MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

MONTGOMERY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2023

Rea & associates
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Montgomery County Land Reutilization Corporation
Montgomery County, Ohio

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Land Reutilization Corporation
Montgomery County, Ohio
130 W. Second Street, Suite 1425
Dayton, Ohio 45402

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of the Montgomery County Land Reutilization Corporation, Montgomery County, Ohio (Corporation), a component unit of Montgomery County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Corporation as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2024, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.

Rea & Associates, Inc.
Dublin, Ohio
May 23, 2024

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

The management's discussion and analysis of the Montgomery 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, 2023. The Corporation began operations on August 26, 2011 and is a component unit of Montgomery County. 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. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

Financial and Administrative Highlights

Key financial and administrative highlights for 2023 are as follows:

- Mission progress continued to be hindered in 2023 by litigation challenging the County's use of Ohio Revised Code foreclosure process referred to as the Board of Revision or Expedited foreclosure. This process has been the primary method for acquiring vacant abandoned, tax delinquent property for Corporation programs, accounting for nearly all the 1,200 properties demolished under the NIP program. A change in County policy was established in November 2021 which severely limits properties that qualify to use the process, also hindered progress. A backlog remains for those cases that were submitted prior to the November 2021 policy and do qualify for the BOR / Expedited tax foreclosure process. Further submissions of qualifying properties have not been encouraged due to aging cases further inhibiting new projects and mission progress. 2023 offered no change for the Corporation to acquire properties using the BOR/Expedited foreclosure method.
- The Corporation began utilizing a U.S. Environmental Protection Agency (EPA) Brownfield Assessment grant at targeted sites throughout the County. This work included 10 assessments completed and 3 additional Phase II's in process. The Corporation expanded its capabilities by hiring a new program manager with decades of Brownfield experience.
- The Corporation acquired 1,225 properties as a part of the ownership requirement of the NIP program. The total award as of December 31, 2021, was approximately $21.3 million. The funding for this program ended in 2021, but lots are still held by the Corporation.
- The Neighborhood Initiative Program (NIP) completed the following:
    - Transferred 55 NIP Lots, with 1 (1%) transferred to non-profits or investors and the balance transferred back to the jurisdictions.
    - Through December 31, 2023, 1,183 of the 1,225 properties have been transferred to other ownership.
    - Processed 1 application for NIP Lots in 2023. This applicant requested a total of one lot.
- The Ohio Department of Development Demolition Program completed the following:
    - Completed demolition on 172 nuisance properties in partnership with Dayton, Trotwood, Harrison Township, Englewood, Miamisburg, and West Carrolton.
    - Coordinated project management for an additional 72 properties starting the demolition process.

- The Corporation was awarded an amendment to its demolition grant agreement with the Ohio Department of Development in February 2024, which extended the agreement through 12/31/2025.
- The Corporation did not award any Planning grants in 2023.
- No additional renovations were completed as part of the Thriving Neighborhoods Initiative in 2023. The Corporation underwent an extensive review of the Huffman neighborhood for potential acquisition and renovation targets. Other previous neighborhoods are no longer a focus of the TNI program.
- The Tax Foreclosure Acquisition Program (TFAP) transferred 17 properties to Greater Dayton Premier Management, 1 to County Corp, 3 to East End Neighborhood Development Corporation, 1 to Dayton Metropolitan Housing Authority, and 2 to private individuals for a total of 24 transfers. An additional 6 applications were processed. Additionally, 3 deposits were returned to applicants due to BOR policy changes.
- The Corporation did not facilitate the disposition of any new property in the Commercial Redevelopment program this year. We completed research on 3 properties, but none proceeded with acquisition. One property on West Third Street in Dayton is still under review. In anticipation of expanding this program in the future we hired a new program manager in charge of CRP.
- The Do It Yourself (DIY) program completed the transfer of 6 properties with an additional 5 properties currently in inventory.
- There were no Community Loans awarded in 2023.
- One retiring employee was replaced by a new hire that has been trained. Two new positions were created (Acquisition Manager/Program Manager) and were filled and trained in 2023.
- Verily support was terminated in 2023 and any remaining funds they had on account were returned to them.
- The Corporation received an ARPA grant from the City of Dayton in the amount of $2,400,000 through 12-31-2026 to renovate homes in given targeted neighborhoods. As part of this process the Corporation went through an RFQ process to identify Architectural and Engineering firms to assist with this work and qualified three applicants. Additionally, the Corporation began acquiring properties and has 11 properties currently in inventory that are being reviewed.
- In mid-February 2023, the ARPA Acquisition program was allocated $850,000 from the City of Dayton. These funds are being used to acquire vacant and underutilized properties along commercial corridors and in residential neighborhoods. $500,000 will be used for the acquisition of property along the Salem Avenue corridor with the $350,000 balance focusing on other areas for new commercial development, new residential development, and vacant home rehabilitation. The deadline to acquire these properties is December 31, 2024.
- The reforestation program is a partnership with the Ohio Department of Natural Resources and the Corporation. The goal of the partnership is to distribute free trees to eligible homeowners and to plant trees on private property. The program focuses on the establishment of tree canopy in low canopied communities in Dayton and its surrounding communities. Trees are an asset to any community for the establishment of tree canopy, while providing economic, health and environmental benefits. American Forests defines tree equity as having enough trees in an area so that everyone can experience the health, climate, and economic benefits that trees

