



OHIO AUDITOR OF STATE
KEITH FABER



ROSS COUNTY LAND REUTILIZATION CORPORATION
ROSS COUNTY
DECEMBER 31, 2021

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ross County Land Reutilization Corporation
Ross County
35 South Paint Street
Chillicothe, Ohio 45601

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of Ross County Land Reutilization Corporation, Ross County, Ohio (Corporation), as of and for the year ended December 31, 2021, 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 financial position of the governmental activities and the major fund of the Ross County Land Reutilization Corporation, Ross County, Ohio as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with the 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. 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.

Emphasis of Matter

As discussed in Note 7 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

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 auditing standards generally accepted in the United States of America, 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 26, 2022, 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. 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 the Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
May 26, 2022

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Ross County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2021

(Unaudited)

The management's discussion and analysis of the Ross 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, 2021. The Corporation was incorporated in August 2016 and began operations in January 2017. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The Corporation's assets exceeded its liabilities by \$265,237.
- The Corporation experienced a decrease in total net position of \$8,803.
- The Corporation disposed of one property in 2021. The property sold for \$4,260.

Using this Annual Financial Report

This annual report consists of financial statements and notes to the financial statements. These statements are prepared and organized so the reader can understand the Corporation as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at our specific financial condition.

The statement of net position and statement of activities provide information about the activities of the whole Corporation, presenting both an aggregate view of the Corporation's finances and longer-term view of those assets. The statement of activities shows changes to net position related to each department 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 as a Whole

Statement of Net Position and 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 net 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
- Net position beginning and end of the year

Ross County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

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 you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's 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 Ross County Land Reutilization Corporation as a Whole

The table below provides a summary of Corporation's net position for 2021 and 2020.

Table 1
Net Position

	2021	2020
Assets		
Current and Other Assets	\$289,415	\$292,933
Total Assets	289,415	292,933
Liabilities		
Current and Other Liabilities	24,178	18,893
Total Liabilities	24,178	18,893
Net Position		
Unrestricted	265,237	274,040
Total Net Position	\$265,237	\$274,040

Cash collected by the Corporation is deposited into a checking account for operating purposes. Current and other assets decreased as cash decreased, and property held for resale decreased, due to the sale of one property. The proceeds received for the sale were slightly lower than the costs incurred for the property. Current and other liabilities increased due to an increase in accounts payable and accrued administrative fees.

Ross County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2021

(Unaudited)

The table below shows the changes in net position for the year ending December 31, 2021 and 2020.

Table 2
Change in Net Position

	<u>2021</u>	<u>2020</u>
Revenues		
General Revenues:		
Gain on Sale of Properties		
Total General Revenues	\$0	\$34,257
Total Revenues	<u>0</u>	<u>34,257</u>
Expenses		
Program Expenses:		
Administrative Fees	1,000	0
Property Sale Fees	20	2,440
Insurance	2,045	1,893
Audit and Accounting Fees	5,035	5,232
Economic Development-Land Reutilization	672	0
Other	31	10
Total Program Expenses	<u>8,803</u>	<u>9,575</u>
Change in Net Position	(8,803)	24,682
Net Position, Beginning of Year	<u>274,040</u>	<u>249,358</u>
Net Position, End of Year	<u>\$265,237</u>	<u>\$274,040</u>

There were no revenues to report for 2021. The City did receive proceeds from the sale of one property that were netted against the inventoried costs with a resulting loss on the disposal of the property in the amount of \$672, recognized as economic development-land reutilization expenses. Other expenses consisted primarily of administrative fees, insurance, and audit and accounting fees.

The Corporation's Fund

The Corporation's governmental fund is accounted for using the modified accrual basis of accounting. The Corporation had total revenues and other financing sources of \$0 and total expenditures of \$8,803 for 2021. Total fund balance decreased by \$8,803 due to related fees from sale of properties in excess of related proceeds for the sale, as well as administrative fees, insurance, and audit and accounting fees for the Corporation, during 2021.

