



Dave Yost • Auditor of State

**SCIOTO COUNTY LAND REUTILIZATION CORPORATION
SCIOTO COUNTY**

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**SCIOTO COUNTY LAND REUTILIZATION CORPORATION
SCIOTO COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Scioto County Land Reutilization Corporation
Scioto County
602 7th Street, Room 102
Portsmouth, Ohio 45662

To the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Scioto County Land Reutilization Corporation, Scioto County, Ohio (the Corporation), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no 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 Scioto County Land Reutilization Corporation, Scioto County, Ohio, as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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

November 8, 2018

Scioto County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2017

(Unaudited)

The discussion and analysis of the Scioto County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole. Readers should also review the 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 2017 are as follows:

- Net position of governmental activities increased by \$1,111,498.
- The Corporation's general revenue accounted for \$589 or less than 1 percent of total revenue. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,179,321 or over 99 percent of total revenues of \$1,179,910.
- The Corporation had \$68,412 in expenses related to governmental activities; all of these expenses were offset by program specific charges for services and sales, grants and contributions.
- The general fund, the Corporation's major fund, had \$1,132,252 in revenues and \$68,412 in expenditures.

Using This Annual Financial Report

This annual report consists of a series of financial statements and notes to those 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 and conditions.

The statement of net position and statement of activities provide information about the activities of the whole agency, 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. The fund financial statements also look at the Corporation's most significant funds with all other nonmajor funds presented in total in one column. However, the Corporation has only one fund, the general fund.

Reporting the Corporation as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's net position and changes in net position. This change in net position is important because it tells the reader, for the Corporation as a whole, whether the financial position has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the availability of revolving line of credit funds, the condition of assets held for resale, and other factors.

Scioto County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Reporting the Corporation's Most Significant Fund

Fund Financial Statements

These fund financial statements focus on the Corporation's most significant funds. The Corporation's only fund is a governmental fund, the general fund. Its presentation focuses on how money flows into and out of the fund and the balance left at year-end available for spending in future periods. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be 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 financial statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Notes to the Basic Financial Statements

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

The Corporation as a Whole

Recall that the statement of net position provides the perspective of the Corporation as a whole. Table 1 provides a summary of the Corporation's net position as of December 31, 2017 and 2016.

Table 1
Net Position

	2017	2016
Assets		
Current and Other Assets	\$1,382,049	\$13,359
Total Assets	1,382,049	13,359
Liabilities		
Current and Other Liabilities	257,198	6
Total Liabilities	257,198	6
Net Position		
Unrestricted	1,124,851	13,353
Total Net Position	\$1,124,851	\$13,353

Current and other assets increased significantly due to the Corporation's first full year of operation. Several properties were acquired and processed during the year and outstanding receivables resulted from grant activity during the year.

Current and other liabilities also increased as a result of the first full year of operation. The Corporation had outstanding bills for services at year-end, which resulted in the recognition of accrued liabilities; unearned revenue was recognized for funds received from the grant program for maintenance that were not yet earned; and an amount was due back to the grantor for the receipt of unearned maintenance funds on properties that were subsequently sold. In addition, there was an outstanding balance on a line of credit from the grantor agency in the amount of \$200,000.

Scioto County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Table 2 shows the changes in net position for the years ended December 31, 2017 and 2016.

Table 2
Changes in Net Position

	2017	2016*
Revenues		
Program Revenues:		
Charges for Services and Sales	\$400	\$0
Operating Grants and Contributions	1,178,921	20,000
Total Program Revenues	1,179,321	20,000
General Revenues:		
Other	589	0
Total Revenues	1,179,910	20,000
Expenses		
Professional Contracts and Services	16,053	3,572
Administration	3,991	3,075
Economic Development-Land Reutilization	48,368	0
Total Expenses	68,412	6,647
Change in Net Position	1,111,498	13,353
Net Position, Beginning of Year	13,353	0
Net Position, End of Year	\$1,124,851	\$13,353

*Certain reclassifications were made for consistency of reporting between years.

Due to the first full year of operation, all revenues and expenses significantly increased between years. Operating grants and contributions were comprised of draws from the Neighborhood Initiative Program grant provided through the Ohio Housing Finance Agency as well as the recognition of contributions for donated land. Professional contracts and services were comprised primarily of insurance costs and accounting fees. Administration was comprised primarily of travel, marketing, and other administrative expenses. Economic development-land reutilization expenses were comprised of the expenses incurred but not recouped on sold properties.

