



OHIO AUDITOR OF STATE  
**KEITH FABER**





**FAIRFIELD COUNTY LAND REUTILIZATION CORPORATION**  
**FAIRFIELD COUNTY**  
**DECEMBER 31, 2021 AND 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Fairfield County Land Reutilization Corporation  
Fairfield County  
210 East Main Street  
Lancaster, Ohio 43130

To the Board of Directors:

### ***Report on the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Fairfield County Land Reutilization Corporation, Fairfield County, Ohio (the Corporation), a component unit of Fairfield County, as of and for the years ended December 31, 2021 and 2020, 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 the major fund of the Fairfield County Land Reutilization Corporation, Fairfield County, Ohio, as of December 31, 2021 and 2020, and the respective changes in financial position for the years 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 and Note 6 to the 2021 and 2020 financial statements respectively, the financial impact of COVID-19 and the ensuing 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 January 31, 2023, 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

January 31, 2023

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**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

The management's discussion and analysis (MD&A) of Fairfield County Land Reutilization Corporation's (the Corporation's) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole 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 is focused on returning property to productive use, returning property to the tax duplicate and accelerating economic or housing activity in Fairfield County (County) communities. The Corporation works cooperatively with cities, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The Corporation significantly decreased its assets held for sale, from \$46,931 to \$11,310 from sale and write-down of properties in 2021.

Assets exceeded liabilities at the close of the year ended December 31, 2021 by \$168,551 (net position). This net position is unrestricted which represents the amount that can be used at the discretion of the Fairfield County Land Reutilization Corporation's Board.

At the end of the current year, the Corporation's total net position decreased by 20% or \$41,620 from the total net position from the prior year.

At the end of the current year, fund balance for the General Fund was \$168,551, which represents a 20% decrease from the prior year.

**Overview of the Financial Statements**

This annual report consists of management's discussion and analysis and basic financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The statements then proceed to provide a detailed look at our specific financial conditions.

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 a longer-term view of those assets. The Statement of Activities shows changes to net position during the current year. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

**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. The accrual 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.

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

Statement of Net Position:

- Assets
- Liabilities
- Net Position

Statement of Activities:

- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

Governmental activities - The Corporation's programs and services are reported here. These services are funded primarily by intergovernmental revenues. The Corporation's statement of net position and statement of activities can be found on pages 9 and 10 of this report.

**Reporting on the Corporation's Funds**

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Corporation can be reflected as a governmental fund.

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

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management’s Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

*Governmental Fund*

The presentation for the Corporation’s governmental fund focuses on how resources flow through the fund and reports the year-end balance available for spending in future periods. The governmental fund is reported using the modified accrual of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statement provides a detailed short-term view of the Corporation’s general operations and the basic services provided. The Corporation had governmental revenues of \$435,110 and expenditures of \$446,730.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements start on page 15 of this report.

**Government-wide Financial Analysis**

The table below shows the Corporation’s net position for 2021 compared with 2020.

	<b>Net Position</b>	
	<u>2021</u>	<u>2020</u>
Assets:		
Current and Other Assets	<u>\$ 213,551</u>	<u>\$ 220,238</u>
Liabilities:		
Current and Other Liabilities	<u>45,000</u>	<u>10,067</u>
Net Position		
Unrestricted	<u><u>\$ 168,551</u></u>	<u><u>\$ 210,171</u></u>

Current and other liabilities increased significantly in comparison with the prior year-end. This increase is primarily the result of a pollution remediation liability incurred in 2021.

The Corporation’s net position, when viewed over time, may provide the reader with a useful indicator of the Corporation’s economic condition.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

The following table shows the changes in net position for the year ended December 31, 2021 compared with December 31, 2020.

