



OHIO AUDITOR OF STATE
KEITH FABER



**HIGHLAND COUNTY LAND REUTILIZATION CORPORATION
HIGHLAND COUNTY
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

Highland County Land Reutilization Corporation
Highland County
1487 N. High Street
Hillsboro, Ohio 45133

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Highland County Land Reutilization Corporation, Highland County, Ohio (the Corporation), a component unit of Highland County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no 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 the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Corporation, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 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 Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2021, 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
September 13, 2021

Highland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2020

(Unaudited)

The discussion and analysis of the Highland 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, 2020. 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 2020 are as follows:

- Net position of governmental activities increased by \$80,650.
- The Corporation's general revenue accounted for \$109,564 or 81% of total revenues. Program specific revenues in the form of grants and contributions accounted for \$25,100 or 19% of total revenues of \$134,664.
- The Corporation had \$54,014 in expenses related to governmental activities; \$25,100 of which were offset by program specific grants and contributions. General revenues were sufficient to cover the remaining expenses.
- The general fund, the Corporation's major fund, had \$134,664 in revenues and \$54,014 in expenditures.

Using This Annual Financial Report

This annual report consists of a series of financial statements and notes to those 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 and conditions.

The statement of net position and statement of activities provide information about the activities of the whole agency, 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. The fund financial statements also look at the Corporation's most significant funds with all other non-major funds presented in total in one column. However, the Corporation has only one fund, the general fund.

Reporting the Corporation as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's net position and changes 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 has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the condition of assets held for resale and other factors.

Highland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2020

(Unaudited)

Reporting the Corporation's Most Significant Fund

Fund Financial Statements

These fund financial statements focus on the Corporation's most significant funds. The Corporation's only fund is a governmental fund, the general fund. Its presentation focuses on how money flows into and out of the fund and the balance left at year end available for spending in future periods. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be 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 financial statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements; however, there were no reconciling differences for 2020.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Corporation as a Whole

Recall that the statement of net position provides the perspective of the Corporation as a whole. Table 1 provides a summary of the Corporation's net position as of December 31, 2020 and 2019.

Table 1
Net Position

	2020	2019*
Assets		
Current and Other Assets	\$260,154	\$183,395
Total Assets	260,154	183,395
Liabilities		
Current and Other Liabilities	7,840	11,731
Total Liabilities	7,840	11,731
Net Position		
Unrestricted	252,314	171,664
Total Net Position	\$252,314	\$171,664

*As restated. See note 8 of the notes to the basic financial statements for additional information.

Total assets increased between years due primarily to an increase in cash, which is largely comprised of unspent DRETAC contributions from the County as of year-end. This increase was partially offset by a decrease in assets held for resale as the Corporation disposed of more properties than it acquired.

Total liabilities decreased between years due primarily to reimbursable expenses due to the Highland County Community Action Organization at December 31, 2019 that were paid by the Organization on behalf of the Corporation and which were not reimbursed by year-end. The Corporation did not have similar balances outstanding at December 31, 2020.

Highland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2020

(Unaudited)

Table 2 shows the change in net position for the years ended December 31, 2020 and 2019.

Table 2
Change in Net Position

	2020	2019*
Revenues		
Program Revenues:		
Operating Grants and Contributions	\$25,100	\$59,500
Total Program Revenues	25,100	59,500
General Revenues:		
DRETAC Contributions from County	109,490	118,293
Interest Earnings	74	31
Total General Revenues	109,564	118,324
Total Revenues	134,664	177,824
Expenses		
Professional Fees and Services	5,329	0
Administration	11,374	6,160
Economic Development-Land Reutilization	37,311	
Total Expenses	54,014	6,160
Change in Net Position	80,650	171,664
Net Position, Beginning of Year	171,664	0
Net Position, End of Year	\$252,314	\$171,664

*As restated. See note 8 of the notes to the basic financial statements for additional information.

