

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

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2023 & 2022**



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

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, 2022 through December 31, 2023. 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

October 04, 2024

This page intentionally left blank.

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

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 3
Basic Financial Statements 2023:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities - For the Year Ended December 31, 2023.....	5
Statement of Activities - For the Year Ended December 31, 2022.....	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	8
Notes to the Basic Financial Statements - For the Years Ended December 31, 2022 and 2023	9 - 18
Basic Financial Statements 2022:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities - For the Year Ended December 31, 2022.....	20
Statement of Activities - For the Year Ended December 31, 2021.....	21
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	23
Notes to the Basic Financial Statements - For the Years Ended December 31, 2021 and 2022	24 - 33
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 <i>Government Auditing Standards</i>	34 - 35
Schedule of Findings and Responses.....	36 - 37
Summary Schedule of Prior Audit Findings.....	38

This page intentionally left blank.

Independent Auditor's Report

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

To the Members of 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, 2023 and 2022, 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, 2023 and 2022, 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.

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 opinions are 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 July 29, 2024, 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.
July 29, 2024

Marion County Land Reutilization Corporation
Marion County Ohio
(A Component Unit of Marion County)

Statement of Net Position
Governmental Activities

	December 31, 2023	December 31, 2022
Assets		
Cash and Cash Equivalents	\$475,784.43	\$321,082.98
Property Held for Resale	342,875.00	221,450.85
Receivable from Government Entities	0.00	268,166.08
Notes Receivable	<u>36,000.00</u>	<u>0.00</u>
<i>Total Assets</i>	<u>\$854,659.43</u>	<u>\$810,699.91</u>
Liabilities		
Accounts Payable	\$ 0.00	\$123,150.95
Sale Deposits	18,000.00	6,000.00
Mow-to-Own Credits	<u>0.00</u>	<u>3,762.00</u>
<i>Total Liabilities</i>	\$ 18,000.00	\$132,912.95
Net Position		
Unrestricted	<u>\$ 836,659.43</u>	<u>\$677,786.96</u>
<i>Total Fund Balances</i>	<u>\$ 836,659.43</u>	<u>\$677,786.96</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 854,659.43</u>	<u>\$810,699.91</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
December 31, 2023

	Program Revenues			Net Revenue (expense) and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government				
Economic Development – Land Reutilization	\$ 657,959.88	\$ 13,615.00	\$ 394,132.93	\$(250,211.95)
Professional and Contract Services	6,872.20	-	-	(6,872.20)
Administration	<u>60,069.68</u>	<u>-</u>	<u>-</u>	<u>(60,069.68)</u>
<i>Total Governmental Activity</i>	\$ 724,901.76	\$ 13,615.00	\$ 394,132.93	\$(317,153.83)

General Revenues:

Intergovernmental	503,146.30
Transfer of Properties	<u>(27,120.00)</u>
Change in Net Position	\$ 158,872.47
Net Position Beginning of Year	<u>677,786.96</u>
Net Position End of Year	<u>\$ 836,659.43</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
December 31, 2022

		Program Revenues		Net Revenue (expense) and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government				
Economic Development – Land Reutilization	\$ 788,757.38	\$ 31,964.00	\$ 556,257.58	\$(200,535.80)
Professional and Contract Services	21,485.13	-	-	(21,485.13)
Administration	<u>50,448.40</u>	<u>-</u>	<u>-</u>	<u>(50,448.40)</u>
<i>Total Governmental Activity</i>	\$ 860,690.91	\$ 31,964.00	\$556,257.58	\$(272,469.33)

General Revenues:

Intergovernmental	<u>345,925.30</u>
Change in Net Position	\$ 73,455.97
Net Position Beginning of Year	<u>604,330.99</u>
Net Position End of Year	<u>\$ 677,786.96</u>