**Changes in Net Position**

	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Program revenues:		
Abandoned gas station grant	30,446	64,026
Total program revenues	30,446	64,026
General revenues:		
Grants & entitlements not restricted	100,000	200,000
Sale of inventoried assets	289,766	161,251
Interest	64	203
Sheriff's sales	14,834	7,475
Total general revenues	404,664	368,929
<b>Total Revenues</b>	435,110	432,955
 <b>Expenses:</b>		
Demolition reimbursements	9,469	34,071
Professional & Contract Services	311,610	218,219
Abandoned Gas Station Expenses	30,446	64,026
Mini Grant	62,400	40,679
Insurance	4,874	4,924
Administration	15,822	23,085
Other	42,109	6,316
<b>Total Expenses</b>	476,730	391,320
 Increase (Decrease) in Net Position	(41,620)	41,635
 Net position - beginning of year	210,171	168,536
Net position - end of year	\$ 168,551	\$ 210,171

Unrestricted grants, sale of inventoried assets, and the abandoned gas station grant accounted for the majority of the Corporation's total revenues for 2021. The significant increase in general revenues is primarily the result of an increase in the sale of inventoried assets. The significant increase in expenses is primarily due to an increase in professional and contract services. Key contributors to the increase in professional and contact services was the pollution remediation liability incurred in 2021 and demolition costs.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

**General Fund Financial Analysis**

The fund balance of the Corporation's General Fund decreased by \$11,620 from the prior year.

Sale of inventoried assets increased significantly in comparison with the prior year.

Expenditures also increased significantly in comparison with the prior year. This increase is primarily the result of an increase in Professional and Contract Services related to the Pollution Remediation Liability and demolition costs.

**Budgeting**

The Corporation is not required to follow the budgetary provisions set forth in Ohio Revised Code Section 5705.

**Current Financial Related Activities**

The County formed the Fairfield County Land Reutilization Corporation in September 2013. The Corporation has been designated as the County's agent for the reclamation and reutilization of vacant, abandoned and non-productive properties throughout Fairfield County. The Corporation can potentially address parcels that have fair market values exceeded by the delinquent tax and assessments due. The purpose of the Corporation is to strengthen neighborhoods throughout Fairfield County by returning these vacant, abandoned and economically unattractive properties to productive use. The principal operating revenues of the Corporation are derived from contributions from the DTAC Fund and property sales.

In 2014 the Corporation was the recipient of a NIP award, a reimbursement program intended for the demolition and greening of vacant and abandoned properties. During 2016 the initial NIP award amount was increased on two separate occasions, resulting in an award amount of \$895,966 as the Corporation entered 2017. In 2017 an additional increase of \$100,000 brought the total current award amount to \$995,966. The acquisition process under the NIP began in late 2014 and continued through 2019. All activity under the NIP Award concluded at the end of 2019, as referenced in the award guidelines. Based upon the terms of the NIP, the disposition of the cleared housing lots will result in additional expense over any recognized proceeds. Therefore, the NIP residential properties owned at year end do not have any future economic value and are not recorded on the balance sheet. (See Note 2 for further details).

Since the NIP program expired in 2019, the Corporation had less property acquisition expenses in 2020 and 2021 and this trend is expected to continue moving forward. In addition, the Corporation sold several properties in 2021 resulting in Sale of Inventoried Assets revenue totaling \$289,766. This trend is also expected to continue in future periods.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
(Unaudited)

**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 Fairfield County Land Reutilization Corporation, 210 E. Main Street Room 206, Lancaster, Ohio 43130.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Statement of Net Position  
December 31, 2021

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 202,241
Assets Held for Resale	11,310
	213,551
Total Current Assets	213,551
<b>Liabilities</b>	
Accounts Payable	15,000
Pollution Remediation Payable	30,000
	45,000
Total Current Liabilities	45,000
<b>Net Position</b>	
Unrestricted	168,551
Total Net Position	\$ 168,551

See accompanying notes to the basic financial statements.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Statement of Activities  
December 31, 2021

	<u>Expenses</u>	<u>Program Revenue Operating Grants &amp; Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<b>Governmental Activities:</b>			
Demolition reimbursements	\$ 9,469	\$ -	\$ (9,469)
Professional & Contract Services	311,610	-	(311,610)
Gas Station	30,446	30,446	-
Mini Grant	62,400	-	(62,400)
Insurance	4,874	-	(4,874)
Administration	15,822	-	(15,822)
Other	42,109	-	(42,109)
<b>Total</b>	<u>\$ 476,730</u>	<u>\$ 30,446</u>	<u>(446,284)</u>

**General Revenue:**

Grants & Entitlements Not Restricted	100,000
Sale of Inventoried Assets	289,766
Sheriff Sales	14,834
Interest	64
Total General Revenues	<u>404,664</u>
Change in Net Position	(41,620)
Net Position at Beginning of Year	<u>210,171</u>
Net Position at End of Year	<u>\$ 168,551</u>

See accompanying notes to the basic financial statements.



