

**LUCAS COUNTY LAND
REUTILIZATION CORPORATION**

**(A COMPONENT UNIT OF LUCAS COUNTY)
LUCAS COUNTY, OHIO**

SINGLE AUDIT

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



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Columbus, Ohio 43215
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800-282-0370

Board of Directors
Lucas County Reutilization Corporation
One Government Center, Suite 580
Toledo, Ohio 43604

We have reviewed the *Independent Auditor's Report* of the Lucas County Reutilization Corporation, Lucas County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 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 Lucas County Reutilization Corporation is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

May 22, 2024

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

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Independent Auditor's Report

Lucas County Land Reutilization Corporation
Lucas County
One Government Center, Suite 580
Toledo, Ohio 43064

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 Lucas County Land Reutilization Corporation, Lucas County, Ohio, a component unit of Lucas County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Lucas 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 Lucas County Land Reutilization Corporation, as of December 31, 2023, and the respective changes in financial position, thereof for the year 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 Lucas 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 Lucas 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 Lucas 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 Lucas 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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lucas County Land Reutilization Corporation's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024 on our consideration of the Lucas 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 Lucas 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 Lucas County Land Reutilization Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 14, 2024

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

This management's discussion and analysis of the financial performance of the Lucas County Land Reutilization Corporation (the Corporation) provides an overall review of the Corporation's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The Corporation is focused on returning troubled real estate to productive use, strengthening neighborhoods and accelerating economic activity in Lucas County communities. The Corporation works cooperatively with units of government and individual property owners in this mission.
- The Corporation received approximately \$1.8 million from Lucas County under a statutory arrangement to receive 5% of delinquent taxes collected. The Corporation also recognized revenue of approximately \$2.9 million from an American Rescue Plan Act (ARPA) grant for brownfield remediation passed through from the City of Toledo, \$1.2 million from an Ohio Department of Development (ODOD) Commercial Cleanup Pilot grant, \$1.7 million from an ODOD Building Demolition & Site Revitalization Program grant, and \$886 thousand from an ODOD Brownfield Remediation Program grant.
- The Corporation's net position decreased from \$7,254,978 in 2022 to \$6,813,515 in 2023.

Overview of the Financial Statements

This annual report consists of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The statements then proceed to provide a detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the Corporation, as a whole, presenting both an aggregate view of the Corporation's finances and a longer-term view of those finances. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting the Corporation's Financial Activities

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities include all assets and liabilities using the *accrual basis of accounting* similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

LUCAS COUNTY LAND REUTILIZATION CORPORATION
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MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
UNAUDITED

These two statements report the Corporation’s net position and changes in that position. This change in net position is important because it tells the reader whether, for the Corporation as a whole, the *financial position* of the Corporation has improved or diminished. However, in evaluating the overall position of the Corporation, non-financial information such as the condition of the Corporation’s capital assets will also need to be evaluated.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets/Deferred Outflows minus Liabilities/Deferred Inflows)
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

The table below provides a summary of Corporation’s net position for 2023 and 2022.

Net Position	<u>2023</u>	<u>2022</u>
ASSETS		
Current and other assets	\$ 6,408,515	\$ 6,379,631
Assets held for resale	1,557,640	1,566,940
Capital assets, net	<u>25,668</u>	<u>38,500</u>
Total Assets	<u>7,991,823</u>	<u>7,985,071</u>
LIABILITIES		
Current and other liabilities	<u>1,178,308</u>	<u>730,093</u>
NET POSITION		
Investment in capital assets	25,668	38,500
Unrestricted	<u>6,787,847</u>	<u>7,216,478</u>
Total Net Position	<u>\$ 6,813,515</u>	<u>\$ 7,254,978</u>

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

Intergovernmental receivable consist primarily of project expenses that are to be reimbursed from ODOD Cleanup Pilot and ODOD Building Demolition grants. Assets held for resale consist of any unsold parcels that are held by the Corporation recorded at the lower of cost or market. Accounts payable consist of amounts due for the Corporation's programs.

Over time, net position can serve as useful indicator of a government's financial position. At December 31, 2023, the Corporation's net position was \$6,813,515 down from \$7,254,978 in 2022.

The table below shows the changes in net position for the years ending December 31, 2023 and 2022.