The Corporation's Fund

The Corporation's general fund is accounted for using the modified accrual basis of accounting. This fund had total revenues of \$1,132,252 and expenditures of \$68,412, resulting in an increase in total fund balance of \$1,063,840.

Capital Assets and Long-Term Debt

Capital Assets

The Corporation had no capital assets at December 31, 2017.

Scioto County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2017

(Unaudited)

Long-Term Liabilities

The Corporation had not long-term liabilities as of December 31, 2017. However, the Corporation did have a balance of \$200,000 outstanding on its line of credit from the Ohio Housing Finance Agency, which is further discussed in note 5 of the notes to the basic financial statements.

Current Financial Related Activities

Scioto County is an economically disadvantaged county. While conditions have improved recently, negative economic pressures persist. Much work is being done to create jobs, reduce blight, and increase median income, creating a positive outlook for the future.

Contacting the Corporation's Financial Management

This financial report is designed to provide a general overview of the Corporation's finances for all parties with an interest in the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Bryan Davis, Board Chair, or William Ogg, Treasurer, 602 Seventh Street, Portsmouth, Ohio 45662.

Scioto County Land Reutilization Corporation
Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>
Assets	
Cash	\$148,157
Restricted Cash	4,600
Grants Receivable	47,658
Other Receivables	14,200
Assets Held for Resale	<u>1,167,434</u>
Total Assets	1,382,049
Liabilities	
Accrued Liabilities	13,423
Due to Grantors	4,600
Line of Credit: Ohio Housing Finance Agency	200,000
Unearned Revenue	<u>39,175</u>
Total Liabilities	257,198
Net Position	
Unrestricted	<u>1,124,851</u>
Total Net Position	<u><u>\$1,124,851</u></u>

See the accompanying notes to the basic financial statements.

Scioto County Land Reutilization Corporation
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Professional Contracts and Services	\$16,053	\$0	\$0	(\$16,053)
Administration	3,991	0	0	(3,991)
Economic Development-Land Reutilization	48,368	400	1,178,921	1,130,953
Total Governmental Activities	<u>\$68,412</u>	<u>\$400</u>	<u>\$1,178,921</u>	1,110,909
General Revenue				
Other				<u>589</u>
Total General Revenues				<u>589</u>
Change in Net Position				1,111,498
Net Position, Beginning of Year				<u>13,353</u>
Net Position, End of Year				<u><u>\$1,124,851</u></u>

See the accompanying notes to the basic financial statements.

Scioto County Land Reutilization Corporation
Balance Sheet
Governmental Fund
December 31, 2017

	General
Assets	
Cash	\$148,157
Restricted Cash	4,600
Grants Receivable	47,658
Other Receivables	14,200
Assets Held for Resale	1,167,434
Total Assets	\$1,382,049
Liabilities	
Accrued Liabilities	\$13,423
Due to Grantors	4,600
Line of Credit: Ohio Housing Finance Agency	200,000
Unearned Revenue	39,175
Total Liabilities	257,198
Deferred Inflows of Resources	
Unavailable Revenue	47,658
Fund Balances	
Nonspendable:	
Assets Held for Resale	1,167,434
Unassigned	(90,241)
Total Fund Balances	1,077,193
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$1,382,049

See the accompanying notes to the basic financial statements.

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

Fund Balances - Total Governmental Funds	\$1,077,193
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Amounts reported for governmental activities in the statement of net position are different because:

Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.

Grants	<u>47,658</u>
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Net Position of Governmental Activities	<u><u>\$1,124,851</u></u>
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See the accompanying notes to the basic financial statements.

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

	General
Revenues	
Grants	\$829,786
Property Sales	400
Contributions	299,130
Increase in Fair Value of Assets	2,347
Other	589
Total Revenues	1,132,252
Expenditures	
Professional Contracts and Services	16,053
Administration	3,991
Economic Development-Land Reutilization	48,368
Total Expenditures	68,412
Net Change in Fund Balances	1,063,840
Fund Balances, Beginning of Year	13,353
Fund Balances, End of Year	\$1,077,193

See the accompanying notes to the basic financial statements.

Scioto County Land Reutilization Corporation
*Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017*

Net Change in Fund Balances - Total Governmental Funds \$1,063,840

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

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

Grants 47,658

Change in Net Position of Governmental Activities \$1,111,498

See the accompanying notes to the basic financial statements.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 1 – Description of the Reporting Entity

The Scioto County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Scioto County on March 24, 2016 and incorporated on March 29, 2016 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is a five-member Board of Directors, consisting of the County Treasurer, two County Commissioners, one representative of the City of Portsmouth, and one member representing a township located in Scioto County, selected by the County Treasurer and the two members of the Board of County Commissioners who serve on the Board.

