

Lawrence County Land Reutilization Corporation
Lawrence County
Regular Audit
For the Year Ended December 31, 2019



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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Lawrence County Land Reutilization Corporation
327 Vernon Street
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of the Lawrence County Land Reutilization Corporation, Lawrence County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

November 24, 2020

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Lawrence County Land Reutilization Corporation
Lawrence County
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For the Year Ended December 31, 2019

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Independent Auditor's Report

Board of Directors
Lawrence County Land Reutilization Corporation
327 Vernon Street
Ironton, Ohio 45638

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Lawrence County Land Reutilization Corporation, (the Corporation), a component unit of Lawrence County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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 Lawrence County Land Reutilization Corporation, as of December 31, 2019, and the respective change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 6 be presented to supplement the basic financial statements. Such 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. 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2020 on our consideration of the 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 Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

September 11, 2020

Lawrence County Land Reutilization Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2019

Unaudited

The management's discussion and analysis of the Lawrence County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2019. 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 2019 are as follows:

- Net position of governmental activities increased by \$966,960.
- The Corporation's general revenue accounted for \$155,878 or 13 percent of total revenue. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,035,000 or 87 percent of total revenues of \$1,190,878.
- The Corporation had \$223,918 in expenses related to governmental activities; all of these expenses were offset by program specific charges for services and sales, grants and contributions.
- The general fund, the Corporation's major fund, had \$1,190,878 in revenues and \$254,195 in expenditures.

Using this Annual Financial Report

This annual report consists of financial statements and notes to the financial statements. These statements are prepared and organized so the reader can understand the Corporation as a financial whole or as an entire operating entity. 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 whole Corporation, 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 as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities include all assets and liabilities and deferred inflows and outflows of resources 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.

Lawrence County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

These two statements report the Corporation's net position and change in net 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 of the Corporation will also need to be evaluated.

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 left at year-end and available for spending in future periods. The general fund is reported using the modified accrual basis 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 Statement of Activities) and the general fund is reconciled in the financial statements.

The Lawrence County Land Reutilization Corporation as a Whole

Recall that the statement of net position provides the perspective of the Corporation as a whole. Table 1 provides a summary of the Corporation's net position as of December 31, 2019 and 2018.

	Table 1 Net Position	
	2019	2018
Assets		
Current and Other Assets	\$3,956,605	\$3,107,154
Capital Assets, Net	<u>3,910</u>	<u>7,298</u>
Total Assets	<u>\$3,960,515</u>	<u>\$3,114,452</u>
Liabilities		
Current and Other Liabilities	0	255,863
Long Term Liabilities	<u>585,122</u>	<u>450,156</u>
Total Liabilities	585,122	706,019
Net Position		
Net Investment in Capital Assets	3,910	7,298
Unrestricted	<u>3,371,483</u>	<u>2,401,135</u>
Total Net Position	<u>\$3,375,393</u>	<u>\$2,408,433</u>

Lawrence County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 2 shows the change in net position for the years ending December 31, 2019 and 2018.

	Table 2	
	<u>Changes in Net Position</u>	
Revenues	2019	2018
Program Revenues		
Charges for Services and Sales	\$17,587	\$29,842
Operating Grants and Contributions	<u>1,017,413</u>	<u>1,746,037</u>
Total Program Revenues	1,035,000	1,775,879
General Revenues:		
Grants & Entitlements not Restricted to Specific Programs	<u>155,878</u>	<u>146,211</u>
Total Revenues	<u>\$1,190,878</u>	<u>\$1,922,090</u>
Expenses		
Professional and Contract Service Administration	12,132	18,882
Economic Development-Land Reutilization	208,754	226,858
	<u>3,032</u>	<u>65,661</u>
Total Program Expenses	223,918	311,401
<i>Change in Net Position</i>	966,960	1,610,689
<i>Net Position Beginning of Year</i>	<u>2,408,433</u>	<u>797,744</u>
<i>Net Position End of Year</i>	<u>\$3,375,393</u>	<u>\$2,408,433</u>

Current and other assets increased due to additions of properties for which demolition activity was undertaken which was only partially offset by sales of properties. Operating grants and contributions and administration expenses decreased due to the decrease in reimbursable expenses as compared to the prior year. Current and other liabilities decreased due to the repayment in full of the line of credit the Corporation had through the Ohio Housing Finance Agency. Long term liabilities also increased due to more time spent by County employees on land bank operations whereas only a portion of the debt was repaid in the year.