Change in Net Position	2023	2022
REVENUES		
Program Revenues:		
Charges for Services	\$ 1,071,197	\$ 1,362,946
Operating Grants and Contributions	<u>6,705,638</u>	<u>1,283,342</u>
<i>Total Program Revenues</i>	<u>7,776,835</u>	<u>2,646,288</u>
General Revenues:		
Intergovernmental	1,846,215	1,694,341
Interest	230,876	90,386
Loss on disposal of equipment	-	(1,435)
Miscellaneous	<u>5,887</u>	<u>10,075</u>
<i>Total General Revenues</i>	<u>2,082,978</u>	<u>1,793,367</u>
<i>Total Revenues</i>	<u>9,859,813</u>	<u>4,439,655</u>
PROGRAM EXPENSES		
Professional and Contract Services	8,542,887	2,616,449
Administration	<u>1,758,389</u>	<u>1,338,773</u>
<i>Total Program Expenses</i>	<u>10,301,276</u>	<u>3,955,222</u>
Change in Net Position	(441,463)	484,433
Net Position at Beginning of Period	<u>7,254,978</u>	<u>6,770,545</u>
Net Position at End of Year	<u>\$ 6,813,515</u>	<u>\$ 7,254,978</u>

Revenues for 2023 and 2022 consist primarily of 5% delinquent tax and assessments from Lucas County to the Corporation for the purpose of land reutilization and approximately \$2.9 million from an American Rescue Plan Act (ARPA) grant for brownfield remediation passed through from the City of Toledo in 2023 and \$279 thousand from the City of Toledo CDBG grant in 2022, as well as approximately \$3.8 million and \$780 thousand from ODOD grants in 2023 and 2022, respectively. The Corporation acquired 521 properties in 2023 compared to 307 properties in the prior year and disposed of 554 properties in 2023 compared to 992 in 2022. The Corporation remediated and demolished properties with ARPA funds received through the City of Toledo and ODOD funds. As a result of the increased funding for these projects, the Corporation's expenses increased accordingly. Program expenses unrelated to the grants increased \$529 thousand due to the St. Anthony Redevelopment project and Neighborhood Justice Fund projects, which primarily occurred in 2023.

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

Reporting on the Corporation's Most Significant Fund

Governmental Fund

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using the modified accrual of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

The Corporation had governmental revenues of \$8,798,545 and expenditures of \$10,280,969.

Capital Assets

In 2023, the Corporation had no capital asset purchases or disposals. In 2022, the Corporation had no capital asset purchases and donated a copier, resulting in a loss on disposal of \$1,435.

Debt

As of December 31, 2023 and 2022, the Corporation does not have any debt.

Current Financial Related Activities

The Corporation began operations on August 31, 2010. The Corporation is Lucas County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Lucas County. The purpose of the Corporation is to strengthen neighborhoods in Lucas County by returning vacant and abandoned properties to productive use. By strategically acquiring troubled real estate and returning it to productive use, the Corporation works to reduce blight, promote economic development, increase property values, and thereby improve the quality of life of all Lucas County residents. The principal operating revenues of the Corporation are contributions from Lucas County's delinquent estate tax and assessment collection fund authorized by statute and revenue from property dispositions.

Request for Information

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact Shantae Brownlee, Chief Financial Officer, Lucas County Land Reutilization Corporation, One Government Center, Suite 580, Toledo, Ohio 43064.

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

STATEMENT OF NET POSITION
DECEMBER 31, 2023

		Governmental Activities
Assets		
Cash and Cash Equivalents	\$	5,237,879
Intergovernmental Receivables		1,170,636
Assets Held For Resale		1,557,640
Depreciable Capital Assets, Net		25,668
Total Assets		7,991,823
 Liabilities		
Accounts Payable		84,727
Wages Payable		23,677
Compensated Absences Payable		61,018
Due to Other Governments		1,008,886
Total Liabilities		1,178,308
 Net Position		
Investment in Capital Assets		25,668
Unrestricted		6,787,847
Total Net Position	\$	6,813,515

See Accompanying Notes to the Basic Financial Statements

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Professional and Contract Services	\$ 8,542,887	\$ 1,071,197	\$ 6,705,638	\$ (766,052)
Administration	1,758,389	-	-	(1,758,389)
Total	\$ 10,301,276	\$ 1,071,197	\$ 6,705,638	\$ (2,524,441)
General Revenue:				
Intergovernmental				1,846,215
Interest				230,876
Miscellaneous				5,887
Total General Revenues				2,082,978
Change in Net Position				(441,463)
Net Position at Beginning of Year				7,254,978
Net Position at End of Year				\$ 6,813,515

See Accompanying Notes to the Basic Financial Statements

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2023

		General Fund
Assets		
Cash and Cash Equivalents	\$	5,237,879
Intergovernmental Receivables		1,170,636
Assets Held for Resale		1,557,640
Total Assets	\$	7,966,155
Liabilities		
Accounts Payable	\$	84,727
Wages Payable		23,677
Due to Other Governments		1,008,886
Total Liabilities		1,117,290
Deferred Inflows of Resources		
Intergovernmental Revenue Not Available		1,061,268
Total Deferred Inflows of Resources		1,061,268
Fund Balance:		
Nonspendable : Assets Held for Resale		1,557,640
Unassigned		4,229,957
Total Fund Balance		5,787,597
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$	7,966,155

See Accompanying Notes to the Basic Financial Statements

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Total Governmental Fund Balances	\$ 5,787,597
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,668
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred inflows in the funds Intergovernment Receivable.	1,061,268
Compensated absences payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	<u>(61,018)</u>
Net Position of Governmental Activities	<u><u>\$ 6,813,515</u></u>

See Accompanying Notes to the Basic Financial Statements

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

	<u>General Fund</u>
Revenues:	
Intergovernmental	\$ 1,846,215
Operating Grants and Contributions	5,644,370
Charges for Services	1,071,197
Interest	230,876
Miscellaneous	<u>5,887</u>
Total Revenues	<u>8,798,545</u>
Expenditures:	
Professional and Contract Services	8,530,055
Administration	<u>1,750,914</u>
Total Expenditures	<u>10,280,969</u>
Net Change in Fund Balance	(1,482,424)
Fund Balances Beginning of Year	<u>7,270,021</u>
Fund Balances End of Year	<u><u>\$ 5,787,597</u></u>

See Accompanying Notes to the Basic Financial Statements

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

Net Change in Fund Balance - Total Governmental Fund \$ (1,482,424)

Amounts reports for governmental activities in the
statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives as depreciation expense. This is the amount by which depreciation expense
exceeded capital outlays in the current period.

Current year depreciation (12,832)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds.

Intergovernmental 1,061,268

Some expenses in the statement of activities, such as vacation
benefits payable, do not require the use of current financial resources
and therefore are not reported as expenditures in governmental funds.

(7,475)

Change in Net Position of Governmental Activities \$ (441,463)

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Lucas County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on August 31, 2010 when the Lucas County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 10-713 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Lucas County (the County) by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of nine members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The County is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement Number 14, as amended by GASB Statement Number 39, *The Financial Reporting Entity*, the County's primary government and basic financial statements include component units, which are defined as legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of the organization. The Corporation is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

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

Basis of Presentation

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

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation, however, does not have any business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Corporation at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

Fund Financial Statements

Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

Fund Accounting

The Corporation uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the Corporation's fund is classified as governmental.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets 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 that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. 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.

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the Corporation are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Corporation, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Corporation must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Corporation on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation did not report deferred outflows of resources for the current year.

In addition to liabilities, the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include intergovernmental revenue not available, which represents receivables which will not be collected within the available period. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required.

Federal Income Tax

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

Cash and Cash Equivalents and Investments

All monies received by the Corporation are deposited in a demand deposit account. Investments with original maturities of three months or less at the time they are purchased by the Corporation are included on the financial statements as cash equivalents.

During 2023, the Corporation invested in State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Corporation measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business days(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Capital Assets

Capital assets are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method with vehicles having estimated useful lives of 5 years.

Assets Held For Resale

Assets held for resale consist of any unsold parcels that have been transferred into the name of the Corporation. Parcels are valued at lower of cost or market. Cost of these parcels are based solely on the expense incurred by the Corporation that directly pertains to said parcels, including but not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services. The Corporation holds the properties until the building or lot is either sold to a new residential or business occupant, or rehabilitated, or demolished and then sold. Unimproved properties may be transferred to the city or township they are in, until those parcels may be merged with adjacent parcels for development or green space projects, or the Corporation may sell such lots to the owners of adjacent parcels for a nominal cost.

