

**MARION COUNTY
LAND REUTILIZATION CORPORATION**

**MARION COUNTY, OHIO
(A Component Unit of Marion County)**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2021 & 2020**



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Board of Directors
Marion County Land Reutilization Corporation
222 West Center Street
Marion, Ohio 43302

We have reviewed the *Independent Auditor's Report* of the Marion County Land Reutilization Corporation, Marion County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Marion County Land Reutilization Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 01, 2022

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MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A Component Unit of Marion County)

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Independent Auditor's Report

Marion County Land Reutilization Corporation
Marion County
222 West Center Street
Marion, Ohio 43302

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Marion County Land Reutilization Corporation, Marion County, Ohio, a component unit of Marion County, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Marion County Land Reutilization Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Marion County Land Reutilization Corporation, as of December 31, 2021 and 2020, and the respective changes in financial position, thereof for the years then ended in accordance with 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 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 Marion County Land Reutilization 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.

Emphasis of Matters

As described in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Marion County Land Reutilization Corporation. As described in Note 11 to the financial statements, the Marion County Land Reutilization Corporation changed the presentation of its annual financial report from an accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit (regulatory basis), to presenting its basic financial statements in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

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 Marion County Land Reutilization 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Marion County Land Reutilization 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 Marion County Land Reutilization 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion is not modified in respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022 on our consideration of the Marion County Land Reutilization Corporation's internal control over financial reporting and on 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 Marion County Land Reutilization 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 Marion County Land Reutilization Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 20, 2022

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A Component Unit of Marion County)

STATEMENTS OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021 AND 2020

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Assets:		
Cash and cash equivalents	\$ 419,820	\$ 404,838
Property Held for Resale	203,106	111,446
Prepaid Costs	<u>4,252</u>	<u>-</u>
Total assets	<u>627,178</u>	<u>516,284</u>
Liabilities:		
Accounts Payable	-	63,316
Sale Deposits	17,600	4,500
Mow-to-Own Credits	<u>5,247</u>	<u>6,600</u>
Total liabilities	<u>22,847</u>	<u>74,416</u>
Net position:		
Unrestricted	<u>604,331</u>	<u>441,868</u>
Total net position	<u>\$ 604,331</u>	<u>\$ 441,868</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A Component Unit of Marion County)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Expenses	Program Revenues Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position Governmental Activities
Governmental activities:			
Current:			
General government:			
Economic Development	\$ 184,910	\$ 65,653	\$ (119,257)
Professional and Contract Services	24,615	16,250	(8,365)
Administration	30,117	-	(30,117)
Total governmental activities	\$ 239,642	\$ 81,903	(157,739)
 General revenues:			
Grants and entitlements not restricted to specific programs			320,202
Total general revenues			320,202
Change in net position			162,463
Net position at beginning of year			441,868
Net position at end of year			\$ 604,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A Component Unit of Marion County)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Program Revenues Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position Governmental Activities
Governmental activities:			
Current:			
General government:			
Economic Development	\$ 376,210	\$ 231,992	\$ (144,218)
Professional and Contract Services	10,781	-	(10,781)
Administration	24,885	-	(24,885)
Total governmental activities	\$ 411,876	\$ 231,992	(179,884)
		General revenues:	
		Grants and entitlements not restricted to specific programs	201,782
		Total general revenues	201,782
		Change in net position	21,898
		Net position at beginning of year (restated)	419,970
		Net position at end of year	\$ 441,868

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A Component Unit of Marion County)

BALANCE SHEET
GOVERNMENTAL FUND - GENERAL
DECEMBER 31, 2021 AND 2020

	December 31, 2021	December 31, 2020
Assets:		
Cash and Cash Equivalents	\$ 419,820	\$ 404,838
Property Held for Resale	203,106	111,446
Prepaid Costs	4,252	-
Total assets	\$ 627,178	\$ 516,284
Liabilities:		
Accounts Payable	-	63,316
Sale Deposits	17,600	4,500
Mow-to-Own Credits	5,247	6,600
Total liabilities	22,847	74,416
Fund balances:		
Nonspendable:	207,286	111,446
Unassigned	397,045	330,422
Total Fund Balances	604,331	441,868
Total liabilities and fund balances	\$ 627,178	\$ 516,284