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 Funds

	December 31, 2023	December 31, 2022
Assets		
Cash and Cash Equivalents	\$475,784.43	\$321,082.98
Property Held for Resale	342,875.00	221,450.85
Receivable from Government Entities	0.00	268,166.08
Notes Receivable	<u>36,000.00</u>	<u>0.00</u>
<i>Total Assets</i>	<u>\$854,659.43</u>	<u>\$810,699.91</u>
Liabilities		
Accounts Payable	\$ 0.00	\$123,150.95
Sale Deposits	18,000.00	6,000.00
Mow-to-Own Credits	<u>0.00</u>	<u>3,762.00</u>
<i>Total Liabilities</i>	\$ 18,000.00	\$132,912.95
Fund Balances		
Nonspendable	\$ 378,875.00	\$ 221,450.85
Unassigned	<u>457,784.43</u>	<u>456,336.11</u>
<i>Total Fund Balances</i>	<u>\$836,659.43</u>	<u>\$ 677,786.96</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$854,659.43</u>	<u>\$ 810,699.91</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 Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

	December 31, 2023	December 31, 2022
Revenue		
Intergovernmental	\$ 503,146.30	\$ 345,925.30
Property Sales	13,615.00	31,964.00
Contributions and Donations	29,050.00	11,250.00
Grant Revenue	365,082.93	545,007.58
Cost Reimbursements	<u>0.00</u>	<u>0.00</u>
<i>Total Revenue</i>	\$ 910,894.23	\$ 934,146.88
Expenditures		
Economic Development – Land Reutilization	\$ 657,959.88	\$ 788,757.38
Professional and Contract Services	6,872.20	21,485.13
Transfers of properties to governmental Entites	27,120.00	0.00
Administration Costs	<u>60,069.68</u>	<u>50,448.40</u>
<i>Total Expenditures</i>	\$ <u>752,021.76</u>	\$ <u>860,690.91</u>
<i>Net Change in Fund Balance</i>	\$ 158,872.47	\$ 73,455.97
Fund balance at Beginning of Year	<u>677,786.96</u>	<u>604,330.99</u>
<i>Fund Balance at End of Year</i>	<u>\$836,659.43</u>	<u>\$ 677,786.96</u>

See accompanying notes to the basic financial statements

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years ended December 31, 2022 and 2023

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, 2022 and 2023 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 a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government. 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 statement of net position presents the financial condition of the governmental activities of the Corporation at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years Ended December 31, 2022 and 2023

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.

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.

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.

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years ended December 31, 2022 and 2023

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.

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.

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years Ended December 31, 2022 and 2023

For the year ended December 31, 2022 and 2023 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 year ended December 31, 2022 and 2023 the Corporation reported no amounts which are classified as deferred inflows of resources.

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 501(c)(3) of the Internal Revenue Code.

G. Cash 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.

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

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)
Notes to the Basic Financial Statements
For the Years ended December 31, 2022 and 2023

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022 and 2023, 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.Receivables

Receivables at December 31, 2022, consisted of funds due from the State of Ohio Brownfield Grant for reimbursements due relating to the remediation and demolition of two school sites in Marion County. An allowance for doubtful accounts was not recorded as all receivables are expected to be collected. There were no such receivables at December 31, 2023.

J. 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.

K. Accrued Liabilities and Long-Term Obligations

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

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 \$1,338 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 and Land Reutilization Expenditures. All Mow-to-Own agreements were fulfilled at December 31, 2023.

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.

L. Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources as of December 31, 2022 and 2023. Net position is reported as

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years Ended December 31, 2022 and 2023

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, 2022 or 2023.

M. 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.

N. 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.

O. 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.

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.

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years ended December 31, 2022 and 2023

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

In 2022 the Corporation was required to open a separate bank account (the Grant Account) to handle disbursements made under the State of Ohio Brownfield Grants (the Grant). Cash to cover expenses paid under the grant until reimbursement was made were transferred to this account from the main checking account as needed. Monies received from the Grant are deposited into the Grant Account and the amounts transferred from the main account will be returned after the Grant is finished. The balance of the Grant Accounts was \$104,984.87 at 12/31/22 and \$343.99 at 12/31/23.

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, 2022 and 2023, the carrying amount of the Corporation's deposits and the bank balances were \$321,083 and \$475,784 respectively. All deposits were in one bank for 2022 and 2023 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.