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. The Corporation is classified as a component unit of Scioto County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and 61.

The financial statements include all agencies, divisions, and operations for which the Corporation is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Corporation itself is included in the financial reporting entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Fund Financial Statements

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

Fund Accounting

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

For financial statement presentation purposes, the Corporation's fund is classified as a governmental fund.

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, liabilities, and deferred inflows of resources is reported as fund balance. The following is the Corporation's only governmental fund:

General Fund – The general fund is the operating fund of the Corporation and accounts for all financial transactions. The general fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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 bases of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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 revenues are considered to be both measurable and available at year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended December 31, 2017, the Corporation reported no amounts which are classified as deferred outflows of resources.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the year ended December 31, 2017, the Corporation reported deferred inflows of resources for grants which will not be collected in the available period. The difference between deferred inflows of resources on the statement of net position and the balance sheet is due to grants not received during the available period. These were reported as revenues on the statement of activities and not recorded as deferred inflows on the statement of net position.

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. However, the Board of Directors of the Corporation adopted an annual budget for the fiscal year.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Federal Income Tax

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

Cash

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.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets are comprised of cash due to grantors as a refund of unused maintained costs on sold properties.

Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the fair value of each property plus any costs of maintenance, rehabilitation, or demolition of structures on the properties. The Corporation holds the properties until they are either sold or transferred to a private purchaser, non-profit, or public end-user. Properties may be merged with adjacent parcels for development or green space projects, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost. Once the properties are sold or titled back to the community, the Corporation recognizes the accumulated expenses on the operating statements.

Accrued Liabilities

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.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue of the Corporation is comprised of amounts received for maintenance from the Ohio Housing Finance Agency that are not yet earned.

Net Position

Net position represents the difference between assets and liabilities. 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.

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.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended 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:

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, assets held for resale.

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

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 has not adopted a formal fund balance policy. The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2017.

Note 3 – Deposits

At December 31, 2017, the entire amount of the Corporation’s bank balance of \$152,757 was covered by Federal Deposit Insurance Corporation (FDIC).

Protection of the Corporation's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Receivables

Receivables at December 31, 2017 consisted of funds due from the Ohio Housing Finance Agency Neighborhood Initiative Program grant and amounts due from a contractor as a result of a duplicate payment on a demolition/asbestos remediation contract. An allowance for doubtful accounts was not recorded because all receivables are expected to be collected in full.

The principal items of governmental activities receivables are a grant receivable for the Ohio Housing Finance Agency Neighborhood Initiative Program grant in the amount of \$47,658 and an other receivable from a contractor for resulting from an overpayment by the Corporation in the amount of \$14,200.

Note 5 – Lines of Credit

The Corporation has lines of credit available through the Ohio Housing Finance Agency (OHFA) and the Scioto County Commissioners in the amounts of \$200,000 and \$500,000, respectively. The purpose of both of these lines of credit was to provide funds to cover up front costs of rehabilitating projects until reimbursement could be obtained. These lines of credit carry a zero percent interest rate. Changes in these lines of credit during 2017 were as follows:

	Balance 12/31/16	Additions	Repayments	Balance 12/31/17
OHFA Line of Credit	\$0	\$600,000	(\$400,000)	\$200,000
Scioto County Line of Credit	0	500,000	(500,000)	0
Total	\$0	\$1,100,000	(\$900,000)	\$200,000

Note 6 – Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the Corporation obtained various types of insurance coverage as follows:

<u>Type</u>	<u>Coverage</u>
General Liability – Per Occurrence (No Aggregate)	\$1,000,000
Products/Completed Operations:	
Annual Aggregate	1,000,000
Each Occurrence Limit	1,000,000
Medical Payments:	
Per Person	5,000
Per Accident	50,000

Settled claims have not exceeded commercial coverage during the past two years. During 2017, the Corporation reviewed its insurance coverage and adjusted where deemed appropriate.

Note 7 – Contingent Liabilities

Litigation

The Corporation is not currently a party to any legal proceedings.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Grants

The Corporation received financial assistance from state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund. However, the effect of any such disallowed claims on the overall financial position of the Corporation at December 31, 2017, if applicable, cannot be determined at this time.