provide. The Corporation has allocated $25,000 to this program. The deadline for the completion of the tree planting program is December 31, 2024.

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 net position. 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 such as the condition of the Corporation's capital assets 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 and revenues, general revenues, and net position beginning and end of year.

Reporting on the Corporation's Most Significant Fund

Governmental Fund

The presentation for the Corporation's only fund, the General or Governmental 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 basis 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 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.

The Statement of Net Position looks at the Corporation as a whole. The table below provides a summary of Corporation's net position for 2023 and 2022:

Net Position

	2023	2022
Assets		
Equity in Pooled Cash and Cash Equivalents	$ 10,546,961	$ 9,977,044
Deposits	6,000	-
Prepaid Items	59,248	60,893
Accounts Receivable	137,972	11,518
Grants Receivable	1,425,111	-
Assets Held for Resale	3,729,877	4,656,812
Depreciable Capital Assets, Net	33,364	22,997
Total Assets	15,938,533	14,729,264
Liabilities		
Grants Payable	-	187,500
Accounts Payable	850,220	158,532
Retainage Payable	128,470	93,150
Accrued Demolition Expense	116,000	93,700
Unearned Revenue	773,916	571,951
Total Liabilities	1,868,606	1,104,833
Net Position		
Investment in Capital Assets	33,364	22,997
Unrestricted	14,036,563	13,601,434
Net Position	$ 14,069,927	$ 13,624,431

Cash collected by the Corporation is deposited into a checking account for operating purposes. Cash and cash equivalents increased $569,917 during 2023. Investments at December 31, 2023, consist of funds held in a STAR Ohio investment account, which are included in cash and cash equivalents in the financial statements.

Accounts Receivable at December 31, 2023, consists of funds due from various customers.

Assets held for resale represent properties foreclosed upon or donated to the Corporation. These properties were recorded at the lower of acquisition cost or net realizable value. Decreases in 2023 relate to the transfer of properties to new owners or communities, and some activity in commercial property.

Accounts Payable consists of expenses related to County Corp and demolition projects. It also includes general administrative expenses. Accounts Payable increased during 2023 due to increases in demolition and property rehabilitation activity.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2023, the Corporation's net position was $14,069,927 up from $13,624,431 in 2022 as a result of an increase in operating grants and contributions.