The Corporation's Fund

The Corporation's general fund is accounted for using the modified accrual basis of accounting. This fund had total revenues and other financial resources of \$1,359,509 expenditures of \$254,195, resulting in an increase in total fund balance of \$1,105,314.

Lawrence County Land Reutilization Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Capital Assets

As of December 31, 2019, the Corporation had \$3,910 in capital assets. These capital assets are reduced using the straight-line method of depreciation & separated by class.

Table 3
 Capital Assets

	<u>2019</u>	<u>2018</u>
Furniture, Fixtures, and Equipment	\$13,754	\$13,754
Accumulated Depreciation	<u>(9,844)</u>	<u>(6,456)</u>
Total Capital Assets, Net	\$3,910	\$7,298

See note 10 of the notes to the basic financial statements for more information on capital assets.

Debt

As of December 31, 2019 and 2018, the Corporation owed \$585,122 and \$450,156, respectively, to Lawrence County for a long-term loan. In addition, the Corporation had a line of credit with the Ohio Housing Finance Agency that had a balance of \$0 at December 31, 2019. See notes 9 and 11 of the notes to the basic financial statements for more information.

Current Financial Related Activities

The Corporation has been designated by Lawrence County, Ohio as its agent for the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed and other real property in Lawrence County. Principal operating revenues of the Corporation include contributions from Lawrence County's delinquent tax and assessment collection fund. The Corporation is currently participating in the Ohio Housing Finance Agency Neighborhood Initiative Program, through the office of the United States Department of Treasury. This program was set to expire in 2019, however the Corporation still had available funds, so OHFA allowed for an extension into 2020.

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 Stephen Burcham, CPA, Chairman of the Board of Directors, Lawrence County Land Reutilization Corporation, 327 Vernon St., Ironton, Ohio 45638.

Lawrence County Land Reutilization Corporation
Statement of Net Position
December 31, 2019

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$80,788
Intergovernmental Receivable	21,312
Assets Held for Resale	3,854,505
Depreciable Capital Assets, Net	3,910
Total Assets	3,960,515
Liabilities	
Long-Term Liabilities:	
Due in More Than One Year	585,122
Total Liabilities	585,122
Net Position	
Net Investment in Capital Assets	3,910
Unrestricted	3,371,483
Total Net Position	\$3,375,393

See the accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
Statement of Activities
For the Year Ended December 31, 2019

		Program Revenues		Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Professional Contracts and Services	\$12,132	\$0	\$0	(\$12,132)
Administration	208,754	0	22,646	(186,108)
Economic Development - Land Reutilization	3,032	17,587	994,767	1,009,322
Total Governmental Activities	\$223,918	\$17,587	\$1,017,413	811,082
General Revenue				
Grants and Entitlements not Restricted to Specific Programs				155,878
Total General Revenues				155,878
Change in Net Position				966,960
Net Position, Beginning of Year				2,408,433
Net Position, End of Year				\$3,375,393

See the accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
Balance Sheet
Governmental Fund
December 31, 2019

	<u>General</u>
Assets	
Cash and Cash Equivalents	\$80,788
Intergovernmental Receivable	21,312
Assets Held for Resale	<u>3,854,505</u>
Total Assets	<u><u>\$3,956,605</u></u>
Fund Balances	
Nonspendable:	
Assets Held for Resale	\$3,854,505
Unassigned	<u>102,100</u>
Total Fund Balances	<u><u>\$3,956,605</u></u>

See the accompanying notes to the basic financial statements.

LAWRENCE COUNTY LAND REUTILIZATION CORP
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2019*

Funds Balances- Total Governmental Funds \$3,956,605

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. 3,910

Long-term liabilities, including loans payable,
are not due and payable in the current
period and therefore are not reported in the funds:

Loan from Lawrence County (585,122)

Net Position of Governmental Activities \$3,375,393

See accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2019

	General
Revenues	
Intergovernmental	\$1,150,645
Interest	146
Property Sales	17,587
Contributions and Donations	22,500
Total Revenues	1,190,878
Expenditures	
Professional Contracts and Services	12,132
Administration	205,366
Economic Development - Land Reutilization	3,032
Debt Service:	
Principal Retirement	33,665
Total Expenditures	254,195
Revenues Over Expenditures	936,683
Other Financing Sources	
Proceeds from Loan	168,631
Total Other Financing Sources	168,631
Net Change in Fund Balances	1,105,314
Fund Balances, Beginning of Year	2,851,291
Fund Balances, End of Year	\$3,956,605

See the accompanying notes to the basic financial statements.