**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
 (A Component Unit of Fairfield County)  
 Balance Sheet  
 Governmental Fund  
 December 31, 2021

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 202,241
Assets Held for Resale	11,310
	<u>11,310</u>
Total Assets	<u>\$ 213,551</u>
<b>Liabilities</b>	
Accounts Payable	\$ 15,000
	<u>15,000</u>
Total Liabilities	<u>15,000</u>
<b>Fund Balance</b>	
Unassigned	198,551
	<u>198,551</u>
Total Fund Balance	<u>198,551</u>
Total Liabilities and Fund Balance	<u>\$ 213,551</u>

See accompanying notes to the basic financial statements.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2021

<b>Total Governmental Fund Balances</b>	\$ 198,551
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Pollution Remediation Payable	<u>(30,000)</u>
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<b>Net Position of Governmental Activities</b>	<u><u>\$ 168,551</u></u>
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**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Governmental Fund  
December 31, 2021

	General Fund
<b>Revenues:</b>	
Abandoned Gas Station Grant	\$ 30,446
Intergovernmental	100,000
Interest	64
Sale of Inventoried Assets	289,766
Sheriff Sales	14,834
Total Revenue	435,110
<b>Expenditures</b>	
<i>General government:</i>	
Demolition Reimbursement	9,469
Professional and Contract Services	281,610
Abandoned Gas Station Expenses	30,446
Mini Grant	62,400
Insurance	4,874
Administration	15,822
Other	42,109
Total Expenditures	446,730
Net Change in Fund Balance	(11,620)
Fund Balance at Beginning of Year	210,171
Fund Balance at End of Year	\$ 198,551

See accompanying notes to the basic financial statements.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
 (A Component Unit of Fairfield County)  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances to the Statement of Activities  
 Governmental Funds  
 December 31, 2021

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (11,620)
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*Amounts reported for governmental activities in the Statement of Activities are different because:*

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Pollution Remediation Payable	<u>(30,000)</u>
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<b>Change in Position of Governmental Activities</b>	<u><u>\$ (41,620)</u></u>
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**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021

**Note 1 – Description of the Reporting Entity**

The Fairfield County Land Reutilization Corporation (Corporation) is a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724 on September 19, 2013. The purpose of the Corporation is to facilitate the effective reutilization of nonproductive land situated within the Fairfield County (County) boundaries. The Corporation has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code. The Corporation will assist and facilitate activities of governmental entities in clearing, assembling, and clearing title to land for economic development purposes.

The Corporation is governed by a seven member Board of Directors, consisting of three County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Lancaster), one representative from a Fairfield County township with a population of ten thousand or more (Violet Township), and a representative from the real estate (services or agencies). The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Corporation and the management and control of its properties. The Treasurer, two of the three County Commissioners, the Municipal Representative and the Township Representative are ex-officio directors. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The terms of office of the two remaining appointed directors are two years apiece.

The County is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement Number 14, as amended by GASB Statement Number 39, *The Financial Reporting Entity*, the County's primary government and basic financial statements include component units, which are defined as legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of organization. The Corporation is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation's significant accounting policies are described below.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021

**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. Program revenue consists of operating grants and contributions, Sale of Inventoried assets and Abandoned Gas Station Grant recoveries. Revenues which are not classified as program or grant revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program and grant 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 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 a governmental.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021

Governmental Funds

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

The following is the Corporation's only governmental fund:

**General Fund** The general fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. 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 include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

*Basis of Accounting*

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021

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.

The Corporation facilitates the reutilization of non-productive land situated within the County's boundaries. Most properties are acquired from the County Treasurer through the tax foreclosure process.

At the end of the year, the Corporation held title to 62 properties. Assets held for sale represent properties acquired by the Corporation which would be marketed for resale. All significant costs incurred to acquire and improve or rehabilitate the property are capitalized. All real estate held for sale is recorded at the lower of cost or net realizable value following a determination of whether it is, in fact, a marketable property.

