



OHIO AUDITOR OF STATE
KEITH FABER



**ERIE COUNTY LAND REUTILIZATION CORPORATION
ERIE COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Erie County Land Reutilization Corporation
Erie County
2900 Columbus Avenue
Sandusky, Ohio 44870-5554

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 Erie County Land Reutilization Corporation, Erie 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 Erie 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 9, 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 9, 2020

Erie County Land Reutilization Corporation
Erie 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	\$ 1,966
Grants	215,802
Property Sales	<u>21,116</u>
<i>Total Cash Receipts</i>	<u>238,884</u>
Cash Disbursements	
Current:	
Accounting and Legal	48,670
Auditor Deed Fees	382
Bank Fees	100
Closing Costs	1,604
Demolition Expense	199,485
Court Costs	1,119
General Insurance	3,527
Miscellaneous Property Expense	38,477
NIP Grant Expense	1,200
Postage	15
Property Maintenance Expense	12,726
Seminars	150
Title Fees	950
Vehicle Expense	76
Land	18,277
Debt Service:	
Principal Retirement	<u>88,685</u>
<i>Total Cash Disbursements</i>	<u>415,443</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(176,559)</u>
Other Financing Receipts:	
Other Debt Proceeds	<u>91,584</u>
<i>Net Change in Fund Cash Balance</i>	(84,975)
<i>Fund Cash Balance, January 1</i>	<u>107,934</u>
Fund Cash Balance, December 31	
Unassigned	22,959
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 22,959</u></u>

See accompanying notes to the financial statement

**ERIE COUNTY LAND REUTILIZATION CORPORATION
ERIE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

Erie County Land Reutilization Corporation, Erie County, Ohio (the Corporation) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Corporation was organized as a not-for profit community improvement corporation by the Board of County Commissioners of Erie County October 20, 2011, 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 Erie 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 Erie County residents.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board.

The 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.

ERIE COUNTY LAND REUTILIZATION CORPORATION
ERIE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**ERIE COUNTY LAND REUTILIZATION CORPORATION
ERIE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

NOTE 4 - DEPOSITS

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

	2019
Demand Deposits	\$ 22,959

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, general liability, vehicles, and errors and omissions.

NOTE 6 - DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
City of Sandusky Demolition Loan	\$91,584	0%

The Demolition Loan with the City of Sandusky is evidenced by a note dated March 21, 2019. The interest rate is zero with renewal options to be approved by the City Commissioners. Amounts will be repaid as funds become available.

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.

Erie County Land Reutilization Corporation
Erie County
Statement of Receipts, Disbursements, and
Change in Fund Balance (Regulatory Cash Basis)
General Fund
For the Year Ended December 31, 2018

<hr/> <hr/>	
Cash Receipts	
Intergovernmental	\$ 4,694
Grants	303,764
Property Sales	<u>42,824</u>
<i>Total Cash Receipts</i>	<u>351,282</u>
 Cash Disbursements	
Current:	
Accounting and Legal	49,059
Audit Expense	4,223
Auditor Deed Fees	45
Bank Fees	198
Closing Costs	3,013
Demolition Expense	217,145
Dues and Subscriptions	500
General Insurance	2,457
Miscellaneous Property Expense	13,168
Postage	57
Property Maintenance Expense	15,335
Title Fees	800
Vehicle Expense	87
Land	<u>63,889</u>
<i>Total Cash Disbursements</i>	<u>369,976</u>
 <i>Excess of Disbursements Over Receipts</i>	<u>(18,694)</u>
 Other Financing Receipts:	
Other Debt Proceeds	<u>88,685</u>
 <i>Net Change in Fund Cash Balance</i>	69,991
 <i>Fund Cash Balance, January 1</i>	<u>37,943</u>
 Fund Cash Balance, December 31	
Unassigned	107,934
 <i>Fund Cash Balance, December 31</i>	<u><u>\$ 107,934</u></u>

See accompanying notes to the financial statement

**ERIE COUNTY LAND REUTILIZATION CORPORATION
ERIE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

Erie County Land Reutilization Corporation, Erie County, Ohio (the Corporation) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Corporation was organized as a not-for profit community improvement corporation by the Board of County Commissioners of Erie County October 20, 2011, 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 Erie 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 Erie County residents.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board.

The 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.

ERIE COUNTY LAND REUTILIZATION CORPORATION
ERIE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

ERIE COUNTY LAND REUTILIZATION CORPORATION
ERIE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

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>\$ 107,934</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, general liability, vehicles, and errors and omissions.

NOTE 6 - DEBT

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
City of Sandusky Demolition Loan	<u>\$88,685</u>	0%

The Demolition Loan with the City of Sandusky is evidenced by a note dated October 31, 2018. The interest rate is zero with renewal options to be approved by the City Commissioners. Amounts will be repaid as funds become available.

