

Adams County Land Reutilization Corporation  
Adams County  
Regular Audit  
For the Year Ended December 31, 2019



Millhuff-Stang, CPA, Inc.  
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548  
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978  
Fax: 888.876.8549  
[natalie@millhuffstangcpa.com](mailto:natalie@millhuffstangcpa.com) / [roush@millhuffstangcpa.com](mailto:roush@millhuffstangcpa.com)  
[www.milhuffstangcpa.com](http://www.milhuffstangcpa.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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

Board of Directors  
Adams County Land Reutilization Corporation  
215 North Cross Street, Suite 101  
West Union, Ohio 45693

We have reviewed the *Independent Auditor's Report* of the Adams County Land Reutilization Corporation, Adams County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2019 through December 31, 2019. 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 Adams 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

November 20, 2020

**This page intentionally left blank.**

**Adams County Land Reutilization Corporation**  
*Table of Contents*  
*For the Year Ended December 31, 2019*

---

Title	Page
Independent Auditor's Report.....	1
Prepared by Management:	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Position .....	9
Statement of Activities.....	10
Balance Sheet – Governmental Fund.....	11
Statement of Revenues, Expenditures and Change in Fund Balance – Governmental Fund .....	12
Notes to the Basic Financial Statements .....	13
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	22
Schedule of Findings and Responses .....	24
Schedule of Prior Audit Findings.....	25

**This page intentionally left blank.**

**Independent Auditor's Report**

Board of Directors  
Adams County Land Reutilization Corporation  
215 North Cross Street, Suite 101  
West Union, Ohio 45693

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and the major fund of Adams County Land Reutilization Corporation, Adams County, (the Corporation), a component unit of Adams County, as of and for the year ended December 31, 2019, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adams County Land Reutilization Corporation  
Independent Auditor's Report

***Opinions***

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 Adams County Land Reutilization Corporation, Adams County, as of December 31, 2019, and the respective change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

As discussed in Note 7 to the financial statements the Corporation elected to change its basis of accounting by preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. The net position and fund balance at December 31, 2018 have been restated to reflect the basis of accounting adopted in 2019. We did not modify our opinion regarding this matter.

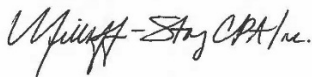
***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, 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 September 8, 2020 on our consideration of the 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 Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio  
September 8, 2020



## **Adams County Land Reutilization Corporation**

### **Management's Discussion and Analysis For the Year Ended December 31, 2019**

The management's discussion and analysis of the Adams County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

#### **Financial Highlights**

Key financial highlights for 2019 are as follows:

- The Corporation is focused on returning property to productive use. The Corporation works cooperatively with villages, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The total net position of the Corporation increased \$87,926 due to general revenues of \$111,672 and program revenues of \$11,400 exceeding expenses of \$35,146.
- The Corporation disposed of two properties in 2019.

#### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized so the reader can understand the Corporation as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

## **Adams County Land Reutilization Corporation**

Management's Discussion and Analysis  
For the Year Ended December 31, 2019

### **Reporting the Corporation as a Whole**

#### *Statement of Net Position and the Statement of Activities*

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

These two statements report the Corporation's net position and change in net position. This change in net position is important because it tells the reader whether, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Governmental activities - The Corporation's programs and services are reported here. These services are funded primarily by intergovernmental revenues including state grants and other shared revenues.

The Corporation's statement of net position and statement of activities can be found on pages 9 and 10 of this report.

### **Reporting the Corporation's Most Significant 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. The analysis of the Corporation's general fund begins on page 11.

## **Adams County Land Reutilization Corporation**

Management's Discussion and Analysis  
For the Year Ended December 31, 2019

### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities, when differences exist.

The Corporation maintains a general fund. The basic governmental fund financial statements can be found on pages 11 and 12 of this report.

### *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. These notes to the basic financial statements can be found on pages 13 through 21 of this report.

## Adams County Land Reutilization Corporation

Management's Discussion and Analysis  
For the Year Ended December 31, 2019

### Government-Wide Financial Analysis

The statement of net position provides the perspective of the Corporation as a whole. The table below provides a summary of the Corporation's net position at December 31, 2019 and 2018.

	Net Position	
	Governmental <u>Activities</u>	
	<u>2019</u>	<u>2018*</u>
<u>Assets</u>		
Current and other assets	<u>\$ 369,204</u>	<u>\$ 281,278</u>
Total assets	<u>369,204</u>	<u>281,278</u>
<u>Net Position</u>		
Unrestricted	<u>369,204</u>	<u>281,278</u>
Total net position	<u>\$ 369,204</u>	<u>\$ 281,278</u>

\*As restated. See Note 7 of the notes for more information

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the Corporation's assets exceeded liabilities by \$369,204.

