

**RICHLAND COUNTY
LAND REUTILIZATION CORPORATION**

RICHLAND COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2023 & 2022**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Directors
Richland County Land Reutilization Corporation
50 Park Avenue East
Mansfield, OH 44902

We have reviewed the *Independent Auditor's Report* of the Richland County Land Reutilization Corporation, Richland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Richland County Land Reutilization Corporation is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

October 01, 2024

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**RICHLAND COUNTY LAND REUTILIZATION CORPORATION
RICHLAND COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 3
Management’s Discussion and Analysis for the Year Ended December 31, 2023	4 - 7
Basic Financial Statements for the Year Ended December 31, 2023:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet - Governmental Fund	11
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Notes to the Basic Financial Statements for the Year Ended December 31, 2023	15 - 22
Management’s Discussion and Analysis for the Year Ended December 31, 2022.....	23 - 26
Basic Financial Statements for the Year Ended December 31, 2022:	
Government-Wide Financial Statements:	
Statement of Net Position	28
Statement of Activities.....	29
Fund Financial Statements:	
Balance Sheet - Governmental Fund	30
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	31
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
Notes to the Basic Financial Statements for the Year Ended December 31, 2022	34 - 41
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	42 – 43
Schedule of Findings and Responses.....	44

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Independent Auditor's Report

Richland County Land Reutilization Corporation
Richland County
50 Park Avenue East
Mansfield, Ohio 44902

To the Members of the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Richland County Land Reutilization Corporation, Richland County, Ohio, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Richland County Land Reutilization Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Richland County Land Reutilization Corporation, as of December 31, 2023 and 2022, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Richland County Land Reutilization Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Richland County Land Reutilization 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Richland County Land Reutilization 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 Richland County Land Reutilization 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, listed in the table of contents 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 July 29, 2024 on our consideration of the Richland County Land Reutilization Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Richland County Land Reutilization 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 Richland County Land Reutilization Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
July 29, 2024

Richland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

The management's discussion and analysis of the Richland County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2023. The 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 2023 are as follows:

- The Corporation received \$2,493,030 from Ohio Department of Development, United States Environmental Protection Agency and other various grants.
- The Corporation received \$342,306 from Richland County under an arrangement to receive 5 percent of delinquent taxes and assessments collected.

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 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 finances. 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 the Statement of Activities

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

These two statements report the Corporation's net position and change 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 of the Corporation will also need to be evaluated.

Richland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

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 Year

Reporting on the Corporation's Most Significant Fund

Governmental Fund

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year-end and available for spending in future periods. The general fund is reported using the modified accrual 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 government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

The Richland County Land Reutilization Corporation as a Whole

The table below provides a summary of Corporation's net position for 2023 compared to 2022.

Table 1
Net Position

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	<u>\$915,049</u>	<u>\$1,301,147</u>
Liabilities		
Current and Other Liabilities	<u>566,248</u>	<u>630,718</u>
Deferred Inflows of Resources		
Loans	<u>124,050</u>	<u>128,865</u>
Net Position		
Unrestricted	<u>\$224,751</u>	<u>\$541,564</u>

During 2023, the Corporation's intergovernmental receivables increased \$10,770 from the prior year due projects with the Ohio Department of Development being in various stages of completion at year-end.

Richland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

Also in 2023, the Corporation's accounts payable increased \$174,437 due to large demolition and environmental clean-up projects being outstanding at year-end.

The table below shows the changes in net position for the year ending December 31, 2023.

Table 2
Net Position

	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 87,581	\$ 115,045
Operating Grants	2,493,030	1,877,824
General Revenues		
Intergovernmental	342,306	289,929
<i>Total Revenues</i>	<u>2,922,917</u>	<u>2,282,798</u>
Program Expenses		
Professional and Contract Services	3,196,015	2,385,402
Administration	43,715	47,137
<i>Total Program Expenses</i>	<u>3,239,730</u>	<u>2,432,539</u>
<i>Change in Net Position</i>	(316,813)	(149,741)
<i>Net Position Beginning of Year</i>	541,564	691,305
<i>Net Position End of Year</i>	<u>\$ 224,751</u>	<u>\$ 541,564</u>

Intergovernmental revenues represents the 5 percent delinquent tax and assessments from the County.