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years Ended December 31, 2022 and 2023

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.

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, 2022 a total of \$339,782 of expenses had been incurred and reimbursed. All reimbursable costs have been submitted and the grant was closed out in 2023 with these costs as final.

On June 17, 2022, the Corporation was awarded two grants through the State of Ohio Brownfield Remediation Program for asbestos removal and demolition of two former school buildings, New Bloomington and Grand Prairie. The awards were \$279,208 and \$314,040 respectively. The awards are funded on a reimbursement basis as expenses are incurred. The amounts spent, but not yet reimbursed are recorded as Accounts Receivable. These grants were closed out in 2023. The reimbursable costs and reimbursements are as follows:

Property	Year End 12/31/22		Accounts Receivable
	Costs incurred	Reimbursements	
New Bloomington	\$ 139,839	\$ -0-	\$139,839
Grand Prairie	<u>\$ 308,400</u>	<u>\$ 180,073</u>	<u>\$128,327</u>
Totals	\$ 448,239	\$ 180,073	\$268,166

Property	Year End 12/31/23		Accounts Receivable
	Costs incurred	Reimbursements	
New Bloomington	\$ 253,939	\$ 253,939	\$ -0-
Grand Prairie	<u>\$ 310,217</u>	<u>\$ 310,217</u>	<u>\$ -0-</u>
Totals	\$ 564,156	\$ 564,156	\$ -0-

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years ended December 31, 2022 and 2023

On August 23, 2022 The Corporation was awarded a grant through the State of Ohio, Demolition and Site Revitalization Program for the demolition of several residential properties. The award is for \$500,000. The award is funded on a reimbursement basis as expenses are incurred. The amounts spent, but not yet reimbursed are recorded as Accounts Receivable. Total costs and reimbursements at 12/31/23 were \$ 229,166 with no receivable amount.

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. In addition and in accordance with Section 5721.20 any excess funds from the sale of foreclosed properties not claimed within three years are received by the Corporation. For December 31, 2022 and 2023 these amounts were \$186,290 and \$174,329 respectively.

The value of properties transferred from Marion County to the Corporation were \$159,636 in 2022 and \$ 263,290 in 2023.

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. These expenses were \$50,448 for the year ended December 31, 2022 and \$55,504 for the year ending December 31, 2023.

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 2022 and 2023, 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
(A Component Unit of Marion County)

Notes to the Basic Financial Statements
For the Years Ended December 31, 2022 and 2023

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, 2023	Fund Balance December 31, 2022
Nonspendable for:		
Notes Receivable	\$ 36,000	\$ 0
Properties Held for Resale	<u>342,875</u>	<u>221,451</u>
 Total Nonspendable	 \$ 378,875	 \$ 221,451
Unassigned	<u>457,784</u>	<u>\$ 456,336</u>
Total Fund Balance	<u>\$ 836,659</u>	<u>\$ 677,787</u>

Note 8 – Notes Receivable

The Corporation had entered into a mortgage agreement with Adenocquat, LLC (borrower) in which the Corporation (Lender) paid \$36,000 toward the demolition of buildings located on property owned by Adenocquat, LLC. A mortgage is held by the Corporation on this property with a due date of three years after the completion of the demolition provided by the Corporation in May of 2023. If Adenocquat, LLC fulfills the agreement by demolition of the buildings and improvement of the property, the mortgage will be deemed satisfied and the mortgage released. If not completed, they amount of \$36,000 will be due with the property held as lien for the mortgage.

Note 9 – 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)

Statement of Net Position
Governmental Activities

	December 31, 2022	December 31, 2021
Assets		
Cash and Cash Equivalents	\$321,082.98	\$419,891.64
Property Held for Resale	221,450.85	203,034.35
Receivable from Government Entities	268,166.08	0.00
Prepaid Costs	<u>0.00</u>	<u>4,252.00</u>
<i>Total Assets</i>	<u>\$810,699.91</u>	<u>\$627,177.99</u>
Liabilities		
Accounts Payable	\$123,150.95	\$ 0.00
Sale Deposits	6,000.00	17,600.00
Mow-to-Own Credits	<u>3,762.00</u>	<u>5,247.00</u>
<i>Total Liabilities</i>	\$132,912.95	\$ 22,847.00
Net Position		
Unrestricted	<u>\$677,786.96</u>	<u>\$604,330.99</u>
<i>Total Fund Balances</i>	<u>\$677,786.96</u>	<u>\$604,330.99</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$810,699.91</u>	<u>\$627,177.99</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
December 31, 2022