The Corporation intends to dispose of the Neighborhood Initiative Program residential properties as well as any non-marketable properties either through donation or through its Side-Lot Disposition Program. As a result, the net realizable value for these residential properties is zero.

Expenses/Expenditures

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

*Federal Income Tax*

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



**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021

*Cash and Cash Equivalents*

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

*Accrued Liabilities 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.

The Corporation had accounts payable and a pollution remediation payable, but no long-term obligations at year-end.

*Net Position*

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. The Corporation did not have any deferred outflows of resources or deferred inflows of resources as of December 31, 2021. 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, 2021.

*Intergovernmental Revenue*

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

*Estimates*

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

*Extraordinary and Special Items*

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

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 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:

*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.

**Note 3 - Deposits**

At December 31, 2021, the carrying amount of the Corporation’s deposits was \$202,241 and the bank balance was \$249,675. The Corporation’s entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). Custodial Credit risk is the risk that in the event of bank failure that the Corporation’s deposits may not be returned to it. All deposits are collateralized with eligible securities in amounts equal to at least 102% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Corporation. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021

**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. In 2021 the Corporation’s insurance was carried through the County Risk Sharing Authority.

<u>Type</u>	<u>Coverage</u>
Directors/Officers Liability	\$1,000,000
Property Liability	1,000,000 Occ./ No Annual Agg.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**Note 5 – Transactions with Fairfield County**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Fairfield 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 Treasurer’s Delinquent Tax and Assessment Collection Fund and will be available for appropriation by the Corporation to fund operations.

**Note 6 – Pollution Remediation Obligation**

On August 23, 2021, the Corporation received a Phase II Environmental Site Assessment on a parcel of land owned by the Corporation. Per the assessment, the minimum obligation by the Corporation to allow for future use would be roughly \$30,000 in additional testing and monitoring. The report also gave higher costs associated with remediation of the site should funding become available. The Corporation plans to pursue additional funding, however, if additional funding is not obtained, the Corporation will commence remediation activities at the \$30,000 level.

**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. The financial impact of COVID-19 and the continuing emergency measures will 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.

**Note 8 - Subsequent Events**

The Corporation received a demolition grant through the Ohio Department of Development for \$719,500 that was finalized in December 2022. Additionally, the Corporation received \$475,617 under the State Brownfield Grant for three various projects. This agreement was signed on September 2022 for the amount of \$278,617 and December 2022 for the amount of \$197,000.

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**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
(Unaudited)

The management's discussion and analysis (MD&A) of Fairfield County Land Reutilization Corporation's (the Corporation's) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole and financial statements to enhance their understanding of the Corporation's financial performance.

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- The Corporation is focused on returning property to productive use, returning property to the tax duplicate and accelerating economic or housing activity in Fairfield County (County) communities. The Corporation works cooperatively with cities, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The Corporation significantly increased its assets held for sale, from \$2,992 to \$46,931 from properties acquired in 2020.

Assets exceeded liabilities at the close of the year ended December 31, 2020 by \$210,171 (net position). This net position is unrestricted which represents the amount that can be used at the discretion of the Fairfield County Land Reutilization Corporation's Board.

At the end of the current year, the Corporation's total net position increased by 25% or \$41,635 from the total net position from the prior year.

At the end of the current year, fund balance for the General Fund was \$210,171 which represents a 25% increase from the prior year.

**Overview of the Financial Statements**

This annual report consists of management's discussion and analysis and basic financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The statements then proceed to provide a detailed look at our specific financial conditions.

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 a longer-term view of those assets. The Statement of Activities shows changes to net position during the current year. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
(Unaudited)

**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. The accrual 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.

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

Statement of Net Position:

- Assets
- Liabilities
- Net Position

Statement of Activities:

- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

Governmental activities - The Corporation's programs and services are reported here. These services are funded primarily by intergovernmental revenues. The Corporation's statement of net position and statement of activities can be found on pages 9 and 10 of this report.

**Reporting on the Corporation's Funds**

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Corporation can be reflected as a governmental fund.