Note 8 - Transactions with Scioto County

The Corporation has an agreement with Scioto County which states Scioto County employees will operate the daily activities of the Corporation and in return, Scioto County will receive the amount the Corporation is reimbursed from Ohio Housing Finance Agency for administration costs on each property it submits.

Note 9 – Subsequent Event

For 2018, the Scioto County Commissioners will provide a line of credit in the amount of \$250,000 for the purpose of providing funds to cover up front costs of rehabilitating projects until reimbursement can be obtained.

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Scioto County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2016

(Unaudited)

The discussion and analysis of the Scioto County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole. Readers should also review the 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 Corporation was created in 2016.
- Net position of governmental activities increased by \$13,353.
- The Corporation has no general revenue in the fiscal year. Program specific revenues in the form of grants and contributions accounted for \$20,000 or 100% of total revenues of \$20,000.
- The Corporation had \$6,647 in expenses related to governmental activities; all of these expenses were offset by program specific grants and contributions.
- The general fund, the Corporation's major fund, had \$20,000 in revenues and \$6,647 in expenditures.

Using This Annual Financial Report

This annual report consists of a series of financial statements and notes to those 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 and conditions.

The statement of net position and statement of activities provide information about the activities of the whole agency, 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. The fund financial statements also look at the Corporation's most significant funds with all other non-major funds presented in total in one column. However, the Corporation has only one fund, the general fund.

Reporting the Corporation as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's net position and changes in net position. This change in net position is important because it tells the reader whether, for the Corporation as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the availability of revolving loan and line of credit funds, the condition of assets held for resale, and other factors.

Scioto County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

Reporting the Corporation's Most Significant Fund

Fund Financial Statements

These fund financial statements focus on the Corporation's most significant funds. The Corporation's only fund is a governmental fund, the general fund. Its presentation focuses on how money flows into and out of the fund and the balance left at year end available for spending in future periods. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be 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 financial statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements; however, there were no reconciling differences for 2016.

Notes to the Basic Financial Statements

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

The Corporation as a Whole

Recall that the statement of net position provides the perspective of the Corporation as a whole. Table 1 provides a summary of the Corporation's net position as of December 31, 2016. Since this is the Corporation's initial year, comparisons to year-end balances of the previous year are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 1
Net Position

	2016
Assets	
Current and Other Assets	\$13,359
Total Assets	13,359
Liabilities	
Current and Other Liabilities	6
Total Liabilities	6
Net Position	
Unrestricted	13,353
Total Net Position	\$13,353

Table 2 shows the change in net position for the year ended December 31, 2016. Since this is the Corporation's initial year, comparisons of revenues and expenses between years are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Scioto County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

Table 2
Change in Net Position

	2016
Revenues	
Program Revenues:	
Operating Grants and Contributions	\$20,000
Total Program Revenues	20,000
Total Revenues	20,000
 Expenses	
Professional Fees and Services	3,572
Other Operating	758
Travel	2,193
Marketing	124
Total Expenses	6,647
 Change in Net Position	 13,353
Net Position, Beginning of Year	0
Net Position, End of Year	\$13,353

The Corporation received a total of \$20,000 in one-time contributions from the Scioto County Treasurer and the Scioto County Commissioners. At December 31, 2016, \$6,641 was spent primarily for professional fees and services and travel, and an additional \$6 was accrued for travel expenses.

The Corporation's Fund

The Corporation's general fund is accounted for using the modified accrual basis of accounting. This fund had total revenues of \$20,000 and expenditures of \$6,647, resulting in an increase in total fund balance of \$13,353.

Capital Assets and Long-Term Debt

Capital Assets

The Corporation had no capital assets at December 31, 2016.

Long-Term Liabilities

The Corporation had no long-term liabilities outstanding at December 31, 2016.

Current Financial Related Activities

Scioto County is an economically disadvantaged county. While conditions have improved recently, negative economic pressures persist. Much work is being done to create jobs, reduce blight, and increase median income, creating a positive outlook for the future.

Scioto County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2016

(Unaudited)

Contacting the Corporation's Financial Management

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Bryan Davis, Board Chair, or William Ogg, Treasurer, 602 Seventh Street, Portsmouth, Ohio 45662.

Scioto County Land Reutilization Corporation
Statement of Net Position
December 31, 2016

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$13,359</u>
Total Assets	13,359
Liabilities	
Accrued Liabilities	<u>6</u>
Total Liabilities	6
Net Position	
Unrestricted	<u>13,353</u>
Total Net Position	<u><u>\$13,353</u></u>

See the accompanying notes to the basic financial statements.