Ross County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

Property Held for Sale

At December 31, 2021, the Corporation owned the properties listed below. Property held for resale is carried at cost.

Street	Address	Parcel No.	Type
S. Walnut St.	181	30-5519006.000	Greened lot after NIP demo
McArthur St.	343	30-5626078.000	Greened lot after NIP demo
E. Second St.	439	30-5423019.000	Greened lot after NIP demo
E. Main St.	517-519	30-5429019.000	Greened lot after NIP demo
Washington Ave.	700	30-5613026.000	Greened lot after NIP demo
Western Ave.	52	30-5132002.000, 30-5132003.000, 30-5132004.000	Greened lot after NIP demo
Prospect St.	101	30-5445003.000	Greened lot after NIP demo
E. Fourth St.	299	30-5445003.000	Greened lot after NIP demo
Neal Ave.	369	30-5614087.000	Greened lot after NIP demo
E. Second St.	388	30-5419053.000	Greened lot after NIP demo
Glencroft Ave.	623	30-5633017.000	Greened lot after NIP demo
Clay St.	376	30-5613026.000	Vacant Lot
E. Main St.	342	30-5610013.000	Greened lot after NIP demo
Madison Ave.	751	30-5636023.000	Greened lot after NIP demo

Debt

The Corporation did not have any debt in 2021.

Current Financial Related Activities

The Corporation is a Community Improvement Corporation (CIC) operating in Ross County, Ohio for reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed and other real property in the County. The principal operating revenue of the Corporation was a Neighborhood Initiative Program grant administered through the office of the Ohio Housing Finance Agency to assist communities with demolishing abandoned, vacant and blighted residential properties. Revenue for the Neighborhood Initiative Program came from the Federal Hardest Hit Fund. This grant expired in 2019, and future revenues are expected to come from property sales.

Request for Information

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Corporation Treasurer, Kristal Spetnagel, at kristal.spetnagel@chillicotheoh.gov or 740-775-3955.

Ross County Land Reutilization Corporation
(A Component Unit of Ross County)

Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Cash	\$31,293
Accounts Receivable	3,500
Property Held for Resale	<u>254,622</u>
Total Assets	289,415
Liabilities	
Accrued Administrative Fees	18,000
Accounts Payable	<u>6,178</u>
Total Liabilities	24,178
Net Position	
Unrestricted	<u>265,237</u>
Total Net Position	<u><u>\$265,237</u></u>

See the accompanying notes to the basic financial statements.

Ross County Land Reutilization Corporation
(A Component Unit of Ross County)
Statement of Activities
For the Year Ended December 31, 2021

	Expenses	Net Revenues (Expenses) and Changes in Net Position
Governmental Activities		
Administrative Fees	\$1,000	(\$1,000)
Property Sale Fees	20	(\$20)
Insurance	2,045	(2,045)
Audit and Accounting Fees	5,035	(5,035)
Economic Development-Land Reutilization	672	(672)
Other	31	(31)
	\$8,803	(8,803)
Total Governmental Activities	\$8,803	(8,803)
Change in Net Position		(8,803)
Net Position, Beginning of Year		274,040
Net Position, End of Year		\$265,237

See the accompanying notes to the basic financial statements.

Ross County Land Reutilization Corporation
(A Component Unit of Ross County)

Balance Sheet
Governmental Fund
December 31, 2021

	General
Assets	
Cash	\$31,293
Accounts Receivable	3,500
Property Held for Resale	254,622
Total Assets	\$289,415
Liabilities	
Accrued Administrative Fees	\$18,000
Accounts Payable	6,178
Total Liabilities	24,178
Deferred Inflows of Resources	
Unavailable Revenue	3,500
Total Deferred Inflows of Resources	3,500
Fund Balances	
Nonspendable:	
Property Held for Resale	254,622
Unassigned	7,115
Total Fund Balances	261,737
Total Liabilities, Deferred Inflows, and Fund Balances	\$289,415

See the accompanying notes to the basic financial statements.

