

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

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Lawrence County Land Reutilization Corporation
327 Vernon St.
Ironton, OH 45638

We have reviewed the *Independent Auditor's Report* of Lawrence County Land Reutilization Corporation, Lawrence County, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2022. 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. 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 08, 2023

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

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Independent Auditor's Report

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

To the Board of Directors:

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lawrence County Land Reutilization Corporation, Lawrence County, Ohio, a component unit of Lawrence County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Lawrence 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 Lawrence County Land Reutilization Corporation, as of December 31, 2022, 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 Lawrence 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 Lawrence 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 Lawrence 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 Lawrence 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.

Lawrence County Land Reutilization Corporation
Lawrence County
Independent Auditor's Report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2023, on our consideration of the Lawrence 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 Lawrence 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 Lawrence County Land Reutilization Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
July 18, 2023

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(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, 2022. 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 2022 are as follows:

- The Corporation's general revenue accounted for \$216,986 or 28.81 percent of total revenue. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$536,120 or 71.19 percent of total revenues of \$753,106.
- The general fund, the Corporation's major fund, had \$542,248 in revenues and \$1,402,995 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 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.

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 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

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

on the Statement of Net Position and Statement of Activities) and the general fund is reconciled in the financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The 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, 2022 and 2021.

Table 1
Net Position

	2022	2021
Assets		
Current and Other Assets	\$3,281,675	\$3,790,574
Capital Assets, Net	5,990	4,177
Total Assets	3,287,665	3,794,751
Liabilities		
Long-Term Liabilities	631,487	639,187
Total Liabilities	631,487	639,187
Net Position		
Investment in Capital Assets	5,990	4,177
Unrestricted	2,650,188	3,151,387
Total Net Position	\$2,656,178	\$3,155,564

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Table 2 shows the change in net position for the years ending December 31, 2022 and 2021.

Table 2
Changes in Net Position

	2022	2021
Revenues		
Program Revenues:		
Charges for Services and Sales	\$325,262	\$498,782
Operating Grants and Contributions	210,858	91,230
Total Program Revenues	536,120	590,012
General Revenues:		
Grants and Entitlements not Restricted to Specific Programs	216,958	144,131
Other	28	49
Total Revenues	216,986	144,180
Expenses		
Professional and Contracts Services	350,527	9,897
Administration	128,536	121,771
Economic Development-Land Reutilization	773,429	926,536
Total Program Expenses	1,252,492	1,058,204
Change in Net Position	(499,386)	(324,012)
Net Position, Beginning of Year	3,155,564	3,479,576
Net Position, End of Year	\$2,656,178	\$3,155,564

Current and other assets decreased due to the number of properties held by the Corporation as of the end of the year. Charges for services and sales decreased due to the number of properties sold during the year. Operating grants and contributions increased due to an increase in grant revenue from the Ohio Department of Development. Grants and entitlements increased due to the amount of delinquent taxes received from the County during the year. Professional and contract services increased due to mowing expenses and demolition costs. Economic development-land reutilization decreased due to a decrease in cost of sales. Long-term liabilities decreased due to repayments that were in excess of the accrual for time spent by County employees on land bank operations.

The Corporation's Fund

The Corporation's general fund is accounted for using the accrual basis of accounting. This fund had total revenues and other financing resources of \$683,238 and expenditures of \$1,402,995, resulting in a decrease in total fund balance of \$719,757.

Capital Assets and Long-Term Debt

Capital Assets

As of December 31, 2022, the Corporation had \$5,990 in capital assets. These capital assets are reduced using the straight-line method of depreciation and are separated by class.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Table 3 shows the change in capital assets for the years ending December 31, 2022 and 2021.

Table 3
Capital Assets

	2022	2021
Furniture, Fixtures, and Equipment	\$23,565	\$17,302
Accumulated Depreciation	(17,575)	(13,125)
Total Capital Assets, Net	<u>\$5,990</u>	<u>\$4,177</u>

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

Long-Term Debt

As of December 31, 2022 and 2021, the Corporation owed \$631,487 and \$639,187, respectively, to Lawrence County for a long-term loan. See note 9 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 previously participated in the Ohio Housing Finance Agency Neighborhood Initiative Program, through the office of the United States Department of Treasury. This grant expired in 2019. However, due to remaining funds available on the Corporation's original award, OHFA allowed the Corporation to continue obligating funds in 2020. These funds were reimbursed in 2020 and 2021. Future revenues are expected to come primarily through future property sales as well as through the Ohio Department of Development's Demolition and Site Revitalization program.

Contacting the Corporation's Financial Management

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 Sue Ann Dial, Chairperson of the Board of Directors, Lawrence County Land Reutilization Corporation, 327 Vernon St., Ironton, Ohio 45638.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>
Assets	
Cash	\$440,197
Intergovernmental Receivable	210,858
Materials and Supply Inventory	732
Assets Held for Resale	2,629,888
Capital Assets:	
Depreciable Capital Assets, Net	<u>5,990</u>
Total Assets	3,287,665
Liabilities	
Long-Term Liabilities:	
Due in More Than One Year	<u>631,487</u>
Total Liabilities	631,487
Net Position	
Investment in Capital Assets	5,990
Unrestricted	<u>2,650,188</u>
Total Net Position	<u><u>\$2,656,178</u></u>

See the accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)
Statement of Activities
For the Year Ended December 31, 2022

	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	\$350,527	\$0	\$0	(\$350,527)
Administration	128,536	0	0	(128,536)
Economic Development-Land Reutilization	773,429	325,262	210,858	(237,309)
Total Governmental Activities	\$1,252,492	\$325,262	\$210,858	(716,372)
General Revenue				
Grants and Entitlements not Restricted to Specific Programs				216,958
Other				28
Total General Revenues				216,986
Change in Net Position				(499,386)
Net Position, Beginning of Year				3,155,564
Net Position, End of Year				\$2,656,178

