



OHIO AUDITOR OF STATE
KEITH FABER



**ADAMS COUNTY LAND REUTILIZATION CORPORATION
ADAMS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Adams County Land Reutilization Corporation
Adams County
215 North Cross Street, Suite 101
West Union, Ohio 45660

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities of the Adams County Land Reutilization Corporation, Adams County, Ohio (the Corporation), as of and for the years ended December 31, 2018 and 2017, 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Adverse
General Fund	Adverse

Basis for Adverse Opinion on the Governmental Activities and General Fund

The financial statements omit the financial data relating to the Corporation's Government-wide Statement of Activities and Fund Financial Statements, Statement of Assets and Fund Balance. The accounting basis described in Note 2 require the Corporation's financial data to include a Statement of Activities and Statement of Assets and Fund Balance. The Corporation has not issued complete financial statements. The amounts of assets, program cash receipts, and general cash receipts the accompanying statements should present cannot reasonably be determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Governmental Activities and General Fund* paragraph, the financial statements referred to above do not present fairly, in conformity with the accounting basis described in Note 2, the financial position of the Adams County Land Reutilization Corporation, Adams County, Ohio, as of December 31, 2018 and 2017, or the changes in financial position thereof for the years then ended.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the Corporation to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. 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 July 22, 2019, 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

July 22, 2019

Adams County Land Reutilization Corporation
Statement of Net Position
Cash Basis
As of December 31, 2018

Assets

2018

Equity in Pooled Cash and Cash Equivalents
Total Assets

\$ 73,328
\$ 73,328

Net Position

Unrestricted
Total Net Position

\$ 73,328
\$ 73,328

See the accompanying notes to the basic financial statements

Adams County Land Reutilization Corporation
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance
Cash Basis
For the Year Ended December 31, 2018

	General	Total
Cash Receipts		
DTAC Tax Settlement	\$ 67,393	\$ 67,393
DTAC MH Settlement	943	943
Property Deposits	4,500	4,500
Property Sale	5,000	5,000
NIP Reimbursement	68,873	68,873
Total Cash Receipts	\$ 146,709	\$ 146,709
 Cash Disbursements		
Sales Expenses	\$ 570	\$ 570
Advertising	99	99
Real Estate Transfer Fees	1	1
Real Estate Deed Preparation Fees	1,252	1,252
Property Rehabilitation	77,023	77,023
Insurance	2,187	2,187
Appraisal Fees	800	800
Legal Expenses	2,325	2,325
Accounting	1,000	1,000
Travel Expense	112	112
Total Cash Disbursements	\$ 85,369	\$ 85,369
 Net Change in Fund Cash Balances	\$ 61,340	\$ 61,340
 Fund Cash Balances, Beginning of Year	\$ 11,988	11,988
 Fund Cash Balances, End of Year	\$ 73,328	\$ 73,328

See the accompanying notes to the basic financial statements.

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Adams County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on February 8, 2017. The Corporation is organized and will operate exclusively as a county land reutilization corporation exercising the essential governmental purposes provided for under Chapters 1724 and 5722 of the Ohio Revised Code that include, but are not limited to the following purposes: (1)the reclamation, rehabilitation and reutilization of vacant, abandoned, tax foreclosed or other real property within the county for whose benefit the corporation is being organized; (2)efficiently holding and managing vacant, abandoned or tax-foreclosed real property pending its reclamation, rehabilitation and reutilization; (3)assisting governmental entities and other non-profit or for-profit persons to assemble, clear, and clear the title of property describe in division (B)(2) of ORC Section 1724.01 in a coordinated manner; or (4) promoting economic and housing development of the county or region. The Board consists of the County Treasurer, two members of the Board of County Commissioners of Adams County, and a representative of the largest municipality in Adams County.

The Corporation is a legally separate entity and does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis for Presentation

The Corporation's basic financial statements consist of government-wide financial statements, including a statement of net position – cash basis and a statement of cash receipts, cash disbursements and changes in fund balance – cash basis which provide a more detailed level of financial information.

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting The Corporation uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the Corporation is categorized as governmental.

Governmental Funds-General The general fund accounts for and reports all financial resources. The general fund balance is available to the Corporation for any purpose provided it is expended according to the general laws of Ohio

Government-Wide Financial Statements The statement of net position – cash basis and the statement of cash receipts, cash disbursements and changes in fund balance – cash basis display information about the Corporation as a whole. 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 – cash basis presents the financial condition of the governmental activities of the Corporation at year-end. The statement of cash receipts, cash disbursements and changes in fund balance – cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Corporation's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program cash receipts 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. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Corporation, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Corporation's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Corporation's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is 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 cash receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related cash disbursements (such as accounts payable and cash disbursements for goods or services received but not yet paid, and accrued cash disbursements and liabilities) are not recorded in these financial statements.

Federal Income Tax

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

Equity in Pooled Cash and Cash Equivalents

All monies received by the Corporation are deposited in a demand deposit account. The Corporation had no investments during the year or at the end of the year.

Net Position-Cash Basis

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

Property Held for Reutilization

Property held for reutilization represents properties held by the Corporation that the Corporation intends to sell to a third party. This property was obtained at no cost to the Corporation. However, under the cash basis of accounting Property Held for Reutilization is not reported separately on the financial statements.

Note 3 – Deposits

At December 31, 2018, the carrying amount of the Corporation's deposits was \$73,328. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2018, the Corporation's bank balance of \$73,328 was covered by Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure that the Corporation's deposits may not be returned to it. Protection of the Corporation's cash and deposits is provided by the FDIC.

Note 4 – Risk Management

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

- Commercial General Liability
- Directors/Officers Liability

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 5 – Compliance

Ohio revised Code §1724.05, requires the Corporation to file annual financial reports which are presented using generally accepted accounting principles (GAAP). However, the Corporation prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Adams County Land Reutilization Corporation
Statement of Net Position
Cash Basis
As of December 31, 2017

	2017
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 11,988
Total Assets	<u>\$ 11,988</u>
<u>Net Position</u>	
Unrestricted	\$ 11,988
Total Net Position	<u>\$ 11,988</u>

See the accompanying notes to the basic financial statements

Adams County Land Reutilization Corporation
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance
Cash Basis
For the Year Ended December 31, 2017

	<u>General</u>	<u>Total</u>
Cash Receipts		
DTAC Tax Settlement	\$ 14,319	\$ 14,319
DTAC MH Settlement	1,002	1,002
County Contribution	5,000	5,000
Administration Fee Revenue	1,000	1,000
Total Cash Receipts	<u>\$ 21,321</u>	<u>\$ 21,321</u>
Cash Disbursements		
Organizational Fees	\$ 99	\$ 99
Advertising	72	72
Real Estate Transfer Fees	6	6
Real Estate Deed Preparation Fees	450	450
Office Supplies	123	123
Insurance	2,147	2,147
Appraisal Fees	300	300
County Repayment	5,000	5,000
Meeting Expenses	1,108	1,108
Travel Expense	28	28
Total Cash Disbursements	<u>\$ 9,333</u>	<u>\$ 9,333</u>
Net Change in Fund Cash Balances	<u>\$ 11,988</u>	<u>\$ 11,988</u>
Fund Cash Balances, Beginning of Year	<u>\$ -</u>	<u>\$ -</u>
Fund Cash Balances, End of Year	<u>\$ 11,988</u>	<u>\$ 11,988</u>

See the accompanying notes to the basic financial statements.

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

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Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis for Presentation

The Corporation’s basic financial statements consist of government-wide financial statements, including a statement of net position – cash basis and a statement of cash receipts, cash disbursements and changes in fund balance – cash basis which provide a more detailed level of financial information.

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting The Corporation uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the Corporation is categorized as governmental.

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Program cash receipts 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. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Corporation, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Corporation's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Corporation's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is 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 cash receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related cash disbursements (such as accounts payable and cash disbursements for goods or services received but not yet paid, and accrued cash disbursements and liabilities) are not recorded in these financial statements.

Federal Income Tax

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

Equity in Pooled Cash and Cash Equivalents

All monies received by the Corporation are deposited in a demand deposit account. The Corporation had no investments during the year or at the end of the year.

Net Position-Cash Basis

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

Property Held for Reutilization

Property held for reutilization represents properties held by the Corporation that the Corporation intends to sell to a third party. The Corporation held property with an appraised value of \$97,400 as of December 31, 2017. This property was obtained at no cost to the Corporation. However, under the cash basis of accounting Property Held for Reutilization is not reported separately on the financial statements.

Note 3 –Deposits

At December 31, 2017, the carrying amount of the Corporation's deposits was \$11,988. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2018, the Corporation's bank balance of \$11,988 was covered by Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure that the Corporation's deposits may not be returned to it. Protection of the Corporation's cash and deposits is provided by the FDIC.

Note 4 – Risk Management

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

- Commercial General Liability
- Directors/Officers Liability

Adams County Land Reutilization Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 5 – Compliance

Ohio revised Code §1724.05, requires the Corporation to file annual financial reports which are presented using generally accepted accounting principles (GAAP). However, the Corporation prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

To the Governing Board:

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 cash-basis financial statements of the governmental activities of the Adams County Land Reutilization Corporation, Adams County, (the Corporation) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated July 22, 2019, wherein we noted the Corporation uses a special purpose framework other than generally accepted accounting principles. We also noted the financial statements omit the financial data relating to the Corporation's Statement of Activities and Statement of Assets and Fund Balance.

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 2018-002 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 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 matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

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

July 22, 2019

**ADAMS COUNTY LAND REUTILIZATION CORPORATION
ADAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2018-001

Noncompliance

Ohio Rev. Code § 1724.05 requires Land Reutilization Corporations to file their annual financial reports using the generally accepted accounting principles.

The Corporation prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 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 did not receive a response from Officials to this finding.

FINDING NUMBER 2018-002

Material Weakness

Governmental Accounting Standards Board Codification section 2200.102 b requires that basic financial statements should include: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the financial statements.

The Corporation omitted the Government-Wide Statement of Activities and Fund Financial Statements - Statement of Assets and Fund Balance, as a result, we have modified our opinion.

The Corporation should present both a Government-Wide Statement of Activities and a Statement of Assets and Fund Balance.

Officials' Response:

We did not receive a response from Officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



ADAMS COUNTY LAND REUTILIZATION CORPORATION

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 22, 2019**