The table below shows the changes in net position between 2023 and 2022:

Change in Net Position

	2023	2022
Revenues		
Program Revenues		
Charges for Services	$ 296,821	$ 182,282
Operating Grants and Contributions	4,198,154	4,721
Total Program Revenues	4,494,975	187,003
General Revenues		
Intergovernmental	2,152,738	2,310,828
Contribution of Property	24,450	756,240
Interest	421,105	132,337
Total General Revenues	2,598,293	3,199,405
Total Revenues	7,093,268	3,386,408
Expenses		
Property Development and Rehabilitation	3,471,993	-
Professional and Contract Services	538,539	280,012
Administration	2,637,240	6,767,159
Total Expenses	6,647,772	7,047,171
Change in Net Position	445,496	(3,660,763)
Net Position Beginning of Year	13,624,431	17,285,194
Net Position End of Year	$ 14,069,927	$ 13,624,431

Revenues for 2023 consist primarily of operating grants and contributions due to activity in the Ohio Department of Development (ODOD) demolition grant program. The Corporation was awarded an amendment to its demolition grant agreement with the Ohio Department of Development in February 2023. This amendment increased the award to $11,077,599 in grant funds to the Corporation for use by June 30, 2024. The 5% of delinquent taxes contributed by Montgomery County to the Corporation for the purpose of land reutilization is the other major source of revenue. The funding from Montgomery County resulted in $2.1 million from the semi-annual property tax collection for Corporation activities.

Expenses decreased overall during 2023. The decrease in administrative expenses was offset by an increase in property development and rehabilitation expenses, as those expenses directly related to the ODOD demolition grant program discussed above were categorized separately in the current year.

The Corporation's Fund

Information about the Corporation's Governmental Fund begins on page 12. This fund is accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues of $6,043,595 and expenditures of $6,658,139.

Capital Assets

As of December 31, 2023, the Corporation had $33,364 of furniture, equipment and leasehold improvements, net of accumulated depreciation. See Note 7 of the basic financial statements for additional information on capital assets.

Factors Expected to Impact the Future

This report would not be complete without acknowledging the challenges that exist in acquiring property via tax foreclosure, sheriff's sale, or market purchase as housing demand continues to exceed supply. Market demand has driven home and material prices up and encouraged investor speculation. These investments are likely to create another round of blight as investors purchase marginal properties unfit for habitation and make acquisitions with a short-term return as the only motivation. As a result, the Corporation's housing programs had to be suspended and/or materially altered to account for the lack of inventory. Alternative avenues to acquire property were explored which led to the creation of a new position to address acquisitions.

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 Paul Bradley, Executive Director, Montgomery County Land Reutilization Corporation, 130 West Second Street, Suite 1425, Dayton, Ohio 45402.

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 10,546,961
Deposits	6,000
Prepaid Items	59,248
Accounts Receivable	137,972
Grants Receivable	1,425,111
Assets Held for Resale	3,729,877
Depreciable Capital Assets, Net	33,364
Total Assets	15,938,533
Liabilities	
Accounts Payable	850,220
Accrued Demolition Expense	116,000
Retainage Payable	128,470
Unearned Revenue	773,916
Total Liabilities	1,868,606
Net Position	
Investment in Capital Assets	33,364
Unrestricted	14,036,563
Total Net Position	$ 14,069,927

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Property Development and Rehabilitation	3,471,993	$ -	4,198,154	$ 726,161
Professional and Contract Services	538,539	296,821	-	(241,718)
Administration	2,637,240	-	-	(2,637,240)
Total	$ 6,647,772	$ 296,821	$ 4,198,154	$ (2,152,797)

General Revenues:	
Intergovernmental	2,152,738
Contribution of Property	24,450
Interest	421,105
Total General Revenues	2,598,293
Change in Net Position	445,496
Net Position at Beginning of Year	13,624,431
Net Position at End of Year	$ 14,069,927

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2023

	General Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 10,546,961
Deposits	6,000
Prepaid Items	59,248
Accounts Receivable	137,972
Grants Receivable	1,425,111
Assets Held for Resale	3,729,877
Total Assets	$ 15,905,169
Liabilities	
Accounts Payable	850,220
Accrued Demolition Expenditures	116,000
Retainage Payable	128,470
Unearned Revenue	773,916
Total Liabilities	1,868,606
Deferred Inflows of Resources	
Unavailable Revenue	1,049,673
Fund Balances:	
Nonspendable	3,789,125
Unassigned	9,197,765
Total Fund Balance	12,986,890
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 15,905,169

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

Total Governmental Fund Balance	$ 12,986,890
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	33,364
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the fund.	1,049,673
Net Position of Governmental Activities	$ 14,069,927