Scioto County Land Reutilization Corporation
Statement of Activities
For the Year Ended December 31, 2016

		Program Revenues	Net Revenues (Expenses) and Changes in Net Position
	Expenses	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
Professional Fees and Services	\$3,572	\$10,748	\$7,176
Other Operating	758	2,281	1,523
Travel	2,193	6,598	4,405
Marketing	124	373	249
Total Governmental Activities	\$6,647	\$20,000	13,353
			<u>0</u>
			13,353
			<u>0</u>
			<u><u>\$13,353</u></u>

See the accompanying notes to the basic financial statements.

Scioto County Land Reutilization Corporation
Balance Sheet
Governmental Fund
December 31, 2016

	<u>General</u>
Assets	
Cash and Cash Equivalents	<u>\$13,359</u>
Total Assets	<u><u>\$13,359</u></u>
Liabilities	
Accrued Liabilities	<u>\$6</u>
Total Liabilities	6
Fund Balances	
Unassigned	<u>13,353</u>
Total Fund Balances	<u>13,353</u>
Total Liabilities and Fund Balances	<u><u>\$13,359</u></u>

See the accompanying notes to the basic financial statements.

Scioto County Land Reutilization Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2016

	General
Revenues	
Intergovernmental	\$20,000
Total Revenues	20,000
Expenditures	
Professional Fees and Services	3,572
Other Operating	758
Travel	2,193
Marketing	124
Total Expenditures	6,647
Net Change in Fund Balances	13,353
Fund Balances, Beginning of Year	0
Fund Balances, End of Year	\$13,353

See the accompanying notes to the basic financial statements.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Note 1 – Description of the Reporting Entity

The Scioto County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Scioto County on March 24, 2016 and incorporated on March 29, 2016 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is a five member Board of Directors, consisting of the County Treasurer, two County Commissioners, one representative of the City of Portsmouth, and one member representing a township located in Scioto County, selected by the County Treasurer and the two members of the Board of County Commissioners who serve on the Board.

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. The Corporation is classified as a component unit of Scioto County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and 61.

The financial statements include all agencies, divisions, and operations for which the Corporation is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Corporation itself is included in the financial reporting entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Fund Financial Statements

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

Fund Accounting

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

For financial statement presentation purposes, the Corporation's fund is classified as a governmental fund.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets and liabilities 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, and the County Commissioners. The general fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. No reconciliations were required 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 bases of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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 sixty 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 revenues 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.

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.

Accrued Liabilities

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.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Net Position

Net position represents the difference between assets and liabilities. 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 received operating income from the Scioto County Treasurer during 2016. 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. The Corporation also received an equal amount of operating income from the Scioto County Commissioners through the County's general fund. These were one-time contributions. The Corporation's future revenues will come from other sources.

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.

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.

Scioto County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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.

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 has not adopted a formal fund balance policy. The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Deposits

At December 31, 2016, the carrying amount of the Corporation's deposits was \$13,359. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2016, all deposits were protected by Federal Deposit Insurance Corporation (FDIC) coverage.

Note 4 – Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the Corporation obtained various types of insurance coverage as follows:

<u>Type</u>	<u>Coverage</u>
General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	2,000,000
Each Occurrence Limit	1,000,000
Personal Injury	1,000,000
Damage to Premises Rented	100,000

During 2016, the settled claims have not exceeded commercial coverage.

Note 5 – Litigation

The Corporation is not currently a party to any legal proceedings.

Note 6 – Transactions with Scioto County

The Corporation received \$10,000 from the Scioto County Treasurer's Delinquent Real Estate Tax Assessment Collection (DRETAC) fund and \$10,000 from the Scioto County Commissioners' through the County's general fund. These were one-time contributions. The Corporation's future revenues will come from other sources. In addition, the Corporation has an agreement with Scioto County which states Scioto County employees will operate the daily activities of the Corporation and in return, Scioto County will receive the amount the Corporation is reimbursed from Ohio Housing Finance Agency for administration costs on each property it submits.

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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*

Scioto County Land Reutilization Corporation
Scioto County
602 7th Street, Room 102
Portsmouth, Ohio 45662

To the Board:

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 Scioto County Land Reutilization Corporation, Scioto County, Ohio (the Corporation) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated November 8, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

November 8, 2018



Dave Yost • Auditor of State

SCIOTO COUNTY LAND REUTILIZATION CORPORATION

SCIOTO 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
NOVEMBER 27, 2018**