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A Component Unit of Marion County)

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUND - GENERAL
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Revenues:		
Intergovernmental	\$ 320,204	\$ 201,782
Property Sales	18,952	8,958
Contributions and Donations	33,482	9,050
Grant Revenue	29,133	213,880
Cost Reimbursements	335	105
Total revenues	<u>402,106</u>	<u>433,775</u>
Expenditures:		
Current:		
General government:		
Economic Development	184,910	376,211
Professional and Contract Services	24,615	10,781
Administration Costs	30,117	24,885
Total expenditures	<u>239,642</u>	<u>411,877</u>
Net change in fund balances	162,464	21,898
Fund balances at beginning of year (restated)	441,868	419,970
Fund balances at end of year	<u>\$ 604,332</u>	<u>\$ 441,868</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

Note 1 - Reporting Entity

The Marion County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Marion County and incorporated on February 8, 2016 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is the Board of Directors, which consists of five to nine members including two County Commissioners, the County Treasurer, a representative of the municipal corporation in the County with the largest population, and one member selected by the statutory directors (Commissioners and County Treasurer). At December 31, 2020 and 2021 there were five members of the board.

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.

Note 2 - Summary of Significant Accounting Policies

The 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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Corporation's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statements of net position presents the financial condition of the governmental activities of the Corporation at year end. The statements 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 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.

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

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.

B. Fund Accounting

The Corporation uses funds 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 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 fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the Corporation's only governmental fund:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another 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.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

The governmental fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for the General Fund.

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The governmental 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 outflows and deferred inflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means 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 thirty-one days after year end.

Non-exchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements, and donations. On the accrual basis, 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 non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

For the years ended December 31, 2020 and 2021 the Corporation reported no amounts which are classified as deferred outflows of resources.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position 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 fund balance sheet and represents receivables which will not be collected within the available period. For the Corporation, unavailable revenue includes intergovernmental revenues including grants. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

For the years ended December 31, 2020 and 2021 the Corporation reported no amounts which are classified as deferred inflows of resources.

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

Expenses/Expenditures

On the accrual basis, 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.

E. 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.

F. Federal Income Tax

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

G. 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.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020 and 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Properties Held for Resale

Properties held for resale represent properties purchased by or donated to the Corporation. The transfer fees paid to the Marion County Auditor for these abandoned properties are expensed in the year paid. The Corporation holds the properties until they are either sold or transferred to a private purchaser, nonprofit, or public end user. Properties may be merged with adjacent parcels for development or green space projects, or the Corporation may sell other lots to the owners of adjacent parcels for nominal cost. Most properties are foreclosed on by Marion County for delinquent real estate taxes and signed over to the corporation. Properties transferred or donated to the corporation are valued at the assessed value shown on the Marion County Auditor's records.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

Current Liabilities include Mow-to-Own credits which represent agreements entered into by the Corporation and purchasers of certain properties owned by the Corporation in which the purchaser earns \$33 per month for a period of 36 months to be applied to the purchase price of \$1,188 by upkeep of the property and other covenants of the agreement. At the end of 36 months, the property is transferred to the purchaser and the sale recorded with the credits applied to the sale. Credits earned during the year are expensed to lawn mowing expense as part of Economic Development Expenditures.

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.

K. Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources as of December 31, 2020 and 2021. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2020 or 2021.

L. Intergovernmental Revenue

The Corporation receives operating income through Marion 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. The Corporation receives a portion of unclaimed funds from Marion County. Properties transferred from the County to the Corporation also represent revenue in the year the transfer occurs and are recorded at the assessed value of the property.

M. 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.

N. 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 governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes prepaid items, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted - The restricted classification includes amounts 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.

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Corporation's Board of Directors. The committed amounts cannot be used for any other purpose unless the Board of Directors removes 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 - Amounts in the assigned 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 policies of the Corporation's Board of Directors. 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 - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Corporation first applies restricted resources when an expenditure is 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 can be used.