Accrued Liabilities and Long-Term Obligations

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

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements.

Compensated Absences

The Corporation is not bound by the compensated absence laws prescribed by the Ohio Revised Code for purely governmental entities. The Corporation records accumulated unpaid vacation, compensatory, and overtime pay when earned by employees.

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The Corporation prohibits an employee from accumulating more than 30 days of vacation time on an annual basis. Normally, all vacation time is to be taken in the year available. Unused vacation time up to a maximum of 10 days is payable upon termination of employment not for cause. Unused sick time may be accumulated until retirement but a retiring employee is not entitled to any payment for accumulated sick time. In general, employees are eligible to be paid for unused compensatory time upon termination of employment. All vacation and compensatory time payments are made at the employee's current wage rates.

Net Position

Net position represents the difference between assets/deferred outflow of resources and liabilities/deferred inflows of resources. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2023.

The Corporation applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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. It includes property acquired for resale, unless the use of the proceeds from the sale of these properties is restricted, committed or assigned.

Restricted Fund Balance – The restricted classification is used when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation's Board of Directors.

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.

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.

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

Intergovernmental Revenue

The Corporation receives operating income through Lucas County. This money represents the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are paid to the Corporation upon the Corporation’s written request.

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.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, being depreciated				
Vehicles	\$ 64,164	\$ -	\$ -	\$ 64,164
Total capital assets, being depreciated	<u>64,164</u>	<u>-</u>	<u>-</u>	<u>64,164</u>
Less accumulated depreciation for:				
Vehicles	<u>(25,664)</u>	<u>(12,832)</u>	<u>-</u>	<u>(38,496)</u>
Total accumulated depreciation	<u>(25,664)</u>	<u>(12,832)</u>	<u>-</u>	<u>(38,496)</u>
Total capital assets being depreciated, net	<u>\$ 38,500</u>	<u>\$ (12,832)</u>	<u>\$ -</u>	<u>\$ 25,668</u>

Depreciation expense of \$12,832 was charged to Administration for governmental activities in 2023.

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 4 – DEPOSITS AND INVESTMENTS

At December 31, 2023, the carrying amount of the Corporation’s deposits was \$272,623, with a related bank balance of \$419,175. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2023, \$250,000 and was covered by Federal Deposit Insurance Corporation (FDIC) and \$169,175 was uninsured and collateralized. Custodial credit risk is the risk that, in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk beyond the requirements of the State statute. Ohio law requires that deposits either be insured or protected by (1) 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 (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposited being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposits of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

Investments are reported at fair value. As of December 31, 2023, the Corporation had the following investments:

	Measurement Value	12 Months or Less	1-3 Years	3-5 Years
Amortized Cost:				
STAR Ohio	\$ 4,965,256	\$ 4,965,256	\$ -	\$ -
Total Investments	\$ 4,965,256	\$ 4,956,256	\$ -	\$ -

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and cash equivalents as reported on the statement of net position as of December 31, 2023:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amounts of deposits	\$ 272,623
Investments	4,965,256
Total per Statement of Net Position	\$ 5,237,879

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

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

NOTE 5 – RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation contracts with Ohio Plan for various types of insurance as follows:

Type	Coverage
General Aggregate	\$3,000,000
Liability Property	2,000,000
Commercial General Liability	2,000,000
Personal Injury	2,000,000
Directors/Officers Liability	1,000,000
Employment Practices Liability	1,000,000

During the last three years, the settled claims have not exceeded commercial coverage. There has been no significant decrease in coverage from the prior year.

NOTE 6 - TRANSACTIONS WITH LUCAS COUNTY

Pursuant to and in accordance with Section 321.261(B) of the Ohio Revised Code, the Corporation has been authorized by the Lucas 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 Collection fund and will be available for appropriation by the Corporation to fund operations. At December 31, 2023, the Corporation recognized revenues of \$1,846,215 for these fees that were collected by the County in 2023.

Pursuant to and in accordance with Section 307.01(D) of the Ohio Revised Code, the Corporation entered into an agreement with the Board of Lucas County Commissioners to utilize office space and storage for no consideration.