The Corporation received \$109,490 in DRETAC contributions from the Highland County Treasurer. The Corporation also recognized \$25,100 in contribution revenues for the value of a property contributed during the year. In 2020, \$5,329 was spent for professional fees and services for legal, auditing, and accounting services, and \$11,374 was expensed for administration, which represents amounts due by the Corporation for administrative services provided by the County, through a contract with the Highland County Community Action Organization. Since 2019 was the Corporation's first year of operations with only a small amount of activity, it did not incur professional fees for that year. Administration expenses increased due to the increase in activity for the Corporation between years. The Corporation also incurred economic development expenses during the year as this was the first year where properties were sold. This expense classification reflects losses incurred due to expenses paid to prepare each property for resale, net of proceeds from property sales.

The Corporation's Fund

The Corporation's general fund is accounted for using the modified accrual basis of accounting. This fund had total revenues of \$134,664 and expenditures of \$54,014, resulting in an increase in total fund balance of \$80,650. Fund balance increased due primarily to DRETAC monies received from the County that were not spent by year-end.

Capital Assets and Long-Term Debt

Capital Assets

The Corporation had no capital assets at December 31, 2020.

Highland County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2020

(Unaudited)

Long-Term Liabilities

The Corporation had no long-term liabilities outstanding at December 31, 2020.

Current Financial Related Activities

The Highland County Land Reutilization Corporation is an agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed, and other real property in Highland County. The purpose of the Corporation is to strengthen neighborhoods in Highland County by returning vacant and abandoned properties to productive use. By strategically acquiring properties, the Corporation works to reduce blight, promote economic development, increase property values, and thereby improve the quality of life of all Highland County residents. The principal operating revenues of the Corporation in the future will be contributions from Highland County's delinquent real estate tax and assessment collection fund and revenue from property sales.

The Corporation received funding in May 2019, and the first property acquisitions were completed in December 2019. The Corporation continued to receive funding from the County in 2020 and also received some proceeds from the sale of properties. The Corporation began 2020 with eight parcels, acquired one and disposed of six during the year, with three parcels remaining in inventory at year-end. Additional acquisitions and sales are expected to occur in 2021.

Contacting the Corporation's Financial Management

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Jeff Duncan, Board Chair, or Vickie Warnock, Treasurer, 119 Governor Foraker Place, Hillsboro, Ohio 45133.

Highland County Land Reutilization Corporation
(A Component Unit of Highland County)

Statement of Net Position
December 31, 2020

	Governmental Activities
Assets	
Cash	\$211,539
Assets Held for Resale	<u>48,615</u>
Total Assets	260,154
Liabilities	
Accounts Payable	<u>7,840</u>
Total Liabilities	7,840
Net Position	
Unrestricted	<u>252,314</u>
Total Net Position	<u><u>\$252,314</u></u>

See the accompanying notes to the basic financial statements.

Highland County Land Reutilization Corporation
(A Component Unit of Highland County)
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues	Operating Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position
			Governmental Activities
Governmental Activities	Expenses	Contributions	
Professional Contracts and Services	\$5,329	\$0	(\$5,329)
Administration	11,374	0	(11,374)
Economic Development-Land Reutilization	37,311	25,100	(12,211)
Total Governmental Activities	<u>\$54,014</u>	<u>\$25,100</u>	(28,914)
General Revenue			
DRETAC Contributions from County			109,490
Interest Earnings			<u>74</u>
Total General Revenues			<u>109,564</u>
Change in Net Position			80,650
Net Position, Beginning of Year-Restated			<u>171,664</u>
Net Position, End of Year			<u><u>\$252,314</u></u>

See the accompanying notes to the basic financial statements.

Highland County Land Reutilization Corporation
(A Component Unit of Highland County)

Balance Sheet
Governmental Fund
December 31, 2020

	<u>General</u>
Assets	
Cash	\$211,539
Assets Held for Resale	<u>48,615</u>
Total Assets	<u><u>\$260,154</u></u>
Liabilities	
Accounts Payable	<u>\$7,840</u>
Total Liabilities	7,840
Fund Balances	
Nonspendable:	
Assets Held for Resale	48,615
Unassigned	<u>203,699</u>
Total Fund Balances	<u>252,314</u>
Total Liabilities and Fund Balances	<u><u>\$260,154</u></u>

See the accompanying notes to the basic financial statements.