Note 3 - Deposits

Custodial credit risk is the risk that in the event of bank failure the Corporation's deposits may not be returned to it. At December 31, 2020 and 2021, the carrying amount of the Corporation's deposits and the bank balances were \$404,838 and \$419,820 respectively. All deposits are in one bank account and therefore the Corporation was exposed to custodial credit risk for amounts over the \$250,000 covered by the Federal Depository Insurance Corporation.

The Corporation has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Corporation 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

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.

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

Note 4 - Government Grants

Support funded by grants is recognized as the Corporation performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

On December 16, 2019, the Corporation was awarded a grant through the Abandoned Gas Station Cleanup Grant Program through the State of Ohio to remove and restore two properties that had abandoned underground fuel tanks. The Corporation was awarded \$349,913. The award is funded on a reimbursement basis as expenses are incurred first. As of December 31, 2020 a total of \$213,880 of expenses had been incurred and reimbursed. During 2021 additional expenses of \$29,133 were incurred and reimbursed for a total of \$243,013 as of December 31, 2021.

Note 5 - Transactions with Marion County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Marion County Board of Commissioners to receive 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax and Assessment Collection (DTAC) fund and will be available for appropriation by the Corporation to fund operations. For December 31, 2020 and 2021 these amounts were \$137,639 and \$150,000.

The value of properties transferred from Marion County to the Corporation were \$10,010 in 2020 and \$153,741 in 2021.

Pursuant to a Contract for Services Agreement approved by the Board of Directors and starting on May 1, 2021, the Corporation incurred administration expenses to the Marion County Regional Planning Office for the year ended December 31, 2021 in the amount of \$24,000.

Note 6 - Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020 and 2021, the Corporation contracted with Cincinnati Insurance Company for the following coverage.

General Aggregate	\$1,000,000
Products and Completed OP Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Damage to Rented Premises	\$ 100,000
Medical Expense (any one person)	\$ 5,000

Settled claims did not exceed commercial coverage in the past three years and there has not been a significant reduction in coverage from the prior year.

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

Note 7 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the governmental fund. The constraints placed on fund balance for the General Fund is presented below.

	Fund Balance December 31, 2021	Fund Balance December 31, 2020
Nonspendable for:		
Prepaid Items	\$ 4,252	\$0
Properties Held for Resale	<u>203,034</u>	<u>111,446</u>
Total Nonspendable	\$207,286	111,446
Unassigned	<u>397,045</u>	<u>330,422</u>
Total Fund Balance	<u>\$604,331</u>	<u>\$441,868</u>

Note 8 – Mortgages

The Corporation had entered into agreements with Ohio Homeowner Assistance, LLC (OHA) in which they assumed mortgages in return for ownership of several properties. These mortgages were not for fixed amounts, but written to be “up to \$25,000”. In addition, if the corporation owned and maintained the property for 3 years, the mortgage would be automatically terminated on the 3rd anniversary date. Since the actual amount of these mortgages could not be determined and the covenants were to be fulfilled without any payments being due to OHA, these mortgages are not recorded on the balance sheet. The number of properties secured by these mortgages was 21 at December 31, 2020. All mortgages had been released as of December 31, 2021.

Note 9 – COVID-19

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation’s future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 10 – Subsequent Events

The Corporation has evaluated subsequent events through the date of the report and determined that there have been no events that have occurred that would require adjustments to disclosures accompanying these financial statements.

Marion County Land Reutilization Corporation
Marion County, Ohio
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2021 and 2020

Note 11 – Change in Accounting Basis

The Corporation adopted a change in accounting basis and prepared its basic financial statements in accordance with GAAP. The corporation previously presented its financial statements in accordance with the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Section 117-2-03(C) permit (regulatory basis). In conjunction with this presentation, the Corporation has converted its governmental fund to the modified accrual basis of accounting and its governmental activities to the accrual basis of accounting.

The conversion of the activities from the cash-basis method of accounting to the modified accrual and accrual basis of accounting required certain adjustment to be recorded at December 31, 2019 to the net cash position as previously reported to reflect the prior year’s effect of adopting these accounting principles.