**Adams County Land Reutilization Corporation**

Management's Discussion and Analysis  
For the Year Ended December 31, 2019

The table below shows the comparative analysis of changes in net position for 2019 and 2018.

	<b>Change in Net Position</b>	
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018*</u>
<b>Revenues</b>		
Program Revenue		
Operating Revenues	\$ 2,000	\$ 8,930
Contributions and Donations	9,400	45,800
NIP Demolition Program	<u>-</u>	<u>68,873</u>
Total Program Revenue	\$ 11,400	\$ 123,603
General Revenue		
DTAC	105,208	68,336
Miscellaneous Revenue	<u>6,464</u>	<u>-</u>
Total General Revenues	<u>111,672</u>	<u>68,336</u>
Total Revenues	<u>\$ 123,072</u>	<u>\$ 191,939</u>
Program Expenses		
Professional and Contract Services	\$ 25,947	\$ 8,573
Administration	<u>9,199</u>	<u>7,776</u>
Total Program Expenses	<u>\$ 35,146</u>	<u>\$ 16,349</u>
Change in Net Position	\$ 87,926	\$ 175,590
Net Position at Beginning of Year	<u>281,278</u>	<u>105,688</u>
Net Position at End of Year	<u>\$ 369,204</u>	<u>\$ 281,278</u>

\*As restated. See Note 7 of the notes for more information

**Governmental Activities**

Governmental activities net position increased \$87,926 during 2019. Revenues for 2019 consist primarily of a portion of delinquent taxes contributed by Adams County to the Corporation for the purposes of land reutilization.

## **Adams County Land Reutilization Corporation**

Management's Discussion and Analysis  
For the Year Ended December 31, 2019

### *The Corporation's Fund*

The fund balance increased \$87,926 during 2019. This was the result of the Corporation receiving funding from Adams County. Expenditures for the year were primarily professional and contract services including accounting, auditing and insurance.

### *Capital Assets*

As of December 31, 2019, the Corporation does not have any capital assets.

### *Debt*

As of December 31, 2019, the Corporation does not have any debt.

### *Current Financial Related Activities*

The County formed the Adams County Land Reutilization Corporation on February 8, 2017 with the purpose of reclaiming, rehabilitating or reutilizing economically non-productive land throughout Adams County. The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure action upon. By establishing a land bank program, the County can begin to address dilapidated housing issues in communities located in Adams County and also return properties to productive use. The Corporation's mission statement is to strategically acquire properties, return them to productive use, reduce blight, increase property values, support community goals and improve the quality of life for County residents.

### *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 Holly Johnson, Treasurer, Adams County Land Reutilization Corporation, 215 North Cross Street #101, West Union, Ohio 45693.

**Adams County Land Reutilization Corporation**  
**Statement of Net Position**  
**December 31, 2019**

<u><b>Assets</b></u>	<u><b>Governmental Activities</b></u>
Equity in Pooled Cash and Cash Equivalents	\$ 169,663
Assets Held for Resale	<u>199,541</u>
Total Assets	<u>\$ 369,204</u>
<u><b>Net Position</b></u>	
Unrestricted	<u>\$ 369,204</u>
Total Net Position	<u>\$ 369,204</u>

See the accompanying notes to the basic financial statements

**Adams County Land Reutilization Corporation**  
**Statement of Activities**  
**For the Year Ended December 31, 2019**

	Expenses	Program Revenue Operating Grants	Net (Expense)Revenue and Change in Net Position
<b>Governmental Activities</b>			
Professional and Contract Services	\$ 25,947	\$ 11,400	\$ (14,547)
Administration	9,199	-	(9,199)
Total	\$ 35,146	\$ 11,400	\$ (23,746)
General Revenue:			
DTAC			\$ 105,208
Miscellaneous Revenue			6,464
Total General Revenues			111,672
Change in Net Position			87,926
Net Position at Beginning of Year*			281,278
Net Position at End of Year			\$ 369,204

\*As restated. See Note 7 of the notes for more information

See the accompanying notes to the basic financial statements.



**Adams County Land Reutilization Corporation**  
**Balance Sheet**  
**Governmental Fund**  
**December 31, 2019**

<u><b>Assets</b></u>	<u><b>General Fund</b></u>
Equity in Pooled Cash and Cash Equivalents	\$ 169,663
Assets Held for Resale	<u>199,541</u>
Total Assets	<u>\$ 369,204</u>
<u><b>Fund Balance</b></u>	
Fund Balances	
Nonspendable:	
Assets Held for Resale	\$ 199,541
Unassigned	<u>169,663</u>
Total Fund Balance	<u>\$ 369,204</u>

See the accompanying notes to the basic financial statements

**Adams County Land Reutilization Corporation**  
**Statement of Revenues, Expenditures and Change in Fund Balance**  
**Governmental Fund**  
**For the Year Ended December 31, 2019**

<b><u>Revenues:</u></b>	<b><u>General Fund</u></b>
Program Revenue	\$ 2,000
DTAC	105,208
Contributions and Donations	9,400
Miscellaneous Revenue	<u>6,464</u>
Total Revenues	<u>\$ 123,072</u>
<b><u>Expenditures:</u></b>	
Professional and Contract Services	\$ 25,947
Administration	<u>9,199</u>
Total Expenditures	<u>\$ 35,146</u>
Net Change in Fund Balance	\$ 87,926
Fund Balance Beginning of Year*	<u>\$ 281,278</u>
Fund Balance End of Year	<u>\$ 369,204</u>

\*As restated. See Note 7 of the notes for more information

See the accompanying notes to the basic financial statements

**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

**Note 1 – Reporting Entity**

The Adams County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on February 8, 2017. The Corporation is organized and will operate exclusively as a county land reutilization corporation exercising the essential governmental purposes provided for under Chapters 1724 and 5722 of the Ohio Revised Code that include, but are not limited to the following purposes: (1) the reclamation, rehabilitation and reutilization of vacant, abandoned, tax foreclosed or other real property within the county for whose benefit the corporation is being organized; (2) efficiently holding and managing vacant, abandoned or tax-foreclosed real property pending its reclamation, rehabilitation and reutilization; (3) assisting governmental entities and other non-profit or for-profit persons to assemble, clear, and clear the title of property describe in division (B)(2) of ORC Section 1724.01 in a coordinated manner; or (4) promoting economic and housing development of the county or region. The Board consists of the County Treasurer, two members of the Board of County Commissioners of Adams County, and a representative of the largest municipality in Adams County. The Corporation is classified as a component unit of Adams County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and 61.

The Corporation is a legally separate entity and 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.

**Note 2 – Summary of Significant Accounting Policies**

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (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 for Presentation***

The Corporation's basic financial statements consist of government-wide financial 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.

**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole.

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. 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 the only governmental fund.

***Fund Accounting***

The Corporation uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the Corporation is categorized 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* The general fund accounts for and reports all financial resources. The general fund balance is available to the Corporation for any purpose provided it is expended according to the general laws of Ohio.

**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

**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 resource 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 liabilities generally are included in the balance sheet. The statement of revenues, expenditures and change 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.

***Basis of Accounting***

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

Revenues – Exchange and Non-exchange transactions

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.

**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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

Non-exchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants and entitlements. Revenue from grants and entitlements 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 are provided to the Corporation on a reimbursement basis; and expenditure requirements, in which the resources are provided to the Corporation on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Expenses/Expenditures

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

***Budgetary Process***

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

***Federal Income Tax***

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

***Equity in Pooled 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.

**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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

***Capital Assets***

The Corporation had no capital assets at December 31, 2019.

***Assets Held for Resale***

Assets held for resale represent properties purchased by the Corporation or contributed by owners. Donated property is valued based on fair value at the date of acquisition. Properties are further valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of structures on the properties. The Corporation holds the properties until they are either sold or transferred to a private purchaser, non-profit or public end-user.

Properties may be merged with adjacent parcels for development or green space projects, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost. Once the properties are sold or titled back to the community, the Corporation recognizes the accumulated expenses on the operating statements.

***Accrued Liabilities***

All payables and accrued liabilities 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 an obligation of the fund. The Corporation had no payables or accrued liabilities at December 31, 2019.

***Net Position***

Net Position represents the difference between assets and liabilities. Net Position is reported as restricted when there are limitations imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2019.

***DTAC***

The Corporation receives DTAC through Adams County. The money represents the penalties and interest on current unpaid and delinquent taxes once these taxes are paid. Pursuant to the Ohio Revised Code, these penalty and interest monies are collected by the County when taxes are paid and then paid to the Corporation when County tax settlements are made.

**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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

*Estimates*

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

*Fund Balance*

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

*Nonspendable* The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

*Restricted* Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

*Committed* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Corporation Board Members. Those committed amounts cannot be used for any other purpose unless the Corporation Board Members remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Corporation Board Members, separate from the authorization to raise the underlying revenue; therefore, compliance is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.



**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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

*Assigned* Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Corporation's Board Members or a Corporation's official delegated that authority by resolution, or by State Statute. State Statute authorizes the Corporation's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

*Unassigned* Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 –Deposits**

At December 31, 2019, the carrying amount of the Corporation's deposits was \$169,663. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2019, the Corporation's bank balance of \$169,663 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. Protection of the Corporation's cash and deposits is provided by the FDIC.

**Note 4 – Risk Management**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation has obtained commercial insurance from private carriers for the following risks:

- Commercial General Liability
- Directors/Officers Liability

**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

**Note 5 – Contingent Liabilities**

**Litigation**

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

**Grants**

The Corporation may receive financial assistance from state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund. However, the effect of any such disallowed claims on the overall financial position of the Corporation at December 31, 2019, if applicable, cannot be determined at this time.

**Note 6 – Transactions with Adams County**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Adams County Board of Commissioners to receive 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County’s Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations. The Corporation received \$105,208 from the County.

Pursuant to a contract for services agreement by the Board of Directors, the Corporation paid the Adams County Commissioners \$9,199 for administrative costs during 2019.

**Note 7 – Change in Accounting Basis and Restatement of Net Position/Fund Balance**

The Corporation switched from cash basis reporting in 2018 to GAAP basis reporting in 2019. As a result, a beginning balance adjustment was required to account for Assets Held for Resale that were in the possession of the Corporation at the end of 2018. This caused an increase in previously reported net position/fund balance. No other assets or liabilities were required to be recognized. This restatement had the following affect on previously reported balances.

	General Fund	Governmental Activities
Net Position/Fund Balance, as reported, December 31, 2018	\$73,328	\$73,328
Restatements	207,950	207,950
Net Position/Fund Balances, as restated, January 1, 2019	\$281,278	\$281,278

**Adams County Land Reutilization Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

**Note 8 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. In addition, the impact of the Corporation's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**This page intentionally left blank.**

**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***

Independent Auditor's Report

Board of Directors  
Adams County Land Reutilization Corporation  
215 North Cross Street, Suite 101  
West Union, Ohio 45693

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 Adams County Land Reutilization Corporation, Adams County, (the Corporation) as of and for the year ended December 31, 2019, 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 8, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. We also noted the Corporation elected to change its basis of accounting by preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. The net position and fund balances at December 31, 2018 have been restated to reflect the basis of accounting adopted in 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a material weakness.

Adams County Land Reutilization Corporation  
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*

**Compliance and Other Matters**

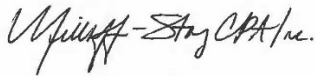
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

**Corporation's Response to Findings**

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio  
September 8, 2020

**Adams County Land Reutilization Corporation**

*Schedule of Findings and Responses*

*For the Year Ended December 31, 2019*

---

**Finding 2019-001 – Material Weakness – Financial Reporting**

A monitoring system by the Corporation should be in place to prevent or detect misstatements to help ensure the accurate presentation of the Corporation's financial statements.

During the course of testing, we found the following errors within the financial statements:

- The Corporation did not properly assess beginning balance restatements when they adopted their change in basis of accounting. Upon further discussion with management, the compiler reassessed beginning balances and provided client-proposed adjustments for audit.
- Misclassifications were identified as DTAC money was improperly classified as miscellaneous revenue on the government-wide and fund statements, and contributions and donations were misclassified as general revenues on the government-wide statements.
- Misstatements were also identified in assets held for resale balances as demolition and other professional costs were not accounted for in restated balances, which resulted in adjustments to those balances.

The Corporation should implement additional monitoring procedures to ensure that financial statements are accurate and complete.

*Client Response:*

Corporation officials chose not to include a response.

**Adams County Land Reutilization Corporation**

*Schedule of Prior Audit Findings*

*For the Year Ended December 31, 2019*

---

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2018-001	Noncompliance – GAAP Filing	Yes	
Finding 2018-002	Material Weakness – Omission of Government-Wide Statements	Yes	



# OHIO AUDITOR OF STATE KEITH FABER



**ADAMS COUNTY LAND REUTILIZATION CORPORATION**

**ADAMS 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 12/3/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)