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund
Revenues:	
Intergovernmental	2,152,738
Grants	3,148,481
Contribution of Property	24,450
Charges for Services	296,821
Interest	421,105
Total Revenues	$ 6,043,595
Expenditures:	
Property Development and Rehabilitation	3,471,993
Professional and Contract Services	538,599
Administration	2,629,499
Capital Outlay	18,048
Total Expenditures	6,658,139
Net Change in Fund Balance	(614,544)
Fund Balance Beginning of Year	13,601,434
Fund Balance End of Year	$ 12,986,890

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION
MONTGOMERY COUNTY
(A COMPONENT UNIT OF MONTGOMERY COUNTY)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balance - Total Governmental Fund		$ (614,544)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation.		
Capital Asset Additions	18,048	
Current Year Depreciation	(7,564)	
Total		10,484
In the statement of activities, only the loss on the sale of capital assets is reported, whereas in governmental funds there is no impact from this loss. Thus, the change in net position differs from the change in fund balance by the book value of assets disposed.		(117)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		1,049,673
Change in Net Position of Governmental Activities		$ 445,496

See accompanying notes to the basic financial statements

Note 1 – Description of the Reporting Entity

The Montgomery County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Montgomery County on July 5, 2011 and incorporated on August 26, 2011 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is a seven member Board of Directors, consisting of the County Treasurer, two County Commissioners, one representative of the City of Dayton, one member representing a Township, and the remaining two members selected by the County Treasurer and County Commissioners with both members having private sector real estate experience.

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 Montgomery County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement 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.

Fund Financial Statements

Fund financial statements are designed to present financial information of the Corporation at a 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 accounts for all financial resources that are received by the Corporation, including resources received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. 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. Governmental Fund financial statements therefore include 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 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 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, interest and grants revenue sources are considered to be both measurable and available at year-end.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Deferred Inflows 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 assets that applies to a future period and will not be recognized 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 which will not be collected within the available period. For the Corporation, unavailable revenue consists of grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The Board of Directors of the Corporation did, however, adopt an annual budget for the fiscal year and program appropriations were approved by the Board of Directors during the year as required. The Board did approve, in 2022, a budget for 2023.

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 and a State Treasurer Asset Reserve Fund (STAR Ohio) account.

The Corporation had investments at the end of the year in a STAR Ohio account. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for the purpose of measuring the value of shares in STAR Ohio. The Corporation measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to $250,000,000 per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of $100,000,000 or more. For the STAR Ohio fiscal year ended June 30, 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued at the lower of the acquisition cost plus any costs that improve the assets value or net realizable value. The Corporation holds the properties until they are either sold to individuals who rehabilitate them, or the structure on the properties is demolished and the property is transferred to a new owner.

Capital Assets

The Corporation's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. General capital assets are reported in the governmental activities column of the government-wide Statement of Net Position but are reported as capital outlay expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund in the year in which they are acquired.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Corporation capitalizes purchased furniture, equipment and leasehold improvements when the cost is $1,000 or more, and its useful life exceeds one year.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation for furniture and equipment is computed using the straight-line method for furniture and equipment over useful lives of five years. Depreciation for leasehold improvements is amortized over the remaining life of the lease.

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 outflow of resources and liabilities/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, 2023.

Intergovernmental Revenue
The Corporation receives operating income through Montgomery County. This money represents the penalties and interest on 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 transferred to the Corporation.

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.

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 Fund. 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 and prepaid amounts.
>
> ***Restricted Fund Balance*** – The restricted classification is used when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
>
> ***Committed Fund Balance*** – The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation's Board of Directors.
>
> ***Assigned Fund Balance*** – Assigned fund balance includes amounts that are constrained by the Corporation's intent to be used for specific purposes but are neither restricted nor committed.
>
> ***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 – Cash and Cash Equivalents