		Program Revenues		Net Revenue (expense) and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government:				
Economic Development – Land Reutilization	\$ 788,757.38	\$ 31,964.00	\$ 556,257.58	\$(200,535.80)
Professional and Contract Services	21,485.13	-	-	(21,485.13)
Administration	<u>50,448.40</u>	<u>-</u>	<u>-</u>	<u>(50,448.40)</u>
<i>Total Governmental Activity</i>	\$ 860,690.91	\$ 31,964.00	\$ 556,257.58	\$(272,469.33)

General Revenues:

Intergovernmental	<u>345,925.30</u>
Change in Net Position	\$ 73,455.97
Net Position Beginning of Year	<u>604,330.99</u>
Net Position End of Year	<u>\$ 677,786.96</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
December 31, 2021

		Program Revenues		Net Revenue (expense) and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government:				
Economic Development – Land Reutilization	\$184,910.12	\$36,518.50	\$ 29,132.84	\$(119,258.78)
Professional and Contract Services	24,615.00	-	16,250.00	(8,365.00)
Administration	<u>30,117.41</u>	<u>-</u>	<u>-</u>	<u>(30,117.41)</u>
<i>Total Governmental Activity</i>	\$239,642.53	\$36,518.50	\$ 45,382.84	\$(157,741.19)

General Revenues:

Intergovernmental	<u>320,204.05</u>
Change in Net Position	\$162,462.86
Net Position Beginning of Year	<u>441,868.13</u>
Net Position End of Year	<u>\$604,330.99</u>

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 Funds

	December 31, 2022	December 31, 2021
Assets		
Cash and Cash Equivalents	\$321,082.98	\$419,891.64
Property Held for Resale	221,450.85	203,034.35
Receivable from Government Entities	268,166.08	0.00
Prepaid Costs	<u>0.00</u>	<u>4,252.00</u>
<i>Total Assets</i>	<u>\$810,699.91</u>	<u>\$627,177.99</u>
Liabilities		
Accounts Payable	\$123,150.95	\$ 0.00
Sale Deposits	6,000.00	17,600.00
Mow-to-Own Credits	<u>3,762.00</u>	<u>5,247.00</u>
<i>Total Liabilities</i>	\$132,912.95	\$ 22,847.00
Fund Balances		
Nonspendable	\$ 221,450.85	\$207,286.35
Unassigned	<u>456,336.11</u>	<u>397,044.64</u>
<i>Total Fund Balances</i>	<u>\$677,786.96</u>	<u>\$604,330.99</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$810,699.91</u>	<u>\$627,177.99</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 Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

	December 31, 2022	December 31, 2021
Revenue		
Intergovernmental	\$ 345,925.30	\$ 320,204.05
Property Sales	31,964.00	18,952.00
Contributions and Donations	11,250.00	33,482.00
Grant Revenue	545,007.58	29,132.84
Cost Reimbursements	<u>0.00</u>	<u>334.50</u>
<i>Total Revenue</i>	\$ 934,146.88	\$ 402,105.39
Expenditures		
Economic Development – Land Reutilization	\$ 788,757.38	\$ 184,910.12
Professional and Contract Services	21,485.13	24,615.00
Administration Costs	<u>50,448.40</u>	<u>30,117.41</u>
<i>Total Expenditures</i>	\$ <u>860,690.91</u>	\$ <u>239,642.53</u>
<i>Net Change in Fund Balance</i>	\$ 73,455.97	\$ 162,462.86
Fund balance at Beginning of Year	<u>604,330.99</u>	<u>441,868.13</u>
<i>Fund Balance at End of Year</i>	\$ <u>677,786.96</u>	\$ <u>604,330.99</u>

See accompanying notes to the basic financial statements

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)
Notes to the Basic Financial Statements For
the Years ended December 31, 2021 and 2022

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, 2021 and 2022 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 a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government. 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 statement of net position presents the financial condition of the governmental activities of the Corporation at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest that is required to be used to

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements For
the Years ended December 31, 2021 and 2022

support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's General Fund is its only governmental fund.