Ross County Land Reutilization Corporation
(A Component Unit of Ross County)
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
For the Year Ended December 31, 2021

Total Governmental Fund Balance	\$261,737
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Amounts reported for governmental activities in the statement of net position are different because:

Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Property Sales	<u>3,500</u>
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Net Position of Governmental Activities	<u><u>\$265,237</u></u>
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See the accompanying notes to the basic financial statements.

Ross County Land Reutilization Corporation
(A Component Unit of Ross County)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2021

	General
Expenditures	
Administrative Fees	\$1,000
Property Sale Fees	20
Insurance	2,045
Audit and Accounting Fees	5,035
Economic Development-Land Reutilization	672
Other	31
Total Expenditures	8,803
Net Change in Fund Balances	(8,803)
Fund Balances, Beginning of Year	270,540
Fund Balances, End of Year	\$261,737

See the accompanying notes to the basic financial statements.

Ross County Land Reutilization Corporation
(A Component Unit of Ross County)
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balance - Total Governmental Fund	<u>(\$8,803)</u>
Change in Net Position of Governmental Activities	<u><u>(\$8,803)</u></u>

See the accompanying notes to the basic financial statements.

Ross County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 1 – Description of the Reporting Entity

The Ross County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Ross County on August 10, 2016 and incorporated under Chapters 1724 and 1702 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, the Mayor of the City of Chillicothe, with the remaining member selected by the Mayor of the City of Chillicothe.

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

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

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in

Ross County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

Fund Accounting

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

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. 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 from the Neighborhood Initiative Program and related activities. 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. Governmental fund financial statements therefore may include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental 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 inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Ross County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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, interest and grant 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/Outflows of Resources

In addition to assets, the statement of net position and balance sheet sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation did not report any deferred outflows of resources as of December 31, 2021.

In addition to liabilities, the statement of net position and balance sheet sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Corporation, deferred inflows of resources included unavailable revenue. Unavailable revenue is reported only on the governmental fund balance sheet and represents property sales revenue not received within the available period.

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.

Federal Income Tax

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

Cash and Investments

All monies received by the Corporation are deposited in a demand deposit account. The Corporation had no

Ross County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

investments during the year or at the end of the year.

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 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.

Property Held for Sale

Property held for resale represents properties purchased by or donated to the Corporation. These properties are valued based upon acquisition cost plus any costs of maintenance, rehabilitation, or demolition costs. 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.

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 2021.

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 – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted 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 is imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation’s Board. Those committed amounts cannot be

Ross County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

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, 2021, the carrying amount of the Corporation's deposits was \$31,293. The Corporation's bank balance was \$31,293. Protection of the Corporation's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

Note 4 – Long-Term Obligations

The Corporation had no long-term obligations balances or activity as of and for the year ended December 31, 2021.

Note 5 – 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; and natural disasters. During 2021, the Corporation contracted with West Bend Insurance and The Cincinnati Insurance Company for various types of insurance. Since being incorporated, there have not been any claims. There have been no significant reductions in coverage from the prior year.

Note 6 – Contingent Liabilities

Litigation

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

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, 2021, if applicable, cannot be determined at this time.

Ross County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 7 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Corporation did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ross County Land Reutilization Corporation
Ross County
35 South Paint Street
Chillicothe, Ohio 45601

To the Board of Directors:

We have audited, in accordance with 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, the financial statements of the governmental activities and the major fund of the Ross County Land Reutilization Corporation, Ross County, (the Corporation) as of and for the year ended December 31, 2021, 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 26, 2022. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Corporation.

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 purposes of expressing our 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.



Keith Faber
Auditor of State
Columbus, Ohio
May 26, 2022

OHIO AUDITOR OF STATE KEITH FABER



ROSS COUNTY LAND REUTILIZATION CORPORATION

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/16/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov