

**LUCAS COUNTY LAND
REUTILIZATION CORPORATION**

**(A COMPONENT UNIT OF LUCAS COUNTY)
LUCAS COUNTY, OHIO**

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**



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Columbus, Ohio 43215
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(800) 282-0370

Members of the Board of Directors
Lucas County Land Reutilization Corporation
One Government Center, Suite 580
Toledo, OH 43604

We have reviewed the *Independent Auditor's Report* of the Lucas County Land Reutilization Corporation, Lucas County, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2022. 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 Lucas County Land Reutilization Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

May 30, 2023

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**LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)
LUCAS COUNTY, OHIO**

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Independent Auditor's Report

Lucas County Land Reutilization Corporation
Lucas County
One Government Center, Suite 580
Toledo, Ohio 43064

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 Lucas County Land Reutilization Corporation, Lucas County, Ohio, a component unit of Lucas County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Lucas 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 Lucas County Land Reutilization Corporation, as of December 31, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Lucas 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 Lucas 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 Lucas 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 Lucas 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 May 9, 2023 on our consideration of the Lucas 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 Lucas 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 Lucas County Land Reutilization Corporation's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
May 9, 2023

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED

This management's discussion and analysis of the financial performance of the Lucas County Land Reutilization Corporation (the Corporation) 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 is focused on returning troubled real estate to productive use, strengthening neighborhoods and accelerating economic activity in Lucas County communities. The Corporation works cooperatively with units of government and individual property in this mission.
- The Corporation received approximately \$1.7 million from Lucas County under a statutory arrangement to receive 5% of delinquent taxes collected. The Corporation also recognized revenue of approximately \$279 thousand from a City of Toledo Community Development Block grant (CDBG), \$170 thousand from an Ohio Department of Development (ODOD) Commercial Cleanup Pilot grant, \$81 thousand from an ODOD Building Demolition & Site Revitalization Program grant, and \$560 thousand from the ODOD Brownfield Remediation Program grant.
- The Corporation's net position increased from \$6,770,545 in 2021 to \$7,254,978 in 2022.

Overview of the Financial Statements

This annual report consists of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The 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 Corporation, as a whole, presenting both an aggregate view of the Corporation's finances and a longer-term view of those finances. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting the Corporation's Financial Activities

Statement of Net Position and the Statement of Activities

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
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. However, in evaluating the overall position of the Corporation, non-financial information such as the condition of the Corporation’s capital assets will also need to be evaluated.

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

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets/Deferred Outflows minus Liabilities/Deferred Inflows)
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

The table below provides a summary of Corporation’s net position for 2022 and 2021.

Net Position	2022	2021
ASSETS		
Current and other assets	\$ 6,379,631	\$ 5,619,385
Assets held for resale	1,566,940	1,185,345
Capital assets, net	<u>38,500</u>	<u>52,936</u>
Total Assets	<u>7,985,071</u>	<u>6,857,666</u>
LIABILITIES		
Current and other liabilities	<u>730,093</u>	<u>87,121</u>
NET POSITION		
Investment in capital assets	38,500	52,936
Unrestricted	<u>7,216,478</u>	<u>6,717,609</u>
Total Net Position	<u>\$ 7,254,978</u>	<u>\$ 6,770,545</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Accounts receivable consist primarily of project expenses that are to be reimbursed from City of Toledo CDBG, ODOD Cleanup Pilot, ODOD Building Demolition and ODOD Brownfield Remediation grants. Assets held for resale consist of any unsold parcels that are held by the Corporation recorded at the lower of cost or market. Accounts payable consist of amounts due for the Corporation's programs.

Over time, net position can serve as useful indicator of a government's financial position. At December 31, 2022, the Corporation's net position was \$7,254,978 up from \$6,770,545 in 2021.

The table below shows the changes in net position for the years ending December 31, 2022 and 2021.

Change in Net Position

	2022	2021
REVENUES		
Program Revenues:		
Charges for Services	\$ 1,362,946	\$ 605,701
Operating Grants and Contributions	<u>1,283,342</u>	<u>952,613</u>
<i>Total Program Revenues</i>	<u>2,646,288</u>	<u>1,558,314</u>
General Revenues:		
Intergovernmental	1,694,341	1,515,552
Interest	90,386	7,982
Loss on disposal of equipment	(1,435)	-
Miscellaneous	<u>10,075</u>	<u>42,666</u>
<i>Total General Revenues</i>	<u>1,793,367</u>	<u>1,566,200</u>
<i>Total Revenues</i>	<u>4,439,655</u>	<u>3,124,514</u>
PROGRAM EXPENSES		
Professional and Contract Services	2,616,449	2,441,793
Administration	<u>1,338,773</u>	<u>1,201,917</u>
<i>Total Program Expenses</i>	<u>3,955,222</u>	<u>3,643,710</u>
Change in Net Position	484,433	(519,196)
Net Position at Beginning of Period	<u>6,770,545</u>	<u>7,289,741</u>
Net Position at End of Year	<u>\$ 7,254,978</u>	<u>\$ 6,770,545</u>

Revenues for 2022 and 2021 consist primarily of 5% delinquent tax and assessments from Lucas County to the Corporation for the purpose of land reutilization and approximately \$279 thousand and \$42 thousand from the City of Toledo CDBG grant in 2022 and 2021, respectively, as well as approximately \$780 thousand in 2022 from ODOD grants and \$171 thousand in 2021 from the Ohio Housing Finance Agency's Neighborhood Initiative Program. In 2021, the Neighborhood Initiative Program was completed. The Corporation acquired 307 properties in 2022 compared to 335 properties in the prior year and disposed of 992 properties in 2022 compared to 581 in 2021. The Corporation renovated, remediated and demolished more properties in 2022 compared to prior year, resulting in an increase in professional and contract services, as well as administration expenses.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED

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 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 Assets and the Statement of Activities) and the general fund is reconciled in the financial statements.

The Corporation had governmental revenues of \$4,439,655 and expenditures of \$3,955,222.

Capital Assets

In 2022, the Corporation had no capital asset purchases and donated a copier, resulting in a loss on disposal of \$1,435. In 2021, the Corporation acquired two new vehicles with a value of \$64,164, which involved trade-in of two other vehicles that were fully depreciated. Proceeds of the trade-ins was \$38,750.

Debt

As of December 31, 2022 and 2021, the Corporation does not have any debt.

Current Financial Related Activities

The Corporation began operations on August 31, 2010. The Corporation is Lucas County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Lucas County. The purpose of the Corporation is to strengthen neighborhoods in Lucas County by returning vacant and abandoned properties to productive use. By strategically acquiring troubled real estate and returning it to productive use, the Corporation works to reduce blight, promote economic development, increase property values, and thereby improve the quality of life of all Lucas County residents. The principal operating revenues of the Corporation are contributions from Lucas County's delinquent estate tax and assessment collection fund authorized by statute and revenue from property dispositions.

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 Shantae Brownlee, Chief Financial Officer, Lucas County Land Reutilization Corporation, One Government Center, Suite 580, Toledo, Ohio 43064.

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

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 5,480,302
Intergovernmental Receivables	899,329
Assets Held For Resale	1,566,940
Depreciable Capital Assets, Net	38,500
Total Assets	7,985,071
 Liabilities	
Accounts Payable	646,100
Wages Payable	19,821
Compensated Absences Payable	53,543
Due to Other Governments	10,629
Total Liabilities	730,093
 Net Position	
Investment in Capital Assets	38,500
Unrestricted	7,216,478
Total Net Position	\$ 7,254,978

See Accompanying Notes to the Basic Financial Statements

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Professional and Contract Services	\$ 2,616,449	\$ 1,362,946	\$ 1,283,342	\$ 29,839
Administration	1,338,773	-	-	(1,338,773)
Total	\$ 3,955,222	\$ 1,362,946	\$ 1,283,342	\$ (1,308,934)
 General Revenue:				
Intergovernmental				1,694,341
Interest				90,386
Loss on disposal of equipment				(1,435)
Miscellaneous				10,075
Total General Revenues				1,793,367
Change in Net Position				484,433
Net Position at Beginning of Year				6,770,545
Net Position at End of Year				\$ 7,254,978

See Accompanying Notes to the Basic Financial Statements

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

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2022

		General Fund
Assets		
Cash and Cash Equivalents	\$	5,480,302
Intergovernmental Receivables		899,329
Assets Held for Resale		1,566,940
Total Assets	\$	7,946,571
 Liabilities and Fund Balance		
<i>Liabilities:</i>		
Accounts Payable	\$	646,100
Wages Payable		19,821
Due to Other Governments		10,629
Total Liabilities		676,550
 <i>Fund Balance:</i>		
Nonspendable		
Assets Held for Resale		1,566,940
Unassigned		5,703,081
Total Fund Balance		7,270,021
Total Liabilities and Fund Balance	\$	7,946,571

See Accompanying Notes to the Basic Financial Statements

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Total Governmental Fund Balances	\$ 7,270,021
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	38,500
Compensated absences payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	<u>(53,543)</u>
Net Position of Governmental Activities	<u><u>\$ 7,254,978</u></u>

See Accompanying Notes to the Basic Financial Statements

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>
Revenues:	
Intergovernmental	\$ 1,694,341
Operating Grants and Contributions	1,283,342
Charges for Services	1,362,946
Interest	90,386
Miscellaneous	<u>10,075</u>
Total Revenues	<u>4,441,090</u>
Expenditures:	
Professional and Contract Services	2,603,448
Administration	<u>1,323,780</u>
Total Expenditures	<u>3,927,228</u>
Net Change in Fund Balance	513,862
Fund Balances Beginning of Year	<u>6,756,159</u>
Fund Balances End of Year	<u><u>\$ 7,270,021</u></u>

See Accompanying Notes to the Basic Financial Statements

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

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balance - Total Governmental Fund \$ 513,862

Amounts reports for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	-	
Current year depreciation	<u>(13,001)</u>	(13,001)

Some expenses in the statement of activities, such as vacation benefits payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(16,428)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 484,433</u></u>
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LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Lucas County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on August 31, 2010 when the Lucas County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 10-713 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Lucas 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 nine members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statements

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

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

Fund Financial Statements

Fund financial statements are designed to present financial information of the Corporation at 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 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Corporation are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

Basis of Accounting

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required.

Federal Income Tax

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

Cash and Cash Equivalents and Investments

All monies received by the Corporation are deposited in a demand deposit account. Investments with original maturities of three months or less at the time they are purchased by the Corporation are included on the financial statements as cash equivalents.

During 2022, the Corporation invested in State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Corporation measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Capital Assets

Capital assets are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method with vehicles having estimated useful lives of 5 years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets Held For Resale

Assets held for resale consist of any unsold parcels that have been transferred into the name of the Corporation. Parcels are valued at lower of cost or market. Cost of these parcels are based solely on the expense incurred by the Corporation that directly pertains to said parcels, including but not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services. The Corporation holds the properties until the building or lot is either sold to a new residential or business occupant, or rehabilitated, or demolished and then sold. Unimproved properties may be transferred to the city or township they are in, until those parcels may be merged with adjacent parcels for development or green space projects, or the Corporation may sell such 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. 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.

Compensated Absences

The Corporation is not bound by the compensated absence laws prescribed by the Ohio Revised Code for purely governmental entities. The Corporation records accumulated unpaid vacation, compensatory, and overtime pay when earned by employees.

The Corporation prohibits an employee from accumulating more than 30 days of vacation time on an annual basis. Normally, all vacation time is to be taken in the year available. Unused vacation time up to a maximum of 10 days is payable upon termination of employment not for cause. Unused sick time may be accumulated until retirement but a retiring employee is not entitled to any payment for accumulated sick time. In general, employees are eligible to be paid for unused compensatory time upon termination of employment. All vacation and compensatory time payments are made at the employee's current wage rates.

Net Position

Net position represents the difference between assets/deferred outflow of resources and liabilities/deferred inflows of resources. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation. The Corporation did not have any deferred outflow of resources and deferred inflow of resources as of December 31, 2022. 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, 2022.

The Corporation applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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. It includes property acquired for resale, unless the use of the proceeds from the sale of these properties is restricted, committed or assigned.

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

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

Assigned Fund Balance – Assigned fund balance includes amounts that are constrained by the Corporation’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Corporation 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.

Intergovernmental Revenue

The Corporation receives operating income through Lucas 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 requirements 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets, being depreciated				
Vehicles	\$ 64,164	\$ -	\$ -	\$ 64,164
Copier	<u>8,098</u>	<u>-</u>	<u>(8,098)</u>	<u>-</u>
Total capital assets, being depreciated	<u>76,632</u>	<u>-</u>	<u>(8,098)</u>	<u>64,164</u>
Less accumulated depreciation for:				
Vehicles	(12,832)	(12,832)	-	(25,664)
Copier	<u>(6,494)</u>	<u>(169)</u>	<u>6,663</u>	<u>-</u>
Total accumulated depreciation	<u>(19,326)</u>	<u>(13,001)</u>	<u>6,663</u>	<u>(25,664)</u>
Total capital assets being depreciated, net	<u>\$ 52,936</u>	<u>\$ (13,001)</u>	<u>\$ (1,435)</u>	<u>\$ 38,500</u>

Depreciation expense of \$13,001 was charged to Administration for governmental activities in 2022.

NOTE 4 – DEPOSITS AND INVESTMENTS

At December 31, 2022, the carrying amount of the Corporation's deposits was \$461,490, with a related bank balance of \$523,018. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2022, \$250,000 and was covered by Federal Deposit Insurance Corporation (FDIC) and \$273,018 was uninsured and collateralized. 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. 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.

Investments are reported at fair value. As of December 31, 2022, the Corporation had the following investments:

	Measurement Value	12 Months or Less	1-3 Years	3-5 Years
Amortized Cost:				
STAR Ohio	\$ 5,018,812	\$ 5,018,812	\$ -	\$ -
Total Investments	<u>\$ 5,018,812</u>	<u>\$ 5,018,812</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS – continued

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and cash equivalents as reported on the statement of net position as of December 31, 2022:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amounts of deposits	\$ 461,490
Investments	<u>5,018,812</u>
Total per Statement of Net Position	<u>\$ 5,480,302</u>

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. The Corporation contracts with Ohio Plan for various types of insurance as follows:

<u>Type</u>	<u>Coverage</u>
General Aggregate	\$3,000,000
Liability Property	2,000,000
Commercial General Liability	2,000,000
Personal Injury	2,000,000
Directors/Officers Liability	1,000,000
Employment Practices Liability	1,000,000

During the last three years, the settled claims have not exceeded commercial coverage. There has been no significant decrease in coverage from the prior year.

NOTE 6 - TRANSACTIONS WITH LUCAS COUNTY

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Lucas 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. At December 31, 2022, the Corporation recognized revenues of \$1,694,341 for these fees that were collected by the County in 2022.

Pursuant to and in accordance with Section 307.01(D) of the Ohio Revised Code, the Corporation entered into an agreement with the Board of Lucas County Commissioners to utilize office space and storage for no consideration.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 7 – RECEIVABLES

Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

A summary of the principal items of governmental activities intergovernmental receivable follows:

CDBG – City of Toledo	\$ 173,908
ODOD Building Demolition program	80,790
ODOD Cleanup program	59,285
ODOD Brownfield Remediation program	<u>585,346</u>
	<u>\$ 899,329</u>

**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***

Lucas County Land Reutilization Corporation
Lucas County
One Government Center, Suite 580
Toledo, Ohio 43064

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 Lucas County Land Reutilization Corporation, Lucas County, Ohio, a component unit of Lucas County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Lucas County Land Reutilization Corporation's basic financial statements, and have issued our report thereon dated May 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lucas 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 Lucas County Land Reutilization Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lucas 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 Lucas 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lucas 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*.

Lucas County Land Reutilization Corporation

Lucas 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*

Page 2

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.

May 9, 2023

OHIO AUDITOR OF STATE KEITH FABER



LUCAS COUNTY LAND REUTILIZATION CORPORATION

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/13/2023

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

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