The restatement to the December 31, 2019 net cash position for the Corporation follows:

	General Fund
Net cash position, December 31, 2019	\$ 308,014
Adjustments:	
Correction of Prior Year Error*	(7,110)
Property Held for Resale	144,262
Accounts Payable	(2,160)
Due to Other Governments	(20,000)
Mow-to-Own Credits	(3,036)
Total Adjustments	111,956
Restated fund balance, December 31, 2019	\$ 419,970

*The correction of a prior year error is due to various immaterial cash receipt and disbursement errors on the 2019 Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) that caused the fund cash balance at December 31, 2019 to not agree with the Corporation's bank balance.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Marion County Land Reutilization Corporation
Marion County
222 West Center Street
Marion, Ohio 43302

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, the financial statements of the governmental activities and the major fund of the Marion County Land Reutilization Corporation, Marion County, Ohio, a component unit of Marion County, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Marion County Land Reutilization Corporation's basic financial statements, and have issued our report thereon dated June 20, 2022, wherein we noted as described in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods. Furthermore, as described in Note 11 to the financial statements, the Marion County Land Reutilization Corporation changed the presentation of its annual financial report from an accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit (regulatory basis), to presenting its basic financial statements in accordance with accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marion County Land Reutilization 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 Marion County Land Reutilization Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marion County Land Reutilization 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 Marion County Land Reutilization 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marion County Land Reutilization 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*.

Marion County Land Reutilization Corporation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Marion County Land Reutilization Corporation's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Marion County Land Reutilization Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Marion County Land Reutilization 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 Marion County Land Reutilization Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

June 20, 2022

**MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2021-001

Significant Deficiency - Financial Statement Presentation:

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements.

An adjustment was made to the Property Held for Resale line item at December 31, 2021 as the balances per the Hinkle submission did not foot. Additionally, various adjustments were made to the notes to the financial statements to properly reflect the Corporation's disclosures.

Without additional policies and procedures for control and monitoring activities associated with the period-end financial reporting process the Corporation is at risk of preparing incomplete or inaccurate financial statements.

We recommend the Corporation design and implement additional policies and procedures for control and monitoring activities associated with period-end financial reporting processes. We also recommend the Corporation consult with their auditors, the Auditor of State and/or further consult with an accounting firm to help ensure accurate financial reporting. The adjustments identified during the audit should be reviewed by the Director to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Board of Directors should review the financial statements and note disclosures to identify and correct errors and omissions.

Client Response: The Property Held for Resale figure of \$503,106 listed in the report was a typographical error (a 5 instead of a 2) in the Assets Section due to data being converted from spreadsheets to word documents. The correct total for Property Held for Resale should have been \$203,106. Please note that the grand total for assets was correct at \$627,178. The Director will implement period-end policies to help catch errors and omission, therefore improving the financial statement presentation.

**MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2016	<u>Noncompliance – Annual Financial Report</u> – Ohio Revised Code Section 1724.05 provides that land reutilization corporations shall prepare an annual financial report that conforms to rules prescribed by the auditor of state pursuant to section 117.20 of the Ohio Revised Code, that is prepared according to generally accepted accounting principles. The Corporation prepared financial statements in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles.	Corrective Action Taken and Finding Fully Corrected	N/A
2020-002	2016	<u>Material Weakness – Financial Reporting</u> – Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Numerous adjustments were made to the financial statement and notes to the financial statement for the year ended December 31, 2020.	Not Corrected	Finding repeated as a significant deficiency as item 2021-001 as adjustments were made to the current audit period.

**MARION COUNTY
LAND REUTILIZATION CORPORATION**

**MARION COUNTY, OHIO
(A Component Unit of Marion County)**

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A Component Unit of Marion County)

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Independent Auditor's Report

Marion County Land Reutilization Corporation
Marion County
222 West Center Street
Marion, Ohio 43302

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts, and disbursements, and the related notes of the Marion County Land Reutilization Corporation, Marion County, Ohio, a component unit of Marion County, as of and for the year ended December 31, 2020.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Marion County Land Reutilization Corporation's preparation and fair presentation of the financial statement 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 Marion County Land Reutilization Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion

As described in Note 2, the financial statement is prepared by the Marion County Land Reutilization Corporation, using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. However, Ohio Revised Code Section 1724.05 requires this statement to follow accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Marion County Land Reutilization Corporation, as of December 31, 2020, or changes in net position, thereof for the year then ended.

