



**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION  
SANDUSKY COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**OHIO AUDITOR OF STATE  
KEITH FABER**





**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION  
SANDUSKY COUNTY  
DECEMBER 31, 2023**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Sandusky County Land Reutilization Corporation  
Sandusky County  
2511 Countryside Drive, Suite C  
Fremont, Ohio 43420

To the Board of Directors:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of Sandusky County Land Reutilization Corporation, Sandusky County, Ohio (the Corporation) a component unit of Sandusky County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Sandusky County Land Reutilization Corporation, Sandusky County, Ohio as of December 31, 2023, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 26, 2024

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**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY, OHIO**  
**(A Component Unit of Sandusky County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

The management's discussion and analysis of Sandusky 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, 2023. 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 2023 are as follows:

- The total net position of the Corporation increased \$257,226 due to expenses of \$841,368 exceeding general revenues of \$214,146 and program revenues of \$884,448.

**Using this Annual Financial Report**

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

The statement of net position and statement of activities provide information about the activities of the Corporation as a whole, presenting both an aggregate view of the Corporation's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**Reporting the Corporation as a Whole**

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

While this document contains only one fund used by the Corporation to provide programs and activities, the view of the Corporation as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take 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 those assets. This change in net position is important because it tells the reader that, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

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

**Reporting the Corporation's Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Corporation can be reflected as a governmental fund.

Fund financial reports provide detailed information about the Corporation's major fund. The Corporation uses the General fund to account for a multitude of financial transactions.

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY, OHIO**  
**(A Component Unit of Sandusky County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

***Governmental Funds***

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions.

The Corporation maintains a General fund.

***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.

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the Corporation as a whole. The table below provides a summary of the Corporation's net position at December 31, 2023 and December 31, 2022.

	<b>Net Position</b>	
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current and other assets	\$ 635,566	\$ 335,458
Capital assets, net	<u>11,191</u>	<u>21,856</u>
Total assets	<u>646,757</u>	<u>357,314</u>
<u>Liabilities</u>		
Current and other liabilities	115,188	72,343
Long-term liabilities:		
Due within one year	10,952	10,628
Due in more than one year	<u>547</u>	<u>11,499</u>
Total liabilities	<u>126,687</u>	<u>94,470</u>
<u>Net Position</u>		
Net investment in capital assets	(308)	(271)
Unrestricted	<u>520,378</u>	<u>263,115</u>
Total net position	<u>\$ 520,070</u>	<u>\$ 262,844</u>

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY, OHIO**  
**(A Component Unit of Sandusky County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2023, the Corporation's assets exceeded liabilities by \$520,070.

At year-end, capital assets represented 1.73% of total assets. Capital assets consisted of intangible right to use assets, including leased buildings and leased equipment. Capital assets are used to provide services and are not available for future spending.

The table below shows the changes in net position for 2023 and 2022.

	<b>Change in Net Position</b>	
	Governmental Activities	Governmental Activities
	2023	2022
<b>Revenues</b>		
Program revenues:		
Operating grants and contributions	\$ 884,448	\$ 196,168
General revenues:		
Grants and entitlements	108,743	144,273
Sale of assets	104,109	63,824
Miscellaneous	1,294	120
Total general revenues	214,146	208,217
Total revenues	1,098,594	404,385
<b>Expenses</b>		
General government	830,266	478,554
Amortization	10,665	10,666
Interest and fiscal charges	437	806
Total expenses	841,368	490,026
Change in net position	257,226	(85,641)
Net position at beginning of year	262,844	348,485
Net position at end of year	\$ 520,070	\$ 262,844

**Governmental Activities**

Governmental activities net position increased \$257,226 during 2023. This increase is primarily the result of an increase in operating grants and contributions during the year.

**General Fund**

The fund balance of the General fund increased \$216,030 during 2023. This increase is primarily the result of an increase in operating grants and contributions during the year.

