TABLE 1 NET POSITION**

<b>Assets:</b>	
Cash and Cash Equivalents	\$ 7,779
Prepaid items	1,149
	8,928
<b>Total Assets</b>	
	8,928
<b>Liabilities:</b>	
Loan Payable	100
<b>Total Liabilities</b>	100
<b>Net Position:</b>	
Unrestricted	8,828
<b>Total net position</b>	\$ 8,828

Cash collected by the Corporation is deposited into a checking account for operating purposes. Cash balance at December 31, 2016 was \$7,779. Prepaid items consist of prepaid director/officer's insurance. The loan payable was the \$100 bank charge for a line of credit.

As this is the initial year of operation, a comparative presentation with prior year will be presented in subsequent years. The table below shows the change in net position for the period ending December 31, 2016:

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016  
(UNAUDITED)  
(Continued)**

**TABLE 2 CHANGES IN NET POSITION**

<b>General Revenues:</b>	
Contributions and Donations	<u>\$ 10,000</u>
<b>Program Expenses:</b>	
Professional Services	323
Administrative	<u>849</u>
Total Expenses	1,172
Change in Net Position	8,828
Net Position Beginning of Period	<u>-</u>
Net Position End of Period	<u>\$ 8,828</u>

Revenues for 2016 consist of contributions from Van Wert County Treasurer, Van Wert County Commissioners and the City of Van Wert.

The Corporation's expenses for 2016 were comprised of insurance and other expenses.

**The Corporation's General Fund**

This fund is accounted for using the modified accrual basis of accounting.

**Capital Assets**

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

**Debt**

As of December 31, 2016, the Corporation had a loan payable of \$100 to the First Bank of Berne for the charge on a \$500,000 line of credit. The interest rate is 3.75% at December 31, 2016.

**Current Financial Related Activities**

The Corporation began operations on August 2, 2016. The Corporation is Van Wert County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Van Wert County. The purpose of the Corporation is to strengthen communities in Van Wert County by returning vacant and abandoned properties to productive use and by supporting strategic residential and commercial demolition activities. The principal operating revenues of the Corporation are revenue from property dispositions and grants.

As of April 24, 2017, the Corporation acquired five properties for land reutilization purposes.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016  
(UNAUDITED)  
(Continued)**

**Request for Information**

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Beverly Fuerst, Fiscal Officer, Van Wert County Land Reutilization Corporation, 114 E. Main Street, Van Wert, OH 45891.

**Van Wert County Land Reutilization Corporation**  
Van Wert County

Statement of Net Position  
December 31, 2016

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 7,779
Prepaid items	<u>1,149</u>
Total Assets	<u>8,928</u>
<b>Liabilities:</b>	
Loan Payable	<u>100</u>
Total Liabilities	<u>100</u>
<b>Net Position:</b>	
Unrestricted	<u>8,828</u>
Total net position	<u><u>\$ 8,828</u></u>

See accompanying notes to the financial statements.

**Van Wert County Land Reutilization Corporation**  
Van Wert County

Statement of Activities  
For the Five Month Period Ended December 31, 2016

	Program Revenues	Operating Grants and Contributions	Net (Expense) Revenues and Changes In Net Position
	Expenses	Contributions	Governmental Activities
Governmental Activities			
Current:			
Professional Services	\$323	\$0	(\$323)
Administrative	849	-	(849)
Total Governmental Activities	\$1,172	\$0	(1,172)
General Revenue			
Grants and Entitlements Not Restricted			10,000
Net Change in Net Position			8,828
Net Position Beginning of Year			-
Net Position End of Year			\$ 8,828

See accompanying notes to the financial statements.

**Van Wert County Land Reutilization Corporation**  
Van Wert County

Balance Sheet - General Fund  
December 31, 2016

**Assets:**

Cash and Cash Equivalents	\$ 7,779
Prepaid items	<u>1,149</u>
Total Assets	<u><u>\$ 8,928</u></u>

**Liabilities:**

Loan Payable	<u>\$ 100</u>
Total Liabilities	<u>100</u>

**Fund Balance:**

Nonspendable	1,149
Unassigned	<u>7,679</u>
Total Fund Balance	<u>8,828</u>
Total Liabilities and Fund Balance	<u><u>\$ 8,928</u></u>

See accompanying notes to the financial statements.

**Van Wert County Land Reutilization Corporation**  
Van Wert County

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund  
For the Five Month Period Ended December 31, 2016

**Revenues:**

Contributions and Donations	<u>\$ 10,000</u>
Total Revenues	<u>10,000</u>

**Expenditures:**

Land Reutilization:	
Professional Services	323
Administrative	<u>849</u>
Total Expenditures	<u>1,172</u>
Net Change in Fund Balance	8,828
Fund Balance Beginning of Period	<u>-</u>
Fund Balance End of Period	<u><u>\$ 8,828</u></u>

See accompanying notes to the financial statements.



**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016**

**NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY**

The Van Wert County Land Reutilization Corporation (the "Corporation") is a county land reutilization corporation that was formed on August 2, 2016, when the Van Wert 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 to strengthen neighborhoods in Van Wert County (the "County") by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03(B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of no less than five and no more than nine 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 component 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 an 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 Van Wert 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.