LAWRENCE COUNTY LAND REUTILIZATION CORP
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year End December 31, 2019*

Net Change in Fund Balances- Total Governmental Funds \$1,105,314

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (3,388)

Long-term proceeds from other governments provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (168,631)

Repayment of long-term loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 33,665

Change in Net Position of Governmental Activities \$966,960

See accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 1- Description of the Reporting Entity

The Lawrence County Land Reutilization Corporation (the Corporation) is a county land reutilization Corporation that was formed on May 12, 2016, when the Lawrence County Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through Resolution number 2016-001 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Lawrence 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 powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five to nine members including two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Ironton), and one representative from a township with a population over 10,000 (Upper Township). The Corporation is classified as a component unit of Lawrence County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statements No. 39 and 61.

The Corporation is dedicated to strategically acquiring tax foreclosed property and other foreclosed property from the Board of Revision, Sheriff's sale, Bank Real Estate Owned, County Fiscal Officer, third parties, and through donations. The Corporation then strives to put the properties back to productive use.

The financial statements include all agencies, divisions, and operations for which the Corporation is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Corporation itself is included in the financial reporting entity.

Note 2- Summary of Significant Accounting Policies

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

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.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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

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

Fund Accounting

The Corporation uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations or limitations. For financial statement presentation purposes, the Corporation's fund is classified as governmental. There were no restricted funds at December 31, 2019.

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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the Corporation's governmental fund:

General Fund The general fund accounts for all financial resources, including those that are received from the Lawrence 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.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operations 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 of resources and current liabilities and deferred inflows of resources 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 may 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 in 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 bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues

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 year when use is first permitted, matching requirements, in which the Corporation must provide local resources to be used for a specific 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.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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

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 or resources represents a consumption of 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 have any deferred outflows of resources at December 31, 2019.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Corporation did not have any deferred inflows of resources at December 31, 2019.

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 governmental entities.

Federal Income Tax

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

Cash and Cash Equivalents

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

Assets Held for Resale

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price, or fair value for donated properties, plus any costs of maintenance, rehabilitation or demolition of homes on the properties. The Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, the home on the property is demolished, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the financial statements of the general fund. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. All capital assets, excluding land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives: Furniture and equipment 3-7 years

Accrued Liabilities and Long-Term Obligations

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

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its 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, 2019. The Corporation applies restricted resources first when an expense is incurred for which restricted and unrestricted amounts are available.

Intergovernmental Revenue

The Corporation receives operating income through Lawrence 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. Grant funding consists of funds received from the Ohio Housing Finance Agency (OHFA) Neighborhood Initiative Program (NIP).

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.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special Items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2019.

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 or enabling legislation. The classifications are as follows:

Non-spendable The non-spendable fund balance category includes amount that cannot be spent because they are not in spendable form, or legally or contractually required to maintain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, 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 Fund balance is reported as 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 or enabling legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Corporation’s Board. Those committed amounts cannot be used for any other purpose unless the Board 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 or used in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance 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.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

The Corporation has not adopted a formal fund balance policy. 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.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 3- Deposits

Deposits

At December 31, 2019, the entire amount of the Corporation's bank balance of \$80,788 was covered by the Federal Deposit Insurance Corporation (FDIC) or by the Ohio Pooled Collateral System (OPCS), as discussed below.

Protection of the Corporation's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institution's 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.

Note 4- Transactions with Lawrence County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Lawrence County 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 Assessment Collection fund and will be available for appropriation by the Corporation to fund operations. Lawrence County paid a total of \$155,878 to the Corporation in DTAC funds in 2019.

The Corporation also had a loan with Lawrence County which is further discussed in note 9.

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; and natural disasters.

The Corporation maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage in any of the past three years and there have been no significant reductions in coverage from the prior year.

Coverages are as follows:

Commercial General Liability is \$2,000,000 per occurrence and \$4,000,000 in aggregate. Public Officials Wrongful Act liability is \$2,000,000 per occurrence and \$4,000,000 in aggregate.

Note 6- Receivables

Receivables at December 31, 2019 consisted of funds due from the Ohio Housing Finance Agency Neighborhood Initiative Program grant. An allowance of doubtful accounts was not recorded because all receivables are expected to be collected in full.