At December 31, 2023, the carrying amount of the Corporation's deposits was $2,265,066. The Corporation's bank balance was $2,551,535. Based on the criteria described in GASB Statement Number 40, Deposits and Investment Risk Disclosures, as of December 31, 2023, $250,000 was covered by Federal Deposit Insurance Corporation (FDIC) and $2,301,535 was uninsured and collateralized. Custodial credit risk is the risk that in the event of bank failure the Corporation's deposits may not be returned to it. As permitted by Ohio Revised Code, the Corporation's deposits are collateralized by the Ohio Pooled Collateral System. Financial institutions participating in the Ohio Pooled Collateral System (OPCS), a centralized collateral system monitored by the Ohio Treasurer of State, must pledge eligible securities equal to at least 102% of the carrying value of all public deposits held by each institution. Financial institutions choosing not to participate in the OPCS must pledge eligible securities equal to at least 105% of the carrying value of all public deposits held by each institution. The Corporation has no deposit policy for custodial credit risk beyond the requirements of State statute. Although securities were held by the pledging institutions' trust department and all the statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Corporation to a successful claim by the Federal Deposit Insurance Corporation.

STAR Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form. The value of the Corporation's position in STAR Ohio is equal to the value of the shares the Corporation owns in the investment pool. The Corporation's position was valued at $8,281,895 as of December 31, 2023. STAR Ohio carries a AAAm credit rating by Standard and Poors. The Corporation has no policy for custodial credit risk beyond the requirements of state statute.

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 2023, the Corporation contracted with Marsh & McLennan Agency for various types of insurance as follows:

Coverage Type	Coverage	Provider
General Aggregate:		Agent Alliance Insurance
General Liability	$1,000,000 per occurrence, $2,000,000 aggregate	
Acquired Properties	$1,000,000 maximum	
Vacant Buildings/Vacant Land	$1,000,000 per occurrence, $2,000,000 aggregate	Cincinnati Indemnity Company
Excess Liability	$1,000,000 per occurrence, $1,000,000 aggregate	Cincinnati Indemnity Company
Executive Liability:		Cincinnati Insurance Company
Crime (Employee Dishonesty)	$500,000	
Directors & Officers Liability	$1,000,000	
Employment Practices Liability	$1,000,000	

Since being incorporated, settled claims have not exceeded commercial coverage. There have been no significant reductions in coverage from last year.

Note 5 – Litigation

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

Note 6 – Transactions with Montgomery County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Montgomery County Board of Commissioners to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax and Assessment Collection (DTAC) Fund and will be available for appropriation by the Corporation to fund operations. The Corporation received $2,147,738 of DTAC revenue in 2023.

Note 7 – Capital Assets

Capital asset activity in the governmental activities for 2023 was as follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Depreciable Capital Assets:				
Furniture and Equipment	$ 78,950	$ 12,208	$ (3,756)	$ 87,402
Leasehold Improvements	22,658	5,840	-	28,498
Total Depreciable Capital Assets	101,608	18,048	(3,756)	115,900
Accumulated Depreciation				
Furniture and Equipment	(64,736)	(5,967)	3,639	(67,064)
Leasehold Improvements	(13,875)	(1,597)	-	(15,472)
Total Accumulated Depreciation	(78,611)	(7,564)	3,639	(82,536)
Governmental Activities Capital Assets, Net	$ 22,997	$ 10,484	$ (117)	$ 33,364

Depreciation expense of $7,564 for 2023 was charged to the administration function of governmental activities.

Note 8 –Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the government fund. The constraints placed on fund balance for the general fund is presented below:

Fund Balance	General Fund
Nonspendable	
Prepaids	$ 59,248
Assets Held for Resale	3,729,877
Total Nonspendable	3,789,125
Unassigned	9,197,765
Total Fund Balance	$ 12,986,890

Note 9 – Subsequent Events

The Corporation was awarded an amendment to its demolition grant agreement with the Ohio Department of Development in February 2024. The amendment extended the agreement to the Corporation through 12/31/2025.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Montgomery County Land Reutilization Corporation
Montgomery County, Ohio
130 W. Second Street, Suite 1425
Dayton, Ohio 45402

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and major fund of the Montgomery County Land Reutilization (Corporation), Montgomery County, Ohio, a component unit of Montgomery County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.
Dublin, Ohio
May 23, 2024