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

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management’s Discussion and Analysis  
For the Year Ended December 31, 2020  
(Unaudited)

*Governmental Fund*

The presentation for the Corporation’s governmental fund focuses on how resources flow through the fund and reports the year-end balance available for spending in future periods. The governmental fund is reported using the modified accrual of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statement provides a detailed short-term view of the Corporation’s general operations and the basic services provided. The Corporation had governmental revenues of \$432,955 and expenditures of \$391,320.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements start on page 13 of this report.

**Government-wide Financial Analysis**

The table below shows the Corporation’s net position for 2020 compared with 2019.

	<b>2020</b>	<b>2019</b>
Assets:		
Current and Other Assets	\$ 220,238	\$ 202,889
Liabilities:		
Current and Other Liabilities	10,067	34,353
Net Position		
Unrestricted	\$ 210,171	\$ 168,536

The overall increase in the Current and Other Assets is primarily the result of an increase in Assets Held for Resale as the Corporation acquired more properties in 2020.

Unrestricted net position is \$210,171. The Corporation’s net position, when viewed over time, may provide the reader with a useful indicator of the Corporation’s economic condition.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
(Unaudited)

The following table shows the changes in net position for the year ended December 31, 2020 compared with December 31, 2019.

**Changes in Net Position**

	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>		
Program revenues:		
Neighborhood Initiative Program Award	\$ -	\$ 196,974
Abandoned gas station grant	64,026	134,572
Total program revenues	<u>64,026</u>	<u>331,546</u>
General revenues:		
Grants & entitlements not restricted	200,000	150,000
Sale of inventoried assets	161,251	16,477
Interest	203	204
Sheriff's sales	7,475	13,795
Total general revenues	<u>368,929</u>	<u>180,476</u>
<b>Total Revenues</b>	<u>432,955</u>	<u>512,022</u>
<b>Expenses:</b>		
Demolition reimbursements	34,071	32,880
Professional & Contract Services	218,219	343,074
Abandoned Gas Station Expenses	64,026	131,572
Mini Grant	40,679	-
Insurance	4,924	4,995
Administration	23,085	6,810
Other	6,316	-
<b>Total Expenses</b>	<u>391,320</u>	<u>519,331</u>
Increase (Decrease) in Net Position	41,635	(7,309)
Net position - beginning of year	168,536	175,845
Net position - end of year	<u>\$ 210,171</u>	<u>\$ 168,536</u>

Unrestricted grants, Sale of inventoried assets, and the abandoned gas station grant accounted for the majority of the Corporation's total revenues for 2020. The significant decrease in Program Revenues and Total Expenses are the result of the Neighborhood Initiative Program expiring in 2019. The significant increase in general revenues is primarily the result of an increase in the sale of inventoried assets.



**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
(Unaudited)

**General Fund Financial Analysis**

The fund balance of the Corporation's General Fund increased by \$41,635 from the prior year.

Revenues decreased significantly in comparison with the prior year. This decrease is the primarily the result of a significant decrease in Neighborhood Initiative Program revenues, as that program expired in 2019, offset by increases in Intergovernmental and Sale of Inventoried Assets.

Expenditures also decreased significantly in comparison with the prior year. This decrease is primarily the result a decrease in Professional and Contract Services related to the Neighborhood Initiative Program, offset by an increase in Mini Grant expenditures, which started in 2020.

**Budgeting**

The Corporation is not required to follow the budgetary provisions set forth in Ohio Revised Code Section 5705.

**Current Financial Related Activities**

The County formed the Fairfield County Land Reutilization Corporation in September 2013. The Corporation has been designated as the County's agent for the reclamation and reutilization of vacant, abandoned and non-productive properties throughout Fairfield County. The Corporation can potentially address parcels that have fair market values exceeded by the delinquent tax and assessments due. The purpose of the Corporation is to strengthen neighborhoods throughout Fairfield County by returning these vacant, abandoned and economically unattractive properties to productive use. The principal operating revenues of the Corporation are derived from contributions from the DTAC Fund and property sales.