Emphasis of Matters

As described in Note 9 to the financial statement, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Marion County Land Reutilization Corporation. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022, on our consideration of the Marion County Land Reutilization Corporation's internal control over financial reporting and on 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 Marion County Land Reutilization 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 Marion County Land Reutilization Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 20, 2022

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash receipts:	
Unclaimed Funds	\$ 34,134
DETAC	137,639
Contributions and Donations	9,050
Grants	213,880
Real Estate Sales	12,785
Miscellaneous	1,104
Total cash receipts	408,592
Cash disbursements:	
Current:	
Contracts Wages	25,380
Asbesto Surveys	3,362
Demolition Costs	253,080
D&O Insurance	1,146
Liability Insurance	1,291
Legal Services	800
Lawn Care	13,200
Other	6,400
Total cash disbursements	304,659
Excess of receipts over disbursements and Net change in fund balance	103,933
Fund cash balances, January 1, 2020	308,014
Fund cash balances:	
Unassigned	411,947
Fund cash balances, December 31, 2020	\$ 411,947

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Marion County Land Reutilization Corporation, Marion County, Ohio (the Corporation) as a body corporate and politic. The Corporation was organized as a not-for-profit land corporation by the Board of County Commissioners of Marion County March 3, 2016, under the authority granted under Chapter 1724 of the Ohio Revised Code. The Corporation's purpose is to return blighted and abandoned properties to tax paying status in Marion County. A five member Board of Directors (the Board) directs the Corporation. The Board consists of the County Treasurer, two members of the Board of County Commissioners of Marion County, a representative of the largest municipality in Marion County, and a representative of a Township with more than 10,000 residents located within Marion County. The Corporation is a component unit of Marion County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

The Corporation uses one fund and classifies it as the General Fund. It presents all financial resources of the Corporation.

Basis of Accounting

Although required by Ohio Rev. Code § 1724.05 to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the Corporation chooses to prepare its financial statement and notes in accordance with standards established by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The Corporation recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in this financial statement.

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.

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.

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 have by resolution authorized the Treasurer to assign fund balance.

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.

Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities.

Federal Income Tax

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

Properties Held for Resale

The Corporation records disbursements for acquisitions of properties held for resale when paid. The accompanying financial statement does not report these items as assets.

Deposits and Investments

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.

NOTE 3 - COMPLIANCE

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

MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS

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

	<u>2020</u>
Demand deposits	\$ 411,947

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through 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.

NOTE 5 - RISK MANAGEMENT

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

• General Aggregate	\$1,000,000
• Products and Completed OP Aggregate	\$1,000,000
• Personal and Advertising Injury	\$1,000,000
• Each Occurrence	\$1,000,000
• Damage to Rented Premises	\$ 100,000
• Medical Expense (any one person)	\$ 5,000

NOTE 6 - DEBT

The Corporation does not have debt outstanding at December 31, 2020.

NOTE 7 - CONTINGENT LIABILITIES

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

NOTE 8 - TRANSACTIONS WITH MARION COUNTY

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Marion 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 Tax Assessment and Collection Tax (DETAC) fund and will be available for appropriation by the Corporation to fund operations. At December 31, 2020, the Corporation had receipts of \$137,639 for these fees that were collected by the County in 2020. During 2020, the Corporation paid \$443 to various County departments for services.

**MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 – COVID-19

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Marion County Land Reutilization Corporation
Marion County
222 West Center Street
Marion, Ohio 43302

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, the financial statement of the cash balances, receipts, and disbursements for the Marion County Land Reutilization Corporation, Marion County, Ohio, a component unit of Marion County, as of and for the year ended December 31, 2020, and the related notes to the financial statement and have issued our report thereon dated June 20, 2022, wherein we issued an adverse opinion on the Marion County Land Reutilization Corporation's financial statement because the Marion County Land Reutilization Corporation did not follow accounting principles generally accepted in the United States of America as required by Ohio Revised Code Section 1724.05. Furthermore, we noted as described in Note 9 to the financial statement, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marion County Land Reutilization 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Marion County Land Reutilization Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marion County Land Reutilization 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 Marion County Land Reutilization's financial statement 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-002 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marion County Land Reutilization Corporation's financial statement is 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 statement. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-001.

Marion County Land Reutilization Corporation's Responses to Findings

The Marion County Land Reutilization Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Marion County Land Reutilization Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

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 Marion County Land Reutilization 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 Marion County Land Reutilization Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
June 20, 2022

**MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Noncompliance - Annual Financial Report:

Ohio Revised Code Section 1724.05 provides that land reutilization corporations shall prepare an annual financial report that conforms to rules prescribed by the auditor of state pursuant to section 117.20 of the Ohio Revised Code, that is prepared according to accounting principles generally accepted in the United States of America (GAAP), and that is certified by the board of directors of the corporation or its treasurer or other chief fiscal officer to the best knowledge and belief of those persons certifying the report.

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

Failure to prepare proper GAAP financial statements may result in fines or various other administrative remedies. Failure to report on a GAAP basis compromises the Corporation’s ability to evaluate and monitor the overall financial condition of the Corporation.

We recommend the Corporation prepare its annual financial statements according to accounting principles generally accepted in the United States of America.

Client Response: Client acknowledges that 2016 through 2020 financial statements were found to not be prepared according to GAAP. The 2020 Annual Report was created and submitted before the board hired accounting firm to generate 2020 financial statements to GAAP-compliant format. The Corporation was able to submit the revised 2020 financial statement in conjunction with its 2021 Annual Report submitted to the Auditor of State via the Hinkle reporting system in 2022 to provide added public transparency.

Finding Number	2020-002
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Material Weakness - Financial Statement Presentation:

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements.

Various adjustments were made to the report submitted to the Hinkle System, to organize the Corporation’s financial information into a more understandable format. Additionally, significant adjustments were made to the notes to the financial statements to properly reflect the Corporation’s disclosures.

Without additional policies and procedures for control and monitoring activities associated with the period-end financial reporting process, the Corporation is at risk of preparing incomplete or inaccurate financial statements.

**MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2020-002 - (Continued)

We recommend the Corporation design and implement additional policies and procedures for control and monitoring activities associated with period-end financial reporting processes. We also recommend the Corporation consult with their auditors, the Auditor of State and/or further consult with an accounting firm to help ensure accurate financial reporting. The adjustments identified during the audit should be reviewed by the Director to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Board of Directors should review the financial statements and note disclosures to identify and correct errors and omissions.

Client Response: Previously submitted annual report did not account for property inventory as required for GAAP reporting. Adjustments were made to the newly created financial statements to provide a more accurate statement of finances. The Corporation will adopt period-end policies and procedures utilizing their accountants to review annual financial statements and present them to the Board to ensure Annual Report and Financial Reports agree and are error free before submission to the Auditor of State Hinkle Report.

**MARION COUNTY LAND REUTILIZATION CORPORATION
MARION COUNTY, OHIO
(A COMPONENT UNIT OF MARION COUNTY)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-001	2016	<u>Noncompliance – Annual Financial Report</u> – Ohio Revised Code Section 1724.05 provides that land reutilization corporations shall prepare an annual financial report that conforms to rules prescribed by the auditor of state pursuant to section 117.20 of the Ohio Revised Code, that is prepared according to generally accepted accounting principles. The Corporation prepared financial statements in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles.	Not Corrected	Finding repeated as 2020-001 as the Corporation did not prepare financial statements according to accounting principles generally accepted in the United States of America.
2019-002	2016	<u>Material Weakness – Financial Statement Presentation</u> – Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Numerous adjustments were made to the financial statements and notes to the financial statements for the years ended December 31, 2019 and 2018.	Not Corrected	Finding repeated as 2020-002 as adjustments were made in the current audit period.

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OHIO AUDITOR OF STATE KEITH FABER



MARION COUNTY LAND REUTILIZATION CORPORATION

MARION 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 8/11/2022

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

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