

**MARION COUNTY
LAND REUTILIZATION CORPORATION**

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

**Financial Statements
(Audited)**

**For the Years Ended
December 31, 2019 and 2018**



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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, 2018 through December 31, 2019. 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.

Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2020

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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 Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes 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, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Marion County Land Reutilization Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Marion County Land Reutilization Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Basis for Adverse Opinion

As described in Note 2 of the financial statements, the Marion County Land Reutilization Corporation prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Revised Code Section 1724.05 requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Marion County Land Reutilization Corporation as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Emphasis of Matter

As discussed in Note 8 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Marion County Land Reutilization Corporation. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2020, on our consideration of the Marion County Land Reutilization Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marion County Land Reutilization Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 18, 2020

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Cash receipts:	
Reimbursements OHFA	\$ 141,383
DETAC	134,325
Grants	8,854
Real Estate Sales	1,000
Miscellaneous	1,192
Total cash receipts	<u>286,754</u>
Cash disbursements:	
Current:	
Contracts Wages	44,383
Contract RPC	3,585
Asbesto Surveys	10,115
Demolition Costs	128,904
D&O Insurance	1,146
Liabiligy Insurance	1,291
Legal Services	1,800
Lawn Care	11,575
Seminar and Motel	406
Other	10,813
Debt Service:	
Principal Retirement	25,000
Total cash disbursements	<u>239,018</u>
Excess of receipts over disbursements and Net change in fund balance	<u>47,736</u>
Fund cash balances, January 1, 2019	<u>260,278</u>
Fund cash balances:	
Unassigned	308,014
Fund cash balances, December 31, 2019	<u><u>\$ 308,014</u></u>

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

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 statements consist of a statement of receipts, disbursements and changes 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 (D) 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 STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 statements do 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 statements 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 STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS

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

	<u>2019</u>
Demand deposits	\$ 308,014

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:

- Comprehensive property and general liability \$1,000,000
- Directors and Officers Insurance \$1,000,000

NOTE 6 - DEBT

The Corporation does not have debt outstanding at December 31, 2019.

NOTE 7 - CONTINGENT LIABILITIES

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

NOTE 8 - SUBSEQUENT EVENT

The United States 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 will 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 9 - 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, 2019, the Corporation had receipts of \$134,325 for these fees that were collected by the County in 2019. During 2019, the Corporation paid \$3,916 to various County departments for services.

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

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash receipts:	
Fees/Chicago Title	\$ 406
Reimbursements OHFA	672,043
DETAC	157,764
First Mortgage RPC	1,230
Grants	90,202
Real Estate Sales	3,400
Total cash receipts	925,045
Cash disbursements:	
Current:	
Contracts Wages	47,565
Contract RPC	5,060
Asbesto Surveys	19,958
Demolition Costs	550,551
D&O Insurance	2,292
Liabiligy Insurance	1,343
Legal Services	6,000
Lawn Care	7,500
First Mortgage Payback	1,230
Other	9,306
Debt Service:	
Principal Retirement	70,000
Total cash disbursements	720,805
Excess of receipts over disbursements and Net change in fund balance	204,240
Fund cash balances, January 1, 2018	56,038
Fund cash balances:	
Unassigned	260,278
Fund cash balances, December 31, 2018	\$ 260,278

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

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements consist of a statement of receipts, disbursements and changes 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 (D) 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:

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

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

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 statements do 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 statements 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 STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS

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

	2018
Demand deposits	\$ 260,278

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:

- Comprehensive property and general liability
\$1,000,000
- Directors and Officers Insurance
\$1,000,000

NOTE 6 - DEBT

Debt outstanding at December 31, 2018 was as follows:

<u>Description</u>	<u>Principal</u>
2017 Marion County Loan	25,000
Total	\$ 25,000

The Corporation is obligated for one loan from Marion County.

The Corporation does not have a formal agreement or amortization schedule with Marion County for repayment of the 2016 loan or 2017 loan. The 2016 Marion County loan principal amount must be fully repaid to Marion County by January 31, 2019. The 2016 Marion County loan was paid off during 2018. The Marion County Commissioners did not set a repayment date for the 2017 Marion County loan principal amount.

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.

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

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

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, 2018, the Corporation had receipts of \$157,764 for these fees that were collected by the County in 2018. During 2018, the Corporation paid \$6,740 to various County departments for services.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements 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, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 18, 2020, wherein we issued an adverse opinion on the Marion County Land Reutilization Corporation's financial statements 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, as discussed in Note 8 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Marion County Land Reutilization Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Marion County Land Reutilization Corporation's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2019-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Marion County Land Reutilization Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2019-001.

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. We did not subject the Marion County Land Reutilization Corporation's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Julian & Grube, Inc.
June 18, 2020

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

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

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 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 GAAP. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund 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: The Director has no future plans to present GAAP financials.

Finding Number	2019-002
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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.

In 2018, an adjustment was made to increase “Principal Retirement” cash disbursements by \$70,000 and increase “DETAC” cash receipts by \$70,000 to respectively reflect debt payments to Marion County not recorded by the Corporation and DETAC revenue recorded at net and not gross. In 2019, an adjustment was made to increase “Principal Retirement” cash disbursements by \$25,000 and increase “DETAC” cash receipts by \$25,000 to respectively reflect debt payments to Marion County not recorded by the Corporation and DETAC revenue recorded at net and not gross. Adjustments were also made to the final ending balances for 2018 and 2019 as the balances per the Hinkle submissions did not foot. Additionally, significant adjustments were made to the 2018 and 2019 notes to the financial statements to properly reflect the Corporation’s disclosures.

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

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2019-002 - (Continued)

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 Director will implement additional policies and procedures to help with 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, 2019 AND 2018**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2017-001	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 confirms 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 2019-001 as the Corporation did not prepare financial statements according to accounting principles generally accepted in the United States of America.
2017-002	2016	<u>Material Weakness – Financial Reporting</u> – Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions. Numerous adjustments were made to the financial statements and notes to the financial statements for the years ended December 31, 2017 and 2016.	Not Corrected	Finding repeated as 2019-002 as adjustments were required to the current audit period.

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 8/11/2020

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

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