The principal item of the governmental activities receivable was a grant receivable for the Ohio Housing Finance Agency Neighborhood Initiative Program grant in the amount of \$21,312.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 7- Contingent Liabilities

Litigation

The Corporation is not currently a party to any legal proceeding.

Grants

The Corporation received financial assistance from state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund. However, the effect of any such disallowed claims on the overall financial position of the Corporation at December 31, 2019, if applicable, cannot be determined at this time.

Note 8- Fund Balance

Fund balance is classified as non-spendable, 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 are presented below:

Non-spendable- Assets Held for Resale- \$3,854,505

Unassigned- \$102,100

Note 9- Long Term Debt

The changes in the Corporation's long-term liabilities during 2019 were as follows:

	Amount			Amount	Amounts
	Outstanding			Outstanding	Due in
	12/31/2018	Additions	Deletions	12/31/2019	One Year
Governmental Activities					
Lawrence County Loan (0% interest)	\$450,156	\$168,631	\$33,665	\$585,122	\$0
Total Governmental Activities	\$450,156	\$168,631	\$33,665	\$585,122	\$0

This was a loan agreement between the Corporation and Lawrence County. The agreement provided that Lawrence County would incur costs related to employees working on the land bank operations and other operational start up costs up front and those costs would be repaid to the County once the Land Bank was financially able. This was a zero percent loan with no set repayment schedule established.

Lawrence County Land Reutilization Corporation

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 10- Capital Assets

Capital assets activity for the year ended December 31, 2019 was as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Governmental Activities				
Capital Assets, being Depreciated:				
Furniture, Fixtures, and Equipment	\$13,754	\$0	\$0	\$13,754
Total Capital Assets, being Depreciated	\$13,754	\$0	\$0	\$13,754
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(6,456)	(3,388)	\$0	(9,844)
Total Accumulated Depreciation	(6,456)	(3,388)	\$0	(9,844)
Governmental Activities Capital Assets, Net	\$7,298	(3,388)	\$0	\$3,910

Depreciation expense was charged to the administration expense line item.

Note 11- Short Term Line of Credit

The Corporation had a line of credit available through the Ohio Housing Finance Agency (OHFA) with the maximum amount available at any time of \$375,000. This line of credit carries a zero percent interest rate.

Changes in this line of credit during 2019 were as follows:

	Amount Outstanding 12/31/2018	Additions	Deletions	Amount Outstanding 12/31/2019
Governmental Activities				
OHFA Line of Credit	\$255,863	\$644,518	\$900,381	\$0
Total Governmental Activities	\$255,863	\$644,518	\$900,381	\$0

Note 12 – Subsequent Event

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

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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*

Independent Auditor's Report

Board of Directors
Lawrence County Land Reutilization Corporation
327 Vernon Street
Ironton, Ohio 45638

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 major fund of Lawrence County Land Reutilization Corporation, (the Corporation) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 11, 2020. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

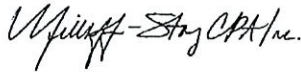
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Corporation's Response to Findings

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

September 11, 2020

Lawrence County Land Reutilization Corporation
Schedule of Findings and Responses
For the Year Ended December 31, 2019

Finding 2019-001 – Material Weakness – Financial Reporting

A monitoring system by the Corporation should be in place to prevent or detect misstatements to help ensure the accurate presentation of the Corporation's financial statements.

During the course of testing, we found the following errors within the financial statements:

- The Corporation's original Hinkle filing contained errors in both the government-wide and fund financial statements. We noted footing errors and misclassifications of expenditures. Also, the prior year receivable entry was not reversed in the current year.
- The Corporation's note disclosures contained various errors.
- Although unaudited, we noted that the Corporation's management discussion and analysis contained various errors.
- An unadjusted difference for the current year intergovernmental receivable was identified.

Certain errors were deemed material and corrected within the accompanying financial statements. Other errors were deemed immaterial and corrections were waived.

The Corporation should implement additional monitoring procedures to ensure that financial statements, required supplementary information, and note disclosures are accurate and complete.

Client Response:

Officials chose not to include response.

Lawrence County Land Reutilization Corporation
Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2018-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2019-001

OHIO AUDITOR OF STATE KEITH FABER



LAWRENCE COUNTY LAND REUTILIZATION CORPORATION

LAWRENCE 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 12/8/2020

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

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