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY, OHIO**  
**(A Component Unit of Sandusky County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

***Capital Assets***

At December 31, 2023, the Corporation had \$11,191 invested in intangible right to use assets related to leased buildings and equipment. The capital assets have been restated as described in Note 3. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

**Capital Assets at December 31**  
**(Net of Amortization)**

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Intangible right to use:		
Leased buildings	\$ 9,768	\$ 19,535
Leased equipment	1,423	2,321
Net capital assets	\$ 11,191	\$ 21,856

***Debt Administration***

The outstanding debt has been restated as described in Note 3. At December 31, 2023, the Corporation had \$11,499 in leases payable outstanding. Of the \$11,499 in leases payable outstanding, \$10,952 is due within a year. See Note 7 in the notes to the basic financial statements for more detail on long-term obligations.

***Current Financial Related Activities***

The County formed Sandusky County Land Reutilization Corporation on June 29, 2015 with the purpose of reclaiming, rehabilitating or reutilizing economically non-productive land throughout Sandusky County. The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing a land bank program, the County can begin to address dilapidated housing issues in communities located in Sandusky County and also return properties to productive use.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Mr. Brian Woods, Sandusky County Land Reutilization Corporation, 2511 Countryside Drive, Suite C, Fremont, Ohio 43420.

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 494,127
Due from other governments	113,492
Prepayments	747
Assets held for resale	27,200
Capital assets:	
Amortizable capital assets, net	11,191
Total assets	646,757
<b>Liabilities:</b>	
Accounts payable	115,162
Accrued interest payable	26
Long-term liabilities:	
Leases payable - due within one year	10,952
Leases payable - due in more than one year	547
Total liabilities	126,687
<b>Net position:</b>	
Net investment in capital assets	(308)
Unrestricted	520,378
Total net position	\$ 520,070

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expense) and Changes in Net Position Governmental Activities</u>
<b>Governmental activities:</b>			
General government:			
Demolition reimbursements	\$ 209,635	\$ 884,448	\$ 674,813
Professional services	74,993	-	(74,993)
Insurance	1,956	-	(1,956)
Office costs	2,527	-	(2,527)
Property costs	541,037	-	(541,037)
Miscellaneous/other	118	-	(118)
Amortization	10,665	-	(10,665)
Interest and fiscal charges	437	-	(437)
	<u>\$ 841,368</u>	<u>\$ 884,448</u>	<u>43,080</u>
<b>General revenues:</b>			
Grants and entitlements not restricted to specific programs			108,743
Sale of assets			104,109
Miscellaneous			<u>1,294</u>
Total general revenues			<u>214,146</u>
Change in net position			257,226
<b>Net position at beginning of year</b>			<u>262,844</u>
<b>Net position at end of year</b>			<u>\$ 520,070</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2023

	<b>General</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 494,127
Due from other governments	113,492
Prepayments	747
Assets held for resale	27,200
Total assets	\$ 636,208
<b>Liabilities:</b>	
Accounts payable	\$ 115,162
<b>Deferred inflows of resources:</b>	
Intergovernmental revenue not available	113,492
<b>Fund balances:</b>	
Nonspendable:	
Prepayments	747
Assets held for resale	27,200
Unassigned	378,965
Total fund balances	406,912
Total liabilities, deferred inflows of resources, and fund balances	\$ 635,566

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023

<b>Total governmental fund balances</b>	\$	406,912
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,191
Intergovernmental receivables are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		113,492
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(26)
Long-term liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds.		<u>(11,499)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>520,070</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND  
BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>General</b>
<b>Revenues:</b>	
Intergovernmental	\$ 108,743
Grant reimbursement	843,244
Other	1,294
Total revenues	953,281
<b>Expenditures:</b>	
Current:	
General government:	
Demolition reimbursements	209,635
Professional services	74,993
Insurance	1,956
Office costs	2,527
Property costs	541,037
Miscellaneous/other	118
Debt service:	
Principal retirement	10,628
Interest and fiscal charges	466
Total expenditures	841,360
Excess of revenues over expenditures	111,921
Net change in fund balances	216,030
<b>Fund balances at beginning of year</b>	190,882
<b>Fund balances at end of year</b>	<b>\$ 406,912</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

<b>Net change in fund balances - total governmental funds</b>	\$	216,030
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense.		(10,665)
ODOD grant revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. the funds.		41,204
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		10,628
In the statement of activities, interest is accrued on outstanding leases, whereas in governmental funds, an interest expenditure is reported when due.		29
		29
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>257,226</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY**

Sandusky County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 29, 2015 when the Sandusky County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is for reclaiming, rehabilitating or reutilizing economically non-productive land throughout Sandusky County (the County). The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing the Corporation, the County can begin to address dilapidated housing issues in communities located in the County and also return properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

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 term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The Corporation is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organization Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", the Corporation's primary government and basic financial statements include components units which are defined as legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; or (3) the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Corporation is obligated for the debt of organization. The Corporation 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. The Corporation is a component unit of Sandusky County, Ohio.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation's significant accounting policies are described below.

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Continued)

***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, except for the fiduciary funds. 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 or fiduciary funds.

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.

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. 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 governmental.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets plus deferred outflows less liabilities plus deferred inflows is reported as fund balance. The following is the Corporation's only governmental fund:

*General Fund* - The General fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies.

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
**SANDUSKY COUNTY**  
**(A Component Unit of Sandusky County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Continued)

The General fund receives 5% 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 and Collection (DRETAC) fund. 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, all deferred outflows, all liabilities and all deferred inflows 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, current deferred outflows, current liabilities and current deferred inflows 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. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the General fund.

***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 basis of accounting arise in the recognition of revenue, the recording of deferred inflow of resources and in the presentation of expenses versus expenditures.

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.

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. At year-end, there were no deferred outflows of resources.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Corporation, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period.

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. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required.

***Federal Income Tax***

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

***Cash and Cash Equivalents***

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

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

***Prepayments***

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

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***Assets Held for Resale***

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of homes on the properties. For donated properties, the asset is reported at fair value which is based on the taxable land value as determined by the County Auditor.

The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, or the home on the property is demolished. Properties with demolished homes could be transferred to the Corporation or township they are in after demolition; parcels 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. The Corporation had \$27,200 of assets held for resale at December 31, 2023.

***Capital Assets***

The Corporation is reporting intangible right to use assets related to leased equipment and buildings. The intangible assets are being amortized in a systemic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

***Accrued Liabilities and Long-Term Obligations***

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.

***Net Position***

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. 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, 2023.

***Intergovernmental Revenue***

The Corporation receives operating income through Sandusky 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.

***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, inventories and prepaid amounts.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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*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. Those committed amounts cannot be used for any other purpose unless the Board of Directors remove or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 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. In the General fund, assigned amounts represent intended uses established by policies of the Board of Directors. The Board of Directors has by resolution authorized the Treasurer to assign fund balance. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*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 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.

***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.

***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2023.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

***Change in Accounting Principles***

For 2023, the Corporation has implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".



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GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Corporation.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Corporation.

**NOTE 4 - DEPOSITS**

***Deposits with Financial Institutions***

At December 31, 2023, the carrying amount of all Corporation deposits was \$494,127. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2023, \$250,000 of the Corporation’s bank balance of \$495,197 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Corporation’s and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

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(Continued)

**NOTE 5 - RISK MANAGEMENT**

***Commercial General Liability and Products/Completed Operations Liability***

The Corporation is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the Corporation contracted with Huntington Insurance for General and Nonprofit Organization Directors and Officers Liability Insurance.