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.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016**

**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 or fiduciary funds.

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 Fund**

The governmental fund focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the governmental fund 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 of resources less liabilities plus deferred inflows of resources is reported as fund balance. The following is the Corporation's only governmental fund:

General Fund - The general fund accounts for all financial resources that are not required to be separately accounted for. 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.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016  
(Continued)**

*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 of resources, all liabilities and all deferred inflows of resources associated with the operation of the Corporation are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016  
(Continued)**

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. For the Corporation, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables that will not be collected within the available period. For the Corporation, unavailable revenue includes intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

*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.

*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.

*Prepayments*

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

*Assets Held for Resale*

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of homes on the properties. 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. At December 31, 2016, the Corporation did not have any assets held for resale.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FIVE MONTH PERIOD 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 of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2016.

*Fund Balance*

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

*Non-spendable Fund Balance* - The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid amounts and property acquired for resale, unless the use of the proceeds from the collection of the sale of those properties is restricted, committed or assigned.

*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 have 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.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016  
(Continued)**

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's Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2016.

*Unearned Revenue*

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied.

**NOTE 3 - DEPOSITS**

*Deposits with Financial Institutions*

At December 31, 2016, the entire amount of the Corporation's bank balance of \$7,779 was covered by Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure the Corporation's deposits may not be returned to it. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Corporation. Protection of the Corporation's cash and deposits is provided by the FDIC or collateralized by the financial institution.

**NOTE 4 - RISK MANAGEMENT**

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.

The Corporation has obtained commercial insurance from private carriers for the following risk:

*Directors/Officers Liability*

The amount of settlements has not exceeded coverage in any of the past three years. Also, the limits have not been lowered significantly in the past year.

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FIVE MONTH PERIOD ENDED DECEMBER 31, 2016  
(Continued)**

**NOTE 5 – DEBT**

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
Loan Payable	\$0	\$100	\$0	\$100

On August 31, 2016, the Corporation received a line of credit in the amount of \$500,000 from the First Bank of Berne. The Corporation was charged \$100 for the application. The interest rate on the line of credit is the Wall Street Journal Prime Rate +0.0% fluctuating monthly.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

During 2016, the Corporation received \$2,500 from the City of Van Wert and \$7,500 from the Van Wert County.

**NOTE 7 – LITIGATION**

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

**NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2016, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 77, "Tax Abatement Disclosures." This statement requires governments that enter into tax abatement agreements to disclose information to make these transactions more transparent to the financial statement users. The Corporation did not have any tax abatements.

**NOTE 9 – SUBSEQUENT EVENTS**

Grants – In November 2016, the Corporation entered into a Neighborhood Initiative Program Agreement with the Ohio Housing Finance Agency for the amount of \$500,000. In January 2017, the Corporation received an advance of \$100,000 from the Ohio Housing Finance Agency (OHFA).

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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

Van Wert County Land Reutilization Corporation  
Van Wert County  
121 E. Main Street  
Van Wert, Ohio 45891

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 Van Wert County Land Reutilization Corporation, Van Wert County, (the Corporation) as of and for the year ended December 31, 2017 and the five month period 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 13, 2018.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 we consider a material weakness. We consider finding 2017-001 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*.

***Corporation's Response to Finding***

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Corporation's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 13, 2018

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2017 AND THE  
FIVE MONTH PERIOD ENDED DECEMBER 31, 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**MATERIAL WEAKNESS – FINANCIAL REPORTING**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The Corporation's Board is responsible for internal controls related to financial reporting, including the reporting of supplemental information. We identified the following errors requiring adjustment to the financial statements and accompanying supplemental budgetary comparison schedule note disclosure:

- For the year ending December 31, 2017, Unearned Revenue was overstated by \$32,988 and Operating Grants understated \$32,988 due to the failure to record a payment received against the advance funding received in 2017. This error also affected the revenue and expenditure accrual amounts included in the supplemental budgetary schedule and note disclosure. Also, the unearned revenue amount of \$67,012 was reclassified to be properly reflected as a deferred inflow on the financial statements.
  
- For the five month period ending December 31, 2016, Prepaid Items were overstated by \$215. In addition, revenues received in the amount of \$10,000 were improperly classified as Program Revenue: Operating Grants and Contributions instead of as General Revenue: Grants and Entitlements not Restricted to Specific Program. Program expenditures in the amounts of \$323 and \$849, respectively, were reclassified as Professional and Contract Services and Administration expenditures.

The accompanying financial statements, the supplemental budgetary schedule, and note disclosures have been adjusted for the above noted errors. These errors were a result of inadequate policies and procedures in reviewing the financial statements and supplemental information. Failure to complete accurate information could lead to the Board making misinformed decisions.

Financial statement reporting errors inhibit the users' understanding of the financial position at year end and the activity during the year. Procedures and controls should be in place to help prevent and detect errors and provide meaningful information to the users of the Corporation's financial statements. Prior to submitting the annual compilation to the Auditor of State, the Treasurer and Board of Directors should review the compilation to identify and correct reporting errors. Resources such as those found on the Auditor of State web site and others pertaining to financial reporting should be utilized when recording financial transactions and reviewing the annual financial statements.

**Official's Response :**

We acknowledge the adjustments and in the future make sure our Accountant knows the proper reporting.

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# Dave Yost • Auditor of State

**VAN WERT COUNTY LAND REUTILIZATION CORPORATION**

**VAN WERT 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, 25 2018**