Highland County Land Reutilization Corporation
(A Component Unit of Highland County)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2020

	General
Revenues	
DRETAC Contributions from County	\$109,490
Contributed Properties	25,100
Interest Earnings	74
Total Revenues	134,664
Expenditures	
Professional Contracts and Services	5,329
Administration	11,374
Economic Development-Land Reutilization	37,311
Total Expenditures	54,014
Net Change in Fund Balances	80,650
Fund Balances, Beginning of Year-Restated	171,664
Fund Balances, End of Year	\$252,314

See the accompanying notes to the basic financial statements.

Highland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 1 – Description of the Reporting Entity

The Highland County Land Reutilization Corporation (Corporation) was formed on November 4, 2016 as a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724, to strengthen neighborhoods in Highland County, Ohio by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property within the County. The Corporation will assist and facilitate activities of governmental entities in assembling and clearing title to land for economic development purposes. The Corporation is governed by a five member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Hillsboro), and one representative from a Highland County township (Paint Township). The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Corporation and the management and control of its properties. Because the County makes up and/or appoints a voting majority of the Board of Directors, and the County is able to impose its will on the operation of the Corporation, the Corporation is classified as a component unit of Highland 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 financial statements include all agencies, divisions, and operations for which the Corporation is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Corporation itself is included in the financial reporting entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net position presents the financial condition of the governmental activities of the Corporation at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. 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.

Highland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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 a governmental fund.

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 is the operating fund of the Corporation and accounts for all financial transactions. The general fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared; therefore a brief reconciliation is presented, as necessary, for the differences between the government-wide statements and the statements for the governmental funds. The Corporation did not have any reconciling differences for 2020.

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 bases of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Highland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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, intergovernmental revenues are considered to be both measurable and available at year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended December 31, 2020, the Corporation reported no amounts which are classified as deferred outflows of resources.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the year ended December 31, 2020, the Corporation reported no amounts which are classified as deferred inflows of resources.

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. However, the Board of Directors of the Corporation adopted an annual budget for the fiscal year.

Federal Income Tax

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

Highland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Cash

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.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Corporation held no restricted assets at December 31, 2020.

Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the fair value of each property 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, 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.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The Corporation had no unearned revenue at December 31, 2020.

Net Position

Net position represents the difference between assets and liabilities. 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, 2020.

Intergovernmental Revenue

The Corporation receives operating income through Highland 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.

Highland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Estimates

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

Fund Balance

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

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, assets held for resale.

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 has not adopted a formal fund balance policy. 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, 2020, the entire amount of the Corporation’s bank balance of \$201,435 was covered by Federal Deposit Insurance Corporation (FDIC).

Protection of the Corporation’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or collateralized by the financial institution’s public entity deposit pool.

Highland County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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. During 2020, the Corporation was covered under Highland County’s insurance policy.

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, 2020, if applicable, cannot be determined at this time.

Note 6 – Transactions with Highland County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Highland 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 Real Estate Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations. The Corporation received \$109,490 from the County.

Pursuant to a contract for services agreement by the Board of Directors, the Corporation paid the Highland County Commissioners \$11,374 for administrative costs during 2020.

Note 7 – COVID-19

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. In addition, the impact on the Corporation’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The Corporation did not receive any CARES Act money during 2020.

Note 8 – Restatement of Beginning Balances

The Corporation discovered that its previously reported assets held for resale were understated. A restatement was made in 2020 to correct this error. This restatement had the following effect on beginning balances.

	Governmental Activities/ General Fund
Net Position/Fund Balances, as Reported, December 31, 2019	\$161,988
Restatement	9,676
Net Position/Fund Balances, as Corrected, January 1, 2020	<u>\$171,664</u>

OHIO AUDITOR OF STATE KEITH FABER



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

Highland County Land Reutilization Corporation
Highland County
1487 N. High Street
Hillsboro, Ohio 45133

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Highland County Land Reutilization Corporation, Highland County, (the Corporation), a component unit of Highland County, as of and for the year ended December 31, 2020, 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 13, 2021. We 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) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
September 13, 2021

OHIO AUDITOR OF STATE KEITH FABER



HIGHLAND COUNTY LAND REUTILIZATION CORPORATION

HIGHLAND 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 9/23/2021

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This report is a matter of public record and is available online at
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