



OHIO AUDITOR OF STATE
KEITH FABER



**OTTAWA COUNTY LAND REUTILIZATION CORPORATION
OTTAWA COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Ottawa County Land Reutilization Corporation
Ottawa County
315 Madison Street, Room 201
Port Clinton, Ohio 43452

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of Ottawa County Land Reutilization Corporation, Ottawa County, Ohio (the Corporation) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion

As described in Note 2 of the financial statements, the Corporation prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Revised Code Section 1724.05 requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Ottawa County Land Reutilization Corporation as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

November 13, 2020

Ottawa County Land Reutilization Corporation

Ottawa County

*Statement of Receipts, Disbursements, and
Change in Fund Balance (Regulatory Cash Basis)*

General Fund

For the Year Ended December 31, 2019

Cash Receipts	
Intergovernmental	\$151,695
Earnings on Investments	172
Proceeds on Sale of Property	<u>21,782</u>
<i>Total Cash Receipts</i>	<u>173,649</u>
Cash Disbursements	
Current:	
Legal and Title	3,451
Administration	6,000
Property	76,415
Other	<u>843</u>
<i>Total Cash Disbursements</i>	<u>86,709</u>
<i>Net Change in Fund Cash Balance</i>	86,940
<i>Fund Cash Balance, January 1</i>	<u>65,240</u>
Fund Cash Balance, December 31	
Unassigned	<u>152,180</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$152,180</u></u>

See accompanying notes to the financial statement

Ottawa County Land Reutilization Corporation

Ottawa County

Notes to the Financial Statement

For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Ottawa County Land Reutilization Corporation, Ottawa County, Ohio (the Corporation) as a body corporate and politic. The Corporation was organized as a not-for-profit community improvement corporation by the Board of County Commissioners of Ottawa County March 31, 2016, under the authority granted under Chapter 1724 of the Ohio Revised Code. The Corporation's purpose is to promote and facilitate the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed or other real property in Ottawa County. By strategically acquiring properties and returning them to productive use, the Corporation works to reduce blight, increase property values, strengthen neighborhoods, and improve the quality of life for all Ottawa County residents.

The Corporation's governing board is a nine member Board of Directors consisting of the County Treasurer, two members of the Board of County Commissioners of Ottawa County, a representative of the largest municipality in Ottawa County, a representative of a Township, and four additional members selected by consensus of the two County Commissioners and the Treasurer.

The Corporation's management believes this financial statement presents all activities for which the Corporation is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Corporation's financial statement consists of a statement of receipts, disbursements, and change in fund balance (regulatory cash basis) for the General Fund.

Fund Accounting

The Corporation uses one fund and classifies it as the General Fund. The General Fund accounts for and reports all financial resources of the Corporation.

Basis of Accounting

Although required by Ohio Rev. Code Section 1724.05 to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the Corporation chooses to prepare its financial statement and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting.

Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in this financial statement.

Ottawa County Land Reutilization Corporation

Ottawa County

Notes to the Financial Statement

For the Year Ended December 31, 2019

Capital Assets

The Corporation records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Fund Balance

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

Nonspendable The Corporation classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *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 Board of Directors can *commit* amounts via formal action (resolution). The Corporation must adhere to these commitments unless the Board of Directors amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In the General Fund, *assigned* amounts represent intended uses established by Corporation's Board of Directors or a Corporation official delegated that authority by resolution, or by state statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications.

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 - Compliance

Ohio Rev. Code Section 1724.05 requires the Corporation to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the Corporation prepared its financial statement on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statement omits assets, liabilities, net assets/fund balance, and disclosures that, while material, cannot be determined at this time. The Corporation can be fined and various other administrative remedies may be taken against the Corporation.

Ottawa County Land Reutilization Corporation

Ottawa County

Notes to the Financial Statement

For the Year Ended December 31, 2019

Note 4 - Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2019</u>
Demand deposits	<u>\$152,180</u>

Deposits are insured by the Federal Deposit Insurance Corporation

Note 5 - Risk Management

Commercial Insurance

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation has obtained commercial insurance covering comprehensive property and general liability risks.

Note 6 - Debt

The Corporation has no debt outstanding as of December 31, 2019.