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.

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

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements For
the Years ended December 31, 2021 and 2022

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.

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 year ended December 31, 2021 and 2022 the Corporation reported no amounts which are classified as deferred outflows of resources.

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements For
the Years ended December 31, 2021 and 2022

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 year ended December 31, 2021 and 2022 the Corporation reported no amounts which are classified as deferred inflows of resources.

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 501(c)(3) of the Internal Revenue Code.

G. Cash 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.

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

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements For
the Years ended December 31, 2021 and 2022

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021 and 2022, 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.Receivables

Receivables at December 31, 2022, consisted of funds due from the State of Ohio Brownfield Grant for reimbursements due relating to the remediation and demolition of two school sites in Marion County. An allowance for doubtful accounts was not recorded as all receivables are expected to be collected.

J. 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.

K. Accrued Liabilities and Long-Term Obligations

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

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 \$1,338 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 and Land Reutilization 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.

L. Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources as of December 31, 2021 and 2022. Net position is reported as

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements For
the Years ended December 31, 2021 and 2022

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, 2021 or 2022.

M. 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.

N. 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.

O. 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.

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.

Marion County Land Reutilization Corporation
(A Component Unit of Marion County)

Notes to the Basic Financial Statements For
the Years ended December 31, 2021 and 2022

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

In 2022 the Corporation was required to open a separate bank account (the Grant Account) to handle disbursements made under the State of Ohio Brownfield Grants (the Grant). Cash to cover expenses paid under the grant until reimbursement was made were transferred to this account from the main checking account as needed. Monies received from the Grant are deposited into the Grant Account and the amounts transferred from the main account will be returned after the Grant is finished. The balance of the Grant Accounts was \$104,985 at 12/31/22.

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, 2021 and 2022, the carrying amount of the Corporation's deposits and the bank balances were \$419,892 and \$321,083 respectively. All deposits were in one bank for 2021 and 2022 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

Marion County Land Reutilization Corporation
 (A Component Unit of Marion County)
 Notes to the Basic Financial Statements For
 the Years ended December 31, 2021 and 2022

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.

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, 2021 a total of \$243,013 of expenses had been incurred and reimbursed. During 2022 additional expenses of \$96,769 were incurred and reimbursed for a total of \$339,782 as of December 31, 2022.

On June 17, 2022, the Corporation was awarded two grants through the State of Ohio Brownfield Remediation Program for asbestos removal and demolition of two former school buildings, New Bloomington and Grand Prairie. The awards were \$279,208 and \$314,040 respectively. The awards are funded on a reimbursement basis as expenses are incurred. The amounts spent, but not yet reimbursed are recorded as Receivable from Government Entities. These amounts are as follows:

Property	Costs incurred	Reimbursements	Receivable from Government Entities
New Bloomington	\$139,839	-0-	\$139,839
Grand Prairie	<u>\$308,400</u>	<u>\$180,073</u>	<u>\$128,327</u>
Totals	\$448,239	\$180,073	\$268,166

Marion County Land Reutilization Corporation
 (A Component Unit of Marion County)
 Notes to the Basic Financial Statements For
 the Years ended December 31, 2021 and 2022

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. In addition and in accordance with Section 5721.20 any excess funds from the sale of foreclosed properties not claimed within three years are received by the Corporation. For December 31, 2021 and 2022 these amounts were \$150,000 and \$186,290.

The value of properties transferred from Marion County to the Corporation were \$153,741 in 2021 and \$159,636 in 2022.

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. These expenses were \$24,000 for the year ended December 31, 2021 and \$50,448 for the year ending December 31, 2022.