NOTE 7 – RECEIVABLES

Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

A summary of the principal items of governmental activities intergovernmental receivable follows:

ODOD Cleanup Pilot	\$ 57,838
ODOD Building Demolition and Site Revitalization	<u>1,112,798</u>
	<u>\$ 1,170,636</u>

NOTE 8 – NEW ACCOUNTING STANDARD

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The provisions of this statement were effective for the Corporation's financial statements for the year ending December 31, 2023 and its impact was immaterial to the financial statements as a whole.

SUPPLEMENTARY INFORMATION

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Agency / Cluster / Program Title	Federal ALN	Passed Through	Pass-through / Grantor Number	Pass-through To Subrecipients	Federal Expenditures
U.S. Department of the Treasury COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	City of Toledo	XMSRMHN49HP7	\$ -	\$ 2,868,125
Total U.S. Department of the Treasury and Expenditures of Federal Awards				<u>\$ -</u>	<u>\$ 2,868,125</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LUCAS COUNTY LAND REUTILIZATION CORPORATION
(A COMPONENT UNIT OF LUCAS COUNTY)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

2 CFR § 200.510(b)(6)

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Lucas County Land Reutilization Corporation (the "Corporation") under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance and other applicable guidance). Because the schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position or changes in net position of the Corporation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Corporation has not elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**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***

Lucas County Land Reutilization Corporation
Lucas County
One Government Center, Suite 580
Toledo, Ohio 43064

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 Lucas County Land Reutilization Corporation, Lucas County, Ohio, a component unit of Lucas County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Lucas County Land Reutilization Corporation’s basic financial statements, and have issued our report thereon dated May 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lucas 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 Lucas County Land Reutilization Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Lucas County Land Reutilization Corporation’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

Lucas County Land Reutilization Corporation

Lucas 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 Lucas 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*.

Lucas County Land Reutilization Corporation's Response to the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lucas 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 Lucas County Land Reutilization Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

May 14, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Lucas County Land Reutilization Corporation
Lucas County
One Government Center, Suite 580
Toledo, Ohio 43064

To the Members of the Board of Directors:

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Lucas County Land Reutilization Corporation’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Lucas County Land Reutilization Corporation’s major federal programs for the year ended December 31, 2023. The Lucas County Land Reutilization Corporation’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the Lucas County Land Reutilization Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

We are required to be independent of the Lucas County Land Reutilization Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Lucas County Land Reutilization Corporation’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lucas County Land Reutilization Corporation’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lucas County Land Reutilization Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Lucas County Land Reutilization Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Lucas County Land Reutilization Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Lucas County Land Reutilization Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Lucas County Land Reutilization Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Lucas County Land Reutilization Corporation
Lucas County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
May 14, 2024

**LUCAS COUNTY LAND REUTILIZATION CORPORATION
LUCAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**LUCAS COUNTY LAND REUTILIZATION CORPORATION
LUCAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

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. This responsibility remains with the Corporation even if they delegate the financial statement preparation to another party. 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. For the Corporation, this might also involve reviewing the year-end adjustments that the financial statement compiler makes to ensure all activity is correctly recorded.

The following adjustments were posted to the financial statements:

- An adjustment was posted to increase deferred inflows of resources (balance sheet) by \$1,061,268 and decrease operating grants and contribution revenues (statement of revenues, expenditures and changes in fund balance) by \$1,061,268. This adjustment was to properly account for revenue that was not received during the Corporation’s period of availability, which is 60 days.
- An adjustment was posted to increase due to other governments (balance sheet) by \$996,243 and decrease accounts payable (balance sheet) by \$996,243.

The audit adjustments above were also posted, if necessary, to the statement of net position and the statement of activities.

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.

We recommend the Corporation design and implement additional procedures to facilitate more accurate and detailed financial reporting. Specifically for receivables, the Corporation should consider reviewing its activity for the following year to determine if receivables have been received within the period of availability; if it has not been received, the Corporation should defer the recognition of revenue. We also recommend the Corporation review this audit adjustment and apply this methodology to future audits.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2023**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Management and the Auditor maintain a good faith difference of interpretation on the application of GASB 65 to the timing of revenue recognition associated with the financial reporting. Nevertheless, Management accepts these adjustments as presented and will take immediate steps to implement additional procedures to facilitate accurate financial reporting and apply this methodology to future audits.	June 1, 2024	David Mann, President and Shantae Brownlee, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



LUCAS COUNTY LAND REUTILIZATION CORPORATION

LUCAS 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 6/4/2024

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

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