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

Erie County Land Reutilization Corporation
Erie County
2900 Columbus Avenue
Sandusky, Ohio 44870-5554

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 Erie County Land Reutilization Corporation, Erie 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 9, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-002 to be a material weakness.

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 statement. 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 Findings

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

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 9, 2020

**ERIE COUNTY LAND REUTILIZATION CORPORATION
ERIE 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:

The Corporation does not have a dedicated funding source, it relies solely on property sales and grant administration for funding. Further, there is not a large cash reserve available to the organization due to the fact the Corporation has not generated a significant number of financial transactions in any given calendar year to fund a reserve. Therefore, the Corporation has determined that continuing to file on a regulatory basis for the audited time period provides the most cost effective alternative while still providing sufficient information regarding the Corporation's activities. The Corporation understands this requirement, but feels there are no financial and/or cost benefits to converting to generally accepted accounting principles.

FINDING NUMBER 2019-002

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment to the financial statement and notes to the financial statement for the year ended December 31, 2019 were identified:

- Fund Cash Balance, January 1 was overstated in the amount of \$66,623;
- Other Debt Proceeds and Intergovernmental receipts were understated in the amounts of \$91,584 and \$1,827, respectively;

**FINDING NUMBER 2019-002
(CONTINUED)**

- Land and Principal Retirement disbursements were understated in the amounts of \$18,277 and \$88,685, respectively;
- Accounting and Legal disbursements in the amount of \$42,428 were incorrectly classified as Wages disbursements; and
- The annual financial report filed in the Hinkle system omitted the Debt note to the financial statement.

Also identified were the following errors requiring adjustment to the financial statement and notes to the financial statement for the year ended December 31, 2018:

- Fund Cash Balance, January 1 was overstated in the amount of \$66,623;
- Land disbursements were understated in the amount of \$43,582;
- Other Debt Proceeds receipts in the amount of \$88,685 were incorrectly classified as Intergovernmental receipts;
- Accounting and Legal disbursements in the amount of \$44,074 were incorrectly classified as Wages disbursements; and
- The annual financial report filed in the Hinkle system omitted the Debt note to the financial statement.

These errors were not identified and corrected prior to the Corporation preparing its financial statements and notes to the financial statements due to deficiencies in the Corporation's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted for the years ended December 31, 2019 and 2018.

To help ensure the Corporation's financial statements and notes to the financial statements are complete and accurate, the Corporation should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and the Board, to help identify and correct errors and omissions.

Officials' Response:

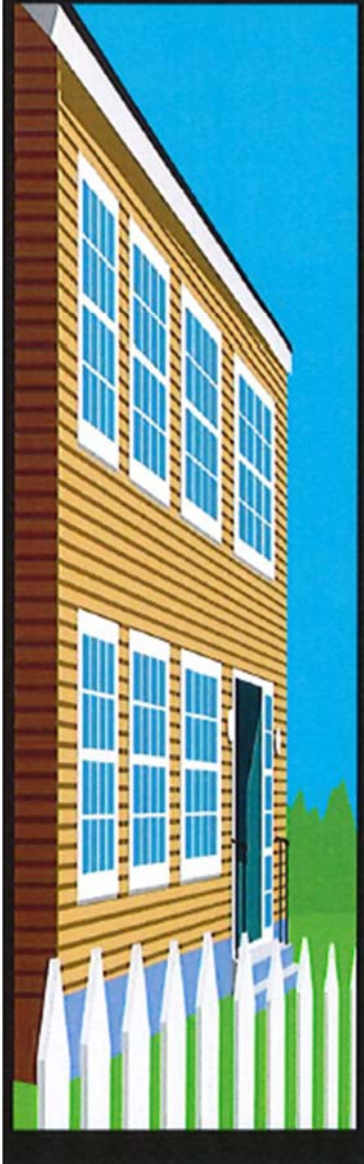
These issues have been brought to the attention of the Corporation's contracted Accounting firm. They have made note of the Auditor of State's reporting requirements and will look to fully comply with the stated requirements in the future.

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

**Erie County Land
Reutilization
Corporation
(ECLRC)**

**2900 Columbus Avenue
Sandusky, Ohio 44870**
 Contact: Steve Poggiali
 SteveP@eriecounty.oh.gov
**419.627.6671—p
419.627.6670—f**

*Building Erie County
One House At A Time....*



Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Rev. Code § 1724.05 and material weakness for reporting on a basis other than generally accepted accounting principles. Finding initially reported as Finding 2013-001.	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.
2017-002	Material weakness over financial reporting errors. Finding initially reported as Finding 2015-002.	Not corrected and reissued as Finding 2019-002 in this report.	These issues of financial reporting were due to omitting amounts from the financial statements. These have been brought to the attention of the Corporation's contracted Accounting firm. They have made note of the reporting requirement and will fully comply in the future.

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OHIO AUDITOR OF STATE KEITH FABER



ERIE COUNTY LAND REUTILIZATION CORPORATION

ERIE 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