Note 7 - Contingent Liabilities

Amounts grantor agencies pay to the Corporation are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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 continuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Ottawa County Land Reutilization Corporation

Ottawa County

*Statement of Receipts, Disbursements, and
Change in Fund Balance (Regulatory Cash Basis)*

General Fund

For the Year Ended December 31, 2018

Cash Receipts

Intergovernmental	\$296,445
Earnings on Investments	54
Proceeds on Sale of Property	53,821
Other	254

Total Cash Receipts 350,574

Cash Disbursements

Current:

Insurance	6,223
Legal and Title	9,343
Administration	11,000
Property	195,924
Audit	3,690
Other	207

Debt Service:

Principal Retirement	148,094
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Total Cash Disbursements 374,481

Excess of Disbursements Over Receipts (23,907)

Other Financing Receipts

Proceeds of Debt	51,100
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Net Change in Fund Cash Balance 27,193

Fund Cash Balance, January 1 38,047

Fund Cash Balance, December 31

Unassigned	65,240
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Fund Cash Balance, December 31 \$65,240

See accompanying notes to the financial statement

Ottawa County Land Reutilization Corporation

Ottawa County

Notes to the Financial Statement

For the Year Ended December 31, 2018

Note 1 - Reporting Entity

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The Corporation's governing board is a nine member Board of Directors consisting of the County Treasurer, two members of the Board of County Commissioners of Ottawa County, a representative of the largest municipality in Ottawa County, a representative of a Township, and four additional members selected by consensus of the two County Commissioners and the Treasurer.

The Corporation's management believes this financial statement presents all activities for which the Corporation is financially accountable.

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Basis of Presentation

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Fund Accounting

The Corporation uses one fund and classifies it as the General Fund. The General Fund accounts for and reports all financial resources of the Corporation.

Basis of Accounting

Although required by Ohio Rev. Code Section 1724.05 to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the Corporation chooses to prepare its financial statement and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting.

Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in this financial statement.

Ottawa County Land Reutilization Corporation

Ottawa County

Notes to the Financial Statement

For the Year Ended December 31, 2018

Capital Assets

The Corporation records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Fund Balance

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

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Restricted Fund balance is *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 Board of Directors can *commit* amounts via formal action (resolution). The Corporation must adhere to these commitments unless the Board of Directors amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In the General Fund, *assigned* amounts represent intended uses established by Corporation's Board of Directors or a Corporation official delegated that authority by resolution, or by state statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications.

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 - Compliance

Ohio Rev. Code Section 1724.05 requires the Corporation to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the Corporation prepared its financial statement on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statement omits assets, liabilities, net assets/fund balance, and disclosures that, while material, cannot be determined at this time. The Corporation can be fined and various other administrative remedies may be taken against the Corporation.

Ottawa County Land Reutilization Corporation

Ottawa County

Notes to the Financial Statement

For the Year Ended December 31, 2018

Note 4 - Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	<u>\$65,240</u>

Deposits are insured by the Federal Deposit Insurance Corporation

Note 5 - Risk Management

Commercial Insurance

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation has obtained commercial insurance covering comprehensive property and general liability risks.

Note 6 - Debt

The Corporation has no debt outstanding as of December 31, 2018.

The zero interest rate Line of Credit with the Ohio Housing Finance Agency and the zero interest Line of Credit with Ottawa County were both paid off during the year ended December 31, 2018.

Note 7 - Contingent Liabilities

Amounts grantor agencies pay to the Corporation are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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 continuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Ottawa County Land Reutilization Corporation
Ottawa County
315 Madison Street, Room 201
Port Clinton, Ohio 43452

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of Ottawa County Land Reutilization Corporation, Ottawa County, Ohio (the Corporation) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated November 13, 2020, wherein we issued an adverse opinion on the Corporation's financial statements because the Corporation did not follow accounting principles generally accepted in the United States of America as required by Ohio Revised Code Section 1724.05. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

Corporation's Response to the Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

November 13, 2020

**OTTAWA COUNTY LAND REUTILIZATION CORPORATION
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Noncompliance Citation

Ohio Rev. Code § 1724.05 provides, in part, that the Corporation shall prepare an annual financial report according to generally accepted accounting principles (GAAP) and shall be filed with the auditor of state within one hundred twenty days following the last day of the Corporation's fiscal year.

The Corporation prepared financial statements in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

The Corporation may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the Corporation's ability to evaluate and monitor the overall financial condition of the Corporation. To help provide the users with more meaningful financial statements, the Corporation should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

We are aware we are not filing a GAAP statement for the Corporation but at this time we will continue to file as cash due to there being no benefit to file on the GAAP basis due to cost. If activity increases in the future we will readdress the issue at this time.



OTTAWA COUNTY LAND REUTILIZATION CORPORATION
315 MADISON STREET, PORT CLINTON, OHIO 43452

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Rev. Code § 1724.05 for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2019-001 in this report.	The Corporation has determined that continuing to file on a regulatory basis provides the most cost effective alternative while still providing sufficient information regarding the Corporation's activities. If activity increases in the future the Corporation will readdress the issue at this time.

OHIO AUDITOR OF STATE KEITH FABER



OTTAWA COUNTY LAND REUTILIZATION CORPORATION

OTTAWA 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 12/1/2020

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