During 2023, operating grant and professional and contract services increased significantly due to the Ohio Department of Development Demolition and Brownfields grant. The Corporation started various large demolition and an environmental clean-up projects with these funds.

The Corporation's Fund

Information about the Corporation's governmental fund begins on page 9. This fund is accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues of \$2,922,917 and had expenditures of \$3,239,730.

Capital Assets

As of December 31, 2023, the Corporation does not have any capital assets.

Richland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

Debt

As of December 31, 2023, the Corporation does not have any debt.

Current Financial Related Activities

The Corporation, established on November 7, 2013, has been designated by Richland County, Ohio as its agent for the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed and other real property in Richland County. Principal operating revenues of the Corporation include contributions from Richland County's delinquent tax and assessment collection fund. The Corporation currently is participating Brownfield Remediation and Demolition and Site Revitalization Programs. As of December 31, 2023, the Corporation has owned and rehabilitated over 185 properties throughout the County.

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 Bart Hamilton, Chair of the Board of Directors, Richland County Land Reutilization Corporation, 50 Park Avenue East, Mansfield, Ohio 44906.

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Richland County Land Reutilization Corporation

Statement of Net Position

December 31, 2023

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$521,738
Intergovernmental Receivable	250,555
Inventory Held for Resale	18,706
Loans Receivable	<u>124,050</u>
<i>Total Assets</i>	<u>915,049</u>
Liabilities	
Accounts Payable	400,065
Unearned Revenue	<u>166,183</u>
<i>Total Liabilities</i>	<u>566,248</u>
Deferred Inflows of Resources	
Loans	<u>124,050</u>
Net Position	
Unrestricted	<u>224,751</u>
<i>Total Net Position</i>	<u><u>\$224,751</u></u>

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation

Statement of Activities

For the Year Ended December 31, 2023

	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			Governmental Activities
General Government:			
Professional and Contract Services	\$3,196,015	\$87,581	\$2,493,030
Administration	43,715	0	0
<i>Total Governmental Activities</i>	<u>3,239,730</u>	<u>87,581</u>	<u>2,493,030</u>
		General Revenues	
		Grants and Entitlements not Restricted to Specific Programs	342,306
		Change in Net Position	(316,813)
		<i>Net Position Beginning of Year</i>	541,564
		<i>Net Position End of Year</i>	<u>\$224,751</u>

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation

*Balance Sheet
Governmental Fund
December 31, 2023*

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$521,738
Intergovernmental Receivable	250,555
Inventory Held for Resale	18,706
Loans Receivable	<u>124,050</u>
<i>Total Assets</i>	<u><u>\$915,049</u></u>
Liabilities	
Accounts Payable	\$400,065
Unearned Revenue	<u>166,183</u>
<i>Total Liabilities</i>	<u>566,248</u>
Deferred Inflows of Resources	
Loans	<u>124,050</u>
Fund Balance	
Unassigned	<u>224,751</u>
<i>Total Fund Balance</i>	<u>224,751</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u><u>\$915,049</u></u>

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2023*

Total Governmental Fund Balance	\$224,751
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<i>Net Position of Governmental Activities</i>	<u>\$224,751</u>
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See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund
For the Year Ended December 31, 2023

	General
Revenues	
Charges for Services	\$87,581
Intergovernmental (DTAC & Grants)	2,835,336
<i>Total Revenues</i>	2,922,917
Expenditures	
Current:	
General Government:	
Professional and Contract Services	3,196,015
Administration	43,715
<i>Total Expenditures</i>	3,239,730
<i>Net Change in Fund Balance</i>	(316,813)
<i>Fund Balance Beginning of Year</i>	541,564
<i>Fund Balance End of Year</i>	\$224,751

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023*

Net Change in Fund Balance - Total Governmental Funds (\$316,813)

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

Change in Net Position of Governmental Activities (\$316,813)

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

Note 1 - Description of the Reporting Entity

The Richland County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on November 7, 2013, when the Richland County Council authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 2012-214 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Richland County (the County) by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five to nine members including two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Mansfield), one representative from a township with the largest population (Madison Township), one representative from the local banking industry, and one local realtor.