The limitations of coverages are as follows:

General Aggregate	\$2,000,000
Products and Completed Operations Aggregate	\$2,000,000
Personal and Advertising Liability	\$1,000,000
Each Occurrence Limit	\$1,000,000
Damage to Rented Premises - each occurrence	\$100,000
Medical Expense - any one person	\$5,000
Bodily Injury Liability and/or Property Damage Liability Deductible per claim	None
Nonprofit Organization D&O	\$1,000,000
Investigative Costs Sublimit	\$100,000
Excess Benefits Transaction Sublimit	\$20,000

There has been no reduction in coverage from the prior year and settled claims have not exceeded the Corporation's coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**NOTE 6 - CAPITAL ASSETS**

A summary of the Corporation's capital assets at December 31, 2023, follows.

	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2023</u>
<i>Capital assets, being amortized</i>				
Intangible right to use:				
Leased building	\$ 29,302	\$ -	\$ -	\$ 29,302
Leased equipment	<u>3,220</u>	<u>-</u>	<u>-</u>	<u>3,220</u>
<i>Total capital assets, being amortized</i>	<u>32,522</u>	<u>-</u>	<u>-</u>	<u>32,522</u>
<i>Less: accumulated amortization</i>				
Intangible right to use:				
Leased building	(9,767)	(9,767)	-	(19,534)
Leased equipment	<u>(899)</u>	<u>(898)</u>	<u>-</u>	<u>(1,797)</u>
<i>Total accumulated amortization</i>	<u>(10,666)</u>	<u>(10,665)</u>	<u>-</u>	<u>(21,331)</u>
<i>Net capital assets</i>	<u>\$ 21,856</u>	<u>\$ (10,665)</u>	<u>\$ -</u>	<u>\$ 11,191</u>

**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**  
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Amortization expense was charged to governmental functions as follows:

Office costs	\$ <u>10,665</u>
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**NOTE 7 - LONG-TERM OBLIGATIONS**

Changes in the Corporation’s long-term obligations during 2023 were as follows.

	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due Within</u> <u>One Year</u>
Leases payable	\$ 22,127	\$ -	\$ (10,628)	\$ 11,499	\$ 10,952

Lease payable - The Corporation has entered into a lease agreement for the use of right to use equipment and a building. Due to the implementation of GASB Statement No. 87, the Corporation will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases.

The Council has entered into a lease agreement for copier equipment as follows:

<u>Leases</u>	<u>Lease</u> <u>Commencement</u> <u>Date</u>	<u>Years</u>	<u>Lease</u> <u>End</u> <u>Date</u>	<u>Payment</u> <u>Method</u>
Office space	2020	4	2024	Monthly
Copier	2020	5	2025	Monthly

The following is a schedule of future lease payments under the lease agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,952	\$ 195	\$ 11,147
2025	<u>547</u>	<u>5</u>	<u>552</u>
Total	<u>\$ 11,499</u>	<u>\$ 200</u>	<u>\$ 11,699</u>

**NOTE 8 - TRANSACTIONS WITH SANDUSKY COUNTY**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Sandusky County Board of Commissioners to receive 5% 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 and Collection (DRETAC) fund and will be available for appropriation by the Corporation to fund operations.

At December 31, 2023, the Corporation recognized revenues of \$108,743 for these fees that were collected by the County in 2023.

**NOTE 9 - CONTINGENCIES**

The Corporation received financial assistance from State agencies in the form of grants. The disbursements of funds received under these programs generally require 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - SOCIAL SECURITY**

The Corporation's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Corporation contributed an amount equal to 6.2 percent of participants' gross salaries. The Corporation has paid all contributions required through December 31, 2023.

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Sandusky County Land Reutilization Corporation  
Sandusky County  
2511 Countryside Drive, Suite C  
Fremont, Ohio 43420

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of Sandusky County Land Reutilization Corporation, Sandusky County, Ohio (the Corporation), a component unit of Sandusky County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 26, 2024.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 26, 2024

# OHIO AUDITOR OF STATE KEITH FABER



**SANDUSKY COUNTY LAND REUTILIZATION CORPORATION**

**SANDUSKY 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 9/10/2024**

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

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