



**LAND REUTILIZATION CORPORATION  
FAIRFIELD COUNTY**

**INITIAL AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2014**



**Dave Yost • Auditor of State**



**LAND REUTILIZATION CORPORATION  
FAIRFIELD COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Land Reutilization Corporation, Fairfield County, Ohio (the Corporation), a component unit of Fairfield County, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Land Reutilization Corporation, Fairfield County, Ohio, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 28, 2016

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
(Unaudited)

The management's discussion and analysis 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, 2014. The Corporation began operations in September, 2013, with no Corporate activity experienced until 2014. 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 2014 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 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 received \$200,000 from the Fairfield County Delinquent Tax Assessment Collection Fund to be used in the operation of the land reutilization purposes of the Corporation.

### **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.

### **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.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
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Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
(Unaudited)

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:

Net Position:

- Assets
- Liabilities
- Net Position

Statement of Activities:

- Governmental Activities Expenses
- 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 6 and 7 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.

### *Governmental Fund*

The presentation for the Corporation's general 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 \$200,149 and expenditures of \$77,355.

The basic governmental fund financial statements can be found on pages 8 and 9 of this report.



**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
(Unaudited)

**Budgeting**

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

**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 can be found on pages 10 through 17 of this report.

**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 Fairfield County delinquent tax and assessment collection fund.

In 2014 the Corporation was the recipient of a Neighborhood Initiative Program (NIP) award, a reimbursement program intended for the demolition and greening of vacant and abandoned properties. The acquisition process under the NIP award began in late 2014 and will continue throughout 2015. As of the date of the financial statements no draws have been made from the NIP award. However, the award and the associated increase in Corporation activity did necessitate the hiring of an Executive Director in December 2014. The Executive Director position is filled by an employee of the Fairfield County Treasurer (a Senior Chief Deputy Treasurer) with the Corporation contracting with the county to cover an agreed upon portion of the employee costs.

**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, 2014

		<u>Governmental Activities</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$	<u>122,794</u>
Total Assets		122,794
 <b>Liabilities</b>		
Accounts Payable		<u>-</u>
Total Liabilities		-
 <b>Net Position</b>		
Unrestricted		<u>122,794</u>
Total Net Position	\$	<u><u>122,794</u></u>

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, 2014

**Governmental Activities:**

Professional and Contract Services	\$	75,000
Administration		<u>2,355</u>
<b>Total</b>		<u><u>77,355</u></u>

**General Revenue:**

Intergovernmental		200,000
Interest		<u>149</u>
<b>Total General Revenues</b>		200,149

Change in Net Position 122,794

Net Position at Beginning of Year -

Net Position at End of Year \$ 122,794

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, 2014

	<u>General Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 122,794
Total Assets	122,794
 <b>Liabilities and Fund Balance</b>	
<i>Liabilities:</i>	
Accounts Payable	<u>-</u>
Total Liabilities	-
 <b>Fund Balance</b>	
Unassigned	<u>122,794</u>
Fund Balance	<u>\$ 122,794</u>

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 Change in Fund Balance  
Governmental Fund  
For the Year Ended December 31, 2014

	General Fund
<b>Revenues:</b>	
Intergovernmental	\$ 200,000
Interest	149
	200,149
<b>Total Revenue</b>	<b>200,149</b>
<b>Expenditures</b>	
Professional and Contract Services	75,000
Administration	2,355
	77,355
<b>Total Expenditures</b>	<b>77,355</b>
Net Change in Fund Balance	122,794
Fund Balance at Beginning of Year	-
Fund Balance at End of Year	\$ 122,794

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 Statement  
For the Year Ended December 31, 2014

**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's (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), and one representative from a Fairfield County township with a population of ten thousand or more (Violet Township), 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 components 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 Statement  
For the Year Ended December 31, 2014

**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. The Corporation did not have any program revenues during 2014. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

Fund Financial Statements

Fund financial statements are designed to present financial information of the Corporation at 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 Statement  
For the Year Ended December 31, 2014

**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. However, during 2014, the Corporation did not include a reconciliation due to there were no differences between the government-wide financial statements and the fund financial statements.

*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 Statement  
For the Year Ended December 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)**

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Corporation must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Corporation on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, interest and grants revenue sources are considered to be both measurable and available at year-end.

The Corporation will facilitate the reutilization of non-productive land situated within the County's boundaries. Most properties will be acquired from the County Auditor through the tax foreclosure process.

Assets held for sale represent properties acquired by the Corporation which could be marketed for resale. All significant costs incurred to acquire and improve or rehabilitate the property will be capitalized. All real estate held for sale will be recorded at the lower of cost or net realizable value.

In 2014, the Corporation held title to no properties. When properties are acquired, the Corporation intends to dispose of the majority of those properties either through donation or through its Side-Lot Disposition Program. As a result, the net realizable value for the majority of the Corporation's properties will be zero. Properties with a net realizable value of zero will not be reported in the financial statements.

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

**Fairfield County Land Reutilization Corporation**  
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Notes to the Basic Financial Statement  
For the Year Ended December 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)**

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.

*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. However, compensated absences are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements.

The Corporation did not have any accrued liabilities or long-term obligations during 2014.

*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, 2014. 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, 2014.

*Intergovernmental Revenue*

The Corporation receives operating income through Fairfield 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.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statement  
For the Year Ended December 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)**

*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 2014.

*Fund Balance*

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

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

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

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

*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 Statement  
For the Year Ended December 31, 2014

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

For 2014, the Corporation has implemented Governmental Accounting Standard Board (GASB) State No. 65, "Items Previously Reported as Assets and Liabilities,". GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The Corporation did not have any deferred outflows of resources or deferred inflows of resources as of December 31, 2014. The implementation of this statement did not result in any change to the Corporation's financial statements.

**NOTE 4 - DEPOSITS**

At December 31, 2014, the carrying amount of the Corporation's deposits was \$122,794. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2014, \$122,794 was covered by 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 105% 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. Protection of the Corporation's cash and deposits is provided by the FDIC or collateralized by the financial institution.

**NOTE 5 – RISK MANAGEMENT**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the Corporation contracted with The Cincinnati Insurance Company for the following types of insurance:

Type	Coverage
Directors/Officers Liability	\$ 1,000,000

During the last two years, the settled claims have not exceeded commercial coverage.

**Fairfield County Land Reutilization Corporation**  
**Fairfield County**  
(A Component Unit of Fairfield County)  
Notes to the Basic Financial Statement  
For the Year Ended December 31, 2014

**NOTE 6 - 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 County's Delinquent Tax Assessment Collection Fund and will be available for appropriation by the Corporation to fund operations.

**NOTE 7 - SUBSEQUENT EVENTS**

In February of 2016 the Corporation finalized the acquisition of the Clarence E. Miller Building from the Fairfield County Commissioners. There was no charge to the Corporation for the acquisition of the facility, with the ultimate goal being the reutilization of the property per the stated mission of the Corporation. The Corporation anticipates selling the property for \$60,000, and intends to record that value on the books and records of the Corporation as an asset.

Additionally, in June 2016 the Corporation was informed of an increase in the NIP Award funding from \$400,000 to \$843,000. The NIP Award funding is utilized for the demolition of vacant and abandoned residential structures in target areas throughout the county.

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# Dave Yost • Auditor of State

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

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 and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Land Reutilization Corporation, Fairfield County, Ohio (the Corporation), a component unit of Fairfield County, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 28, 2016.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 28, 2016





# Dave Yost • Auditor of State

**NORTHERN OHIO EDUCATIONAL ASSOCIATION (NOECA)**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 18, 2016**