The Corporation is dedicated to strategically acquiring tax foreclosed property and other foreclosed property from the Board of Revision, Sheriff's Sale, Bank Real Estate Owned, County Fiscal Officer, third parties, and through donations. The Corporation then strives to put the properties back to productive use.

The reporting entity for the Corporation is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consist of all funds, departments, boards and agencies that are not legally separate from the Corporation and any other organizations that would need to be included to ensure the financial statements of the Corporation are not misleading.

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board; and 1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or 2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation authorizes the issuance of debt, or the levying of taxes, or determines the budget. There are no component units included as part of this report.

Note 2 - Summary of Significant Accounting Policies

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

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

Fund Accounting

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

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

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

General Fund The general fund accounts for all financial resources that are received from the Richland County Fiscal Officer from penalties collected on delinquent property taxes and interest on those delinquencies, as well as grants, contributions, and various charges for services. 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Corporation are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

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

Revenues - Exchange and Nonexchange Transactions

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

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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, grants and loans revenue sources are considered to be both measurable and available at year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation had no deferred outflows of resources at December 31, 2023.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Expenses/Expenditures

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

Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities.

Federal Income Tax

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

Cash and Cash Equivalents

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

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed. The Corporation had no prepaid items for 2023.

Inventory Held for Resale

Inventory held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of homes on the properties. The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, the home on the property is demolished, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost.

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 no long term obligations at December 31, 2023.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2023. The Corporation applies restricted resources first when an expense is incurred for which restricted and unrestricted amounts are available.

Intergovernmental Revenue

The Corporation receives operating income through Richland County. 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 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.

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements For the Year Ended December 31, 2023

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 2023.

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 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.

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 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 or used 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. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Corporation’s Board. The Board has by resolution authorized the Executive Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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.

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Note 3 - Deposits

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Corporation and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the Corporation's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

Deposits - At December 31, 2023, the carrying amount of the Corporation's deposits was \$521,738 and the bank balance was \$511,841. At December 31, 2023 \$250,000 was covered by Federal depository insurance, while the remaining balance was either covered by the OPCS or subject to custodial credit risk as described above.

Note 4 - Transactions with Richland County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Richland County Council to receive 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations.

Pursuant to a contract for services agreement by the Board of Directors, the Corporation paid the Richland County Treasurer's office \$108,534 for personnel related costs during 2023.

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; and natural disasters.

The Corporation maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years, nor has insurance coverage been significantly reduced from the prior year.

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Note 6 - Receivables

Receivables at December 31, 2023, consisted of funds due from the Ohio Department of Development for Brownfield Remediation. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The principal items of the intergovernmental receivables are from the services agreement with the City of Mansfield for administrative service for the City's demolition program.

Loans receivable represents loans to an individuals for \$124,050 related to the demolition of a buildings and renovations. The loans bear a zero interest rate. The loans and maturity dates are listed as follows:

Loan	Outstanding 12/31/2022	Additons	Deletions	Outstanding 12/31/2023	Maturity Date
2015 Shelby Demolition	\$47,250	0	0	\$47,250	10/15/2026
2020 Mansfield Renovation	17,415	0	1,215	16,200	3/30/2035
2020 Plymouth Demolition	64,200	0	3,600	60,600	8/29/2040
Total Loans Receivable	<u>\$128,865</u>	<u>\$0</u>	<u>\$4,815</u>	<u>\$124,050</u>	

Note 7 - Fund Balance

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

Fund Balance	General Fund
Unassigned	<u>\$ 224,751</u>
Total	<u>\$ 224,751</u>

Richland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

The management's discussion and analysis of the Richland 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, 2022. 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 2022 are as follows:

- The Corporation received \$1,877,824 from Ohio Department of Development, United States Environmental Protection Agency and other various grants.
- The Corporation received \$289,929 from Richland County under an arrangement to receive 5 percent of delinquent taxes and assessments collected.

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 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 finances. 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 the Statement of Activities

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

These two statements report the Corporation's net position and change 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 of the Corporation will also need to be evaluated.

Richland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

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 Year

Reporting on the Corporation's Most Significant Fund

Governmental Fund

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year-end and available for spending in future periods. The general fund is reported using the modified accrual 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 government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

The Richland County Land Reutilization Corporation as a Whole

The table below provides a summary of Corporation's net position for 2022 compared to 2021.

Table 1
Net Position

	<u>2022</u>	<u>2021</u>
Assets		
Current and Other Assets	<u>\$1,301,147</u>	<u>\$897,840</u>
Liabilities		
Current and Other Liabilities	<u>630,718</u>	<u>73,020</u>
Deferred Inflows of Resources		
Loans	<u>128,865</u>	<u>133,515</u>
Net Position		
Unrestricted	<u>\$541,564</u>	<u>\$691,305</u>

During 2022, the Corporation's intergovernmental receivables increased \$238,495 from the prior year due to the Corporation providing services to the City of Mansfield.

Richland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

Also in 2022, the Corporation's accounts payable increased \$215,063 due to large demolition and environmental clean-up projects being outstanding at year-end.

The table below shows the changes in net position for the year ending December 31, 2022.

Table 2
Net Position

	2022	2021
Revenues		
Program Revenues		
Charges for Services	\$ 115,045	\$ 148,126
Operating Grants	1,877,824	17,266
General Revenues		
Intergovernmental	289,929	258,950
<i>Total Revenues</i>	<u>2,282,798</u>	<u>424,342</u>
Program Expenses		
Professional and Contract Services	2,385,402	571,945
Administration	47,137	20,763
<i>Total Program Expenses</i>	<u>2,432,539</u>	<u>592,708</u>
<i>Change in Net Position</i>	(149,741)	(168,366)
<i>Net Position Beginning of Year</i>	691,305	859,671
<i>Net Position End of Year</i>	<u>\$ 541,564</u>	<u>\$ 691,305</u>

Intergovernmental revenues represents the 5 percent delinquent tax and assessments from the County.

During 2022, operating grant and professional and contract services increased significantly due to the Ohio Department of Development Demolition and Brownfields grant. The Corporation started various large demolition and an environmental clean-up projects with these funds.

The Corporation's Fund

Information about the Corporation's governmental fund begins on page 9. This fund is accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues of \$2,282,798 and had expenditures of \$2,432,539.

Capital Assets

As of December 31, 2022, the Corporation does not have any capital assets.

Debt

As of December 31, 2022, the Corporation does not have any debt.

Richland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

Current Financial Related Activities

The Corporation, established on November 7, 2013, has been designated by Richland County, Ohio as its agent for the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed and other real property in Richland County. Principal operating revenues of the Corporation include contributions from Richland County's delinquent tax and assessment collection fund. The Corporation currently is participating in the Neighborhood Initiative Program, a residential demolition grant program through the Ohio Housing Finance Agency. As of December 31, 2022, the Corporation has owned and rehabilitated over 175 properties throughout the County.

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 Bart Hamilton, Chair of the Board of Directors, Richland County Land Reutilization Corporation, 50 Park Avenue East, Mansfield, Ohio 44906.

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Richland County Land Reutilization Corporation

Statement of Net Position

December 31, 2022

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$911,204
Intergovernmental Receivable	239,785
Inventory Held for Resale	21,293
Loans Receivable	<u>128,865</u>
<i>Total Assets</i>	<u>1,301,147</u>
Liabilities	
Accounts Payable	225,628
Intergovernmental Payable	34,153
Unearned Revenue	<u>370,937</u>
<i>Total Liabilities</i>	<u>630,718</u>
Deferred Inflows of Resources	
Loans	<u>128,865</u>
Net Position	
Unrestricted	<u>541,564</u>
<i>Total Net Position</i>	<u><u>\$541,564</u></u>

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation

Statement of Activities

For the Year Ended December 31, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government:				
Professional and Contract Services	\$2,385,402	\$115,045	\$1,877,824	(\$392,533)
Administration	47,137	0	0	(47,137)
<i>Total Governmental Activities</i>	<u>2,432,539</u>	<u>115,045</u>	<u>1,877,824</u>	(439,670)
		General Revenues		
		Grants and Entitlements not Restricted to Specific Programs		<u>289,929</u>
		Change in Net Position		(149,741)
		<i>Net Position Beginning of Year</i>		<u>691,305</u>
		<i>Net Position End of Year</i>		<u><u>\$541,564</u></u>

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation

*Balance Sheet
Governmental Fund
December 31, 2022*

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$911,204
Intergovernmental Receivable	239,785
Inventory Held for Resale	21,293
Loans Receivable	<u>128,865</u>
<i>Total Assets</i>	<u><u>\$1,301,147</u></u>
Liabilities	
Accounts Payable	\$225,628
Intergovernmental Payable	34,153
Unearned Revenue	<u>370,937</u>
<i>Total Liabilities</i>	<u>630,718</u>
Deferred Inflows of Resources	
Loans	<u>128,865</u>
Fund Balance	
Unassigned	<u>541,564</u>
<i>Total Fund Balance</i>	<u>541,564</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u><u>\$1,301,147</u></u>

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2022*

Total Governmental Fund Balance	\$541,564
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<i>Net Position of Governmental Activities</i>	<u>\$541,564</u>
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See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund
For the Year Ended December 31, 2022

	General
Revenues	
Charges for Services	\$115,045
Intergovernmental (DTAC & Grants)	2,167,753
<i>Total Revenues</i>	2,282,798
Expenditures	
Current:	
General Government:	
Professional and Contract Services	2,385,402
Administration	47,137
<i>Total Expenditures</i>	2,432,539
<i>Net Change in Fund Balance</i>	(149,741)
<i>Fund Balance Beginning of Year</i>	691,305
<i>Fund Balance End of Year</i>	\$541,564

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022*

Net Change in Fund Balance - Total Governmental Funds (\$149,741)

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

Change in Net Position of Governmental Activities (\$149,741)

See accompanying notes to the basic financial statements

Richland County Land Reutilization Corporation

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022*

Note 1 - Description of the Reporting Entity

The Richland County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on November 7, 2013, when the Richland County Council authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 2012-214 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Richland County (the County) by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five to nine members including two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Mansfield), one representative from a township with the largest population (Madison Township), one representative from the local banking industry, and one local realtor.

The Corporation is dedicated to strategically acquiring tax foreclosed property and other foreclosed property from the Board of Revision, Sheriff's Sale, Bank Real Estate Owned, County Fiscal Officer, third parties, and through donations. The Corporation then strives to put the properties back to productive use.

The reporting entity for the Corporation is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consist of all funds, departments, boards and agencies that are not legally separate from the Corporation and any other organizations that would need to be included to ensure the financial statements of the Corporation are not misleading.

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board; and 1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or 2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation authorizes the issuance of debt, or the levying of taxes, or determines the budget. There are no component units included as part of this report.

Note 2 - Summary of Significant Accounting Policies

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

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements For the Year Ended December 31, 2022

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

Fund Accounting

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

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

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

General Fund The general fund accounts for all financial resources that are received from the Richland County Fiscal Officer from penalties collected on delinquent property taxes and interest on those delinquencies, as well as grants, contributions, and various charges for services. 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Corporation are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

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

Revenues - Exchange and Nonexchange Transactions

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

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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, grants and loans revenue sources are considered to be both measurable and available at year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation had no deferred outflows of resources at December 31, 2022.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Expenses/Expenditures

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

Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities.

Federal Income Tax

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

Cash and Cash Equivalents

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

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements For the Year Ended December 31, 2022

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed. The Corporation had no prepaid items for 2022.

Inventory Held for Resale

Inventory held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of homes on the properties. The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, the home on the property is demolished, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost.

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 no long term obligations at December 31, 2022.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its 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, 2022. The Corporation applies restricted resources first when an expense is incurred for which restricted and unrestricted amounts are available.

Intergovernmental Revenue

The Corporation receives operating income through Richland County. 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 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.

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements For the Year Ended December 31, 2022

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 2022.

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 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.

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 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 or used 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. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Corporation’s Board. The Board has by resolution authorized the Executive Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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.

Richland County Land Reutilization Corporation

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022*

Note 3 - Deposits

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Corporation and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the Corporation's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

Deposits - At December 31, 2022, the carrying amount of the Corporation's deposits was \$911,204 and the bank balance was \$903,509. At December 31, 2022 \$250,000 was covered by Federal depository insurance, while the remaining balance was either covered by the OPCS or subject to custodial credit risk as described above.

Note 4 - Transactions with Richland County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Richland County Council to receive 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations.

Pursuant to a contract for services agreement by the Board of Directors, the Corporation paid the Richland County Treasurer's office \$152,098 for personnel related costs during 2022.

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; and natural disasters.

The Corporation maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years, nor has insurance coverage been significantly reduced from the prior year.

Richland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 6 - Receivables

Receivables at December 31, 2022, consisted of funds due from the City of Mansfield for services provided and the Ohio Department of Development for Brownfield Remediation. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

The principal items of the intergovernmental receivables are from the services agreement with the City of Mansfield for administrative service for the City’s demolition program.

Loans receivable represents loans to an individuals for \$128,865 related to the demolition of a buildings and renovations. The loans bear a zero interest rate. The loans and maturity dates are listed as follows:

Loan	Outstanding 12/31/2021	Addititons	Deletions	Outstanding 12/31/2022	Maturity Date
2015 Shelby Demolition	\$47,250	0	0	\$47,250	10/15/2026
2020 Mansfield Renovation	18,765	0	1,350	17,415	3/30/2035
2020 Plymouth Demolition	67,500	0	3,300	64,200	8/29/2040
Total Loans Receivable	<u>\$133,515</u>	<u>\$0</u>	<u>\$4,650</u>	<u>\$128,865</u>	

Note 7 - Fund Balance

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

Fund Balance	General Fund
Unassigned	<u>\$ 541,564</u>
Total	<u>\$ 541,564</u>

Note 8 – 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 ended in April 2023. During 2022, the Corporation received COVID-19 funding. The Board will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Richland County Land Reutilization Corporation
Richland County
50 Park Avenue East
Mansfield, Ohio 44902

To the Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Richland County Land Reutilization Corporation, Richland County, Ohio, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Richland County Land Reutilization Corporation’s basic financial statements, and have issued our report thereon dated July 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Richland County Land Reutilization Corporation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Richland County Land Reutilization Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Richland County Land Reutilization 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 Richland County Land Reutilization 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

Richland County Land Reutilization Corporation

Richland County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Richland County Land Reutilization 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*.

Richland County Land Reutilization Corporation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Richland County Land Reutilization Corporation's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Richland County Land Reutilization Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Richland County Land Reutilization 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 Richland County Land Reutilization Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

July 29, 2024

**RICHLAND COUNTY LAND REUTILIZATION CORPORATION
RICHLAND COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2023-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework even if the financial statement compilation is outsourced to a third party. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving the unaudited financial statements, manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements.

Certain adjustments were made to the financial statements and note disclosures for the years ended December 31, 2022 and 2023, to properly state financial statement amounts related to Accounts Payable, Professional and Contract Services, Intergovernmental Receivable, Intergovernmental Revenue, Unearned Revenue, Operating Grants and Contributions, Nonspendable Fund Balance and Unassigned Fund Balance. In 2022, a typo led to Accounts Payable being recorded artificially high and Intergovernmental Receivable needed to be adjusted for grant reimbursements of expenditures spent or incurred during the year ended December 31, 2022. Also, in 2022 and 2023, an adjustment was necessary to account for Unearned Revenue relating to funds received from Richland County for the Westinghouse Demolition and Revitalization Project, but not earned as of year-end. Finally, the Loans Receivable balance was being improperly recorded as both a Deferred Inflow and a Nonspendable Fund Balance, causing Unassigned Fund Balance to be underreported. The audited financial statements and certain disclosures were updated for the misstatements identified during the audit.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Corporation's activity. Additionally, without a review of the completed unaudited financial statements by management prior to filing with the Hinkle system, financial information could be misrepresented.

We recommend the Corporation review the adjustments posted to the current year audit report and implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements prior to presenting them to its auditors. Further, we recommend the Corporation designate an individual to review future unaudited reports prior to their Hinkle submission to ensure all financial activity is accurately reflected.

Client Response: We reviewed the adjustments and will address them in the future years to insure this does not happen again.

OHIO AUDITOR OF STATE KEITH FABER



RICHLAND COUNTY LAND REUTILIZATION CORPORATION

RICHLAND 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 10/15/2024

65 East State 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