In 2014 the Corporation was the recipient of a NIP award, a reimbursement program intended for the demolition and greening of vacant and abandoned properties. During 2016 the initial NIP award amount was increased on two separate occasions, resulting in an award amount of \$895,966 as the Corporation entered 2017. In 2017 an additional increase of \$100,000 brought the total current award amount to \$995,966. The acquisition process under the NIP began in late 2014 and continued through 2019. All activity under the NIP Award concluded at the end of 2019, as referenced in the award guidelines. Based upon the terms of the NIP, the disposition of the cleared housing lots will result in additional expense over any recognized proceeds. Therefore, the NIP residential properties owned at year end do not have any future economic value and are not recorded on the balance sheet. (See Note 2 for further details).

Since the NIP program expired in 2019, the Corporation had less property acquisition expenses in 2020 and this trend is expected to continue moving forward. In addition, the Corporation sold several properties in 2020 resulting in Sale of Inventoried Assets revenue totaling \$161,251. This trend is also expected to continue in future periods.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
(Unaudited)

**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 Fairfield County Land Reutilization Corporation, 210 E. Main Street Room 206, Lancaster, Ohio 43130.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Statement of Net Position  
December 31, 2020

		Governmental Activities
<hr/>		
<b>Assets</b>		
Cash and Cash Equivalents	\$	163,240
Intergovernmental Receivable		10,067
Assets Held for Resale		46,931
<hr/>		
Total Current Assets		220,238
<hr/>		
<b>Liabilities</b>		
Accounts Payable		10,067
<hr/>		
Total Current Liabilities		10,067
<hr/>		
<b>Net Position</b>		
Unrestricted		210,171
<hr/>		
Total Net Position	\$	210,171
<hr/> <hr/>		

See accompanying notes to the basic financial statements.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Statement of Activities  
For the Year Ended December 31, 2020

	Expenses	Program Revenue <u>Operating Grants &amp; Contributions</u>	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities:</b>			
Demolition reimbursements	\$ 34,071	\$ -	\$ (34,071)
Professional & Contract Services	218,219	-	(218,219)
Gas Station	64,026	64,026	-
Mini Grant	40,679	-	(40,679)
Insurance	4,924	-	(4,924)
Administration	23,085	-	(23,085)
Other	6,316	-	(6,316)
<b>Total</b>	<u>\$ 391,320</u>	<u>\$ 64,026</u>	<u>(327,294)</u>

**General Revenue:**

Grants & Entitlements Not Restricted	200,000
Sale of Inventoried Assets	161,251
Sheriff Sales	7,475
Interest	203
Total General Revenues	<u>368,929</u>
Change in Net Position	41,635
Net Position at Beginning of Year	<u>168,536</u>
Net Position at End of Year	<u><u>\$ 210,171</u></u>

See accompanying notes to the basic financial statements.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
 (A Component Unit of Fairfield County)  
 Balance Sheet  
 Governmental Fund  
 December 31, 2020

	General Fund
<b>Assets</b>	
Cash and Cash Equivalents	\$ 163,240
Accounts Receivable	10,067
Assets Held for Resale	46,931
Total Assets	220,238
<b>Liabilities</b>	
Accounts Payable	10,067
Total Liabilities	10,067
<b>Fund Balance</b>	
Unassigned	210,171
Total Fund Balance	210,171
Total Liabilities and Fund Balance	\$ 220,238

See accompanying notes to the basic financial statements.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**

(A Component Unit of Fairfield County)

Statement of Revenues, Expenditures and Changes

in Fund Balance - Governmental Fund

For the Year Ended December 31, 2020

	<u>General Fund</u>
<b>Revenues:</b>	
Abandoned Gas Station Grant	\$ 64,026
Intergovernmental	200,000
Interest	203
Sale of Inventoried Assets	161,251
Sheriff Sales	<u>7,475</u>
 Total Revenue	 <u>432,955</u>
 <b>Expenditures</b>	
<i>General government:</i>	
Demolition Reimbursement	34,071
Professional and Contract Services	218,219
Abandoned Gas Station Expenses	64,026
Mini Grant	40,679
Insurance	4,924
Administration	23,085
Other	<u>6,316</u>
 Total Expenditures	 391,320
 Net Change in Fund Balance	 41,635
 Fund Balance at Beginning of Year	 <u>168,536</u>
 Fund Balance at End of Year	 <u><u>\$ 210,171</u></u>

See accompanying notes to the basic financial statements.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 1 – Description of the Reporting Entity**

The Fairfield County Land Reutilization Corporation (Corporation) is a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724 on September 19, 2013. The purpose of the Corporation is to facilitate the effective reutilization of nonproductive land situated within the Fairfield County (County) boundaries. The Corporation has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code. The Corporation will assist and facilitate activities of governmental entities in clearing, assembling, and clearing title to land for economic development purposes.

The Corporation is governed by a seven member Board of Directors, consisting of three County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Lancaster), one representative from a Fairfield County township with a population of ten thousand or more (Violet Township), and a representative from the real estate (services or agencies). The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Corporation and the management and control of its properties. The Treasurer, two of the three County Commissioners, the Municipal Representative and the Township Representative are ex-officio directors. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The terms of office of the two remaining appointed directors are two years apiece.

The County is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement Number 14, as amended by GASB Statement Number 39, *The Financial Reporting Entity*, the County's primary government and basic financial statements include component units, which are defined as legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of organization. The Corporation is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation's significant accounting policies are described below.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**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. Program revenue consists of operating grants and contributions, Sale of Inventoried assets and Abandoned Gas Station Grant recoveries. Revenues which are not classified as program or grant revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program and grant 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 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 a governmental.



**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Governmental Funds

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

The following is the Corporation's only governmental fund:

**General Fund** The general fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. 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 include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

*Basis of Accounting*

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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.

The Corporation facilitates the reutilization of non-productive land situated within the County's boundaries. Most properties are acquired from the County Treasurer through the tax foreclosure process.

At the end of the year, the Corporation held title to 70 properties. Assets held for sale represent properties acquired by the Corporation which would be marketed for resale. All significant costs incurred to acquire and improve or rehabilitate the property are capitalized. All real estate held for sale is recorded at the lower of cost or net realizable value following a determination of whether it is, in fact, a marketable property.

The Corporation intends to dispose of the Neighborhood Initiative Program residential properties as well as any non-marketable properties either through donation or through its Side-Lot Disposition Program. As a result, the net realizable value for these residential properties is zero.

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.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 2 – Summary of Significant Accounting Policies (Continued)**

*Federal Income Tax*

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

*Cash and Cash Equivalents*

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

*Accrued Liabilities 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.

The Corporation had accounts payable, but no accrued liabilities and no long-term obligations at year-end.

*Net Position*

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. The Corporation did not have any deferred outflows of resources or deferred inflows of resources as of December 31, 2020. 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, 2020.

*Intergovernmental Revenue*

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

*Estimates*

The preparation of the basic financial statements in conformity with GAAP requirements allows 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.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 2 – Summary of Significant Accounting Policies (Continued)**

*Extraordinary and Special Items*

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

*Fund Balance*

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

*Non-spendable Fund Balance* – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories 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.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 3 - Deposits**

At December 31, 2020, the carrying amount of the Corporation’s deposits was \$163,240 and the bank balance was the same. The Corporation’s entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). Custodial Credit risk is the risk that in the event of bank failure that the Corporation’s deposits may not be returned to it. All deposits are collateralized with eligible securities in amounts equal to at least 102% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Corporation. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State.

**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. In 2020 the Corporation’s insurance was carried through the County Risk Sharing Authority.

<u>Type</u>	<u>Coverage</u>
Directors/Officers Liability	\$1,000,000
Property Liability	1,000,000 Occ./ No Annual Agg.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**Note 5 – Transactions with Fairfield County**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Fairfield 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 Treasurer’s Delinquent Tax and Assessment Collection Fund and will be available for appropriation by the Corporation to fund operations.

**Note 6 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. The impact on the Corporation’s future operating costs and revenues cannot be estimated.

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Fairfield County Land Reutilization Corporation  
Fairfield County  
210 East Main Street  
Lancaster, Ohio 43130

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 (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of the Fairfield County Land Reutilization Corporation, Fairfield County, (the Corporation) a component unit of Fairfield County, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated January 31, 2023. We also 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

January 31, 2023



# OHIO AUDITOR OF STATE KEITH FABER



**FAIRFIELD COUNTY LAND REUTILIZATION CORPORATION**

**FAIRFIELD 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 2/16/2023**

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](http://www.ohioauditor.gov)