See the accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Balance Sheet
Governmental Fund
December 31, 2022

	<u>General</u>
Assets	
Cash	\$440,197
Intergovernmental Receivable	210,858
Materials and Supply Inventory	732
Assets Held for Resale	<u>2,629,888</u>
 Total Assets	 <u><u>\$3,281,675</u></u>
 Deferred Inflows of Resources	
Unavailable Revenue	<u>\$210,858</u>
 Fund Balances	
Nonspendable:	
Assets Held for Resale	2,629,888
Unassigned	<u>440,929</u>
 Total Fund Balances	 <u><u>3,070,817</u></u>
 Total Deferred Inflows of Resources and Fund Balances	 <u><u>\$3,281,675</u></u>

See the accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2022

Fund Balances - Total Governmental Funds \$3,070,817

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. 5,990

Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.

Grants 210,858

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

Loan from Lawrence County (631,487)

Net Position of Governmental Activities \$2,656,178

See the accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2022

	General
Revenues	
Intergovernmental	\$216,958
Property Sales	325,262
Other	28
Total Revenues	542,248
Expenditures	
Professional Contracts and Services	350,527
Administration	123,897
Economic Development-Land Reutilization	773,429
Capital Outlay	6,452
Debt Service:	
Principal Retirement	148,690
Total Expenditures	1,402,995
Revenues Under Expenditures	(860,747)
Other Financing Sources	
Proceeds from Loan	140,990
Total Other Financing Sources	140,990
Net Change in Fund Balances	(719,757)
Fund Balances, Beginning of Year	3,790,574
Fund Balances, End of Year	\$3,070,817

See the accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds (\$719,757)

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 their estimated useful lives as depreciation expense.

Capital Asset Additions	6,452
Depreciation	(4,639)

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

Grants	210,858
--------	---------

Proceeds from long-term loan are reported in the statement of revenues, expenditures, and changes in fund balances as other financing sources, but are not reported as revenues in the statement of activities. (140,990)

Repayments of long-term loan principal are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position and do not result in an expense in the statement of activities. 148,690

Change in Net Position of Governmental Activities (\$499,386)

See the accompanying notes to the basic financial statements.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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), one representative from a township with the 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.

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

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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, 2022.

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.

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 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

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 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 inflows/outflows of resources 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 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.

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 of 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, 2022.

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. For the Corporation, deferred inflows of resources included unavailable revenue. Unavailable revenue is reported only on the governmental fund balance sheet and represents grants not received within the available period.

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.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 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.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. General capital assets are reported in 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 fair market 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 to 7 years.

Accrued Liabilities

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

Governmental fund payable 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. 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 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, 2022. The Corporation applies restricted resources first when an expense is incurred for which restricted and unrestricted amounts are available.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 Development of Development's Demolition and Site Revitalization Program.

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.

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 2022.

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:

Nonspendable – The nonspendable fund balance category includes amounts 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

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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.

Note 3 – Deposits

At December 31, 2022, the carrying amount of the Corporation’s bank balance was \$440,197. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2022, all of the Corporation’s bank balance of \$460,225 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) of 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 \$216,958 to the Corporation in DTAC funds in 2022.

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. The Corporation evaluated and increased coverage from the prior year.

Coverages was 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

The Corporation’s receivables consisted of grants receivable as of December 31, 2022 in the amount of \$210,858.

Note 7 - Contingent Liabilities

Litigation

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

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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, 2022, if applicable, cannot be determined at this time.

Note 8 – Fund Balance

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

- Nonspendable – Assets Held for Resale – \$2,629,888
- Unassigned – \$440,929

Note 9 – Long-Term Debt

The changes in the Corporation’s long-term liabilities during year 2022 were as follows:

	Amounts Outstanding			Amounts Outstanding		Due Within
	12/31/21	Additions	Deletions	12/31/22	One Year	
<i>Governmental Activities</i>						
Lawrence County Loan (0% Interest)	\$639,187	\$140,990	(\$148,690)	\$631,487		\$0
Total Governmental Activities	\$639,187	\$140,990	(\$148,690)	\$631,487		\$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.

Note 10 – Capital Assets

Capital assets activity for the year ended December 31, 2022 was as follows:

	Balance			Balance	
	12/31/21	Additions	Deductions	12/31/22	
<i>Governmental Activities</i>					
Capital Assets Being Depreciated:					
Furniture, Fixtures, and Equipment	\$17,302	\$6,452	(\$189)	\$23,565	
Total Capital Assets Being Depreciated	17,302	6,452	(189)	23,565	
Less Accumulated Depreciation:					
Furniture, Fixtures, and Equipment	(13,125)	(4,639)	189	(17,575)	
Total Accumulated Depreciation:	(13,125)	(4,639)	189	(17,575)	
Governmental Activities Capital Assets, Net	\$4,177	\$1,813	\$0	\$5,990	

Depreciation expense was charged to the administration expense line item.

Lawrence County Land Reutilization Corporation
(A Component Unit of Lawrence County, Ohio)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state ended April of 2023. During 2022, the Corporation did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may will impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

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

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Lawrence County Land Reutilization Corporation, Lawrence County, Ohio, a component unit of Lawrence County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Lawrence County Land Reutilization Corporation’s basic financial statements, and have issued our report thereon dated July 18, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lawrence 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 Lawrence County Land Reutilization Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Lawrence 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 Lawrence 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Lawrence County Land Reutilization Corporation

Lawrence 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 Lawrence 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*.

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



Julian & Grube, Inc.

July 18, 2023

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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 11/21/2023

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