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 2021 and 2022, 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
(A Component Unit of Marion County)

Notes to the Basic Financial Statements For
the Years ended December 31, 2021 and 2022

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, 2022	Fund Balance December 31, 2021
Nonspendable for:		
Prepaid Items	\$ 0.00	\$ 4,252
Properties Held for Resale	<u>221,451</u>	<u>203,034</u>
 Total Nonspendable	 \$ 221,451	 \$ 207,286
Unassigned	<u>456,336</u>	<u>397,045</u>
 Total Fund Balance	 <u>\$ 677,787</u>	 <u>\$ 604,331</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. All mortgages had been released as of December 31, 2021.

Note 9 – 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.

**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 Members of 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, 2023 and 2022, 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 July 29, 2024.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-001 to be a significant deficiency.

Marion County Land Reutilization Corporation

Marion County

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*

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 Responses to Findings

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

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.

July 29, 2024

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

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2023-001

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.

Certain audit adjustments were made to correct misstatements identified in the audit of the Corporation’s financial statements for the year ended December 31, 2022. It was necessary to post an adjustment to increase the Accounts Payable and Cash and Cash Equivalents line items on the Balance Sheet – Governmental Funds by \$123,151 for the payment of demolition costs that were incurred for 2022 but paid in 2023. The Economic Development – Land Reutilization expenditure line item on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds was unaffected by this adjusting entry as the payment was originally recorded as paid in 2022 on a cash basis. Additionally, the financial statements originally reported the Receivable from Governmental Entities as Accounts Receivable on the Balance Sheet – Governmental Funds. Since the entire balance was related to reimbursement of allowable grant expenditures, these should be considered Receivable from Governmental Entities. The audited financial statements, including the government-wide Statement of Net Position and Statement of Activities, for year ended 2022 and certain disclosures were updated for the misstatements identified during the audit. In addition, the financial statements for the year ended December 31, 2023 were also adjusted to reflect the adjustments posted for 2022.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Corporation’s activity. Additionally, without a review of the completed unaudited financial statements by management prior to filing with the Hinkle system, financial information could be misrepresented.

We recommend the Corporation review the adjustments posted to the current year audit report and implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements prior to presenting them to its auditors. Further, we recommend the Corporation designate an individual to review future unaudited reports prior to their Hinkle submission to ensure all financial activity is accurately reflected.

Client Response: We will make every effort to get our financial statements completed in time for a thorough review before they are uploaded into Hinkle.

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

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2023-002

Material Weakness – Bank Reconciliations:

The reconciliation of cash (bank) balances to accounting system records (book) is an important control/procedure to help ensure proper reporting of the Corporation activity. The Corporation’s Director is responsible for reconciling the book (fund) balance to the total bank balance with zero unidentified variances on a monthly basis, and Corporation’s Board of Directors is responsible for reviewing the reconciliations and related support.

While reconciliations were performed over cash accounts and balances on a monthly basis, the Corporation’s checking accounts did not reconcile at December 31, 2022 as the adjusting entry noted in Finding 2023-001 was necessary to properly state the Corporation’s reconciled cash balance at December 31, 2022. Similarly, the Corporation’s overall reconciliation process appears to be overly complicated and disaggregated. It was noted while reviewing the Corporation’s reconciliations, numerous reconciling adjustments were identified and recorded by the Corporation’s GAAP converters to properly state the reconciled cash balance at December 31, 2023 for items that were initially improperly posted inside the Corporation’s accounting system.

Not completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

We recommend the Corporation develop additional procedures for future reconciliations to identify errors as they occur, which can aid in preventing accounting errors, theft, and fraud. Additionally, we recommend the Corporation more closely monitor the recording entries when activity is being posted to the accounting system to reduce the need for the reconciling adjusting entries that if go unnoticed, would cause reconciliation discrepancies.

Client Response: Our accountant has recently brought this issues to our attention so we will be correcting it

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 AND 2022**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2021-001	2016	<u>Significant Deficiency – Financial Reporting</u> – Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. An audit adjustment was made to the financial statements and notes to the financial statements for the year ended December 31, 2021.	Not Corrected	Finding repeated as item 2023-001 as adjustments were made 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 10/17/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov