



OHIO AUDITOR OF STATE
KEITH FABER



**JEFFERSON COUNTY LAND REUTILIZATION CORPORATION
JEFFERSON COUNTY
DECEMBER 31, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Jefferson County Land Reutilization Corporation
Jefferson County
301 Market Street, Room 105
Steubenville, Ohio 43952

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Jefferson County Land Reutilization Corporation, Jefferson County, Ohio (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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

Emphasis of Matter

As discussed in Note 9 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 Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

June 24, 2020

Jefferson County Land Reutilization Corporation
A Component Unit of Jefferson County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The discussion and analysis of Jefferson County Land Reutilization Corporation's financial performance provides an overview 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 basic financial statements and notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The Corporation continued to focus on returning property to productive use, returning property to the tax duplicate and accelerating economic or housing activity in Jefferson County communities. The Corporation works cooperatively with cities, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The Corporation acquired fifty-six properties throughout the year and made many more sales of revitalized properties during 2019. Forty-five properties were sold in 2019 and the land bank has one hundred five properties on hand at year end.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the Corporation as a financial whole or as an entire operating entity.

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

Reporting of the Corporation's Financial Activities

Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and *Statement of Activities* include all assets and liabilities using the *accrual basis of accounting* similar to the accounting method used by the private sector. The 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 changes in that position. This change in net position is important because it tells the reader whether, for the Corporation as a whole, the *financial position* of the Corporation has improved or diminished.

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

- Assets
- Deferred Outflows of Resources
- Liabilities

Jefferson County Land Reutilization Corporation
A Component Unit of Jefferson County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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

Reporting on the Corporation's Funds

Governmental Funds

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

The table below provides a summary of Corporation's net position for 2019 and 2018.

Net Position	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets			
Cash and Cash Equivalents	\$ 458,983	\$ 601,274	\$ (142,291)
Assets Held for Resale	\$ 136,983	\$ 119,666	\$ 17,317
Due from NIP	\$ 190,761	\$	\$ 190,761
Due from Parcels	\$ 11,662	\$ 6,581	\$ 5,081
Total Assets	798,389	727,521	70,868
Liabilities			
Current and Other Liabilities	35,400	4,769	30,631
Long-Term Liabilities	-	-	-
Total Liabilities	35,400	4,769	30,631
Net Position			
Unrestricted	762,989	722,752	40,237
Total Net Position	\$ 762,989	\$ 722,752	\$ 40,237

Over time, net position can serve as useful indicator of a government's financial position. At December 31, 2019, the Corporation's net position was \$762,989, an increase of \$40,237 from 2018. The Corporation's liabilities increased by \$30,632 due to demolition taking place near the end of the calendar year.

Assets held for sale as of December 31, 2019 increased by \$17,317 compared 2018 as the corporation acquired, demolished and began to revitalize an increased number of properties on hand.

Jefferson County Land Reutilization Corporation
A Component Unit of Jefferson County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The table below shows the change in net position for the year ending December 31, 2019 and December 31, 2018.

Change in Net Position	2019	2018	Change
Revenues			
Program Revenues			
Parcel Sales	\$ 58,455	\$ 73,310	\$ (14,855)
Lease Bonus and Royalty Payments	\$ 18,811	\$ 38,615	(19,804)
Operating Grants and Contributions	973,970	1,309,749	(335,779)
Total Program Revenues	<u>1,051,236</u>	<u>1,421,674</u>	<u>(370,438)</u>
General Revenues:			
Intergovernmental	\$ 94,363	\$ 195,707	\$ (101,344)
Interest	6,526	4,394	2,132
Total General Revenues	<u>100,889</u>	<u>200,101</u>	<u>(99,212)</u>
Total Revenues	<u>1,152,125</u>	<u>1,621,775</u>	<u>(469,650)</u>
Program Expenses			
General Government	\$ 92,933	\$ 75,068	\$ 17,865
Land Reutilization	1,018,955	1,265,034	(246,079)
Total Expenses	<u>1,111,888</u>	<u>1,340,102</u>	<u>(228,214)</u>
Change in Net Position	<u>\$ 40,237</u>	<u>\$ 281,673</u>	<u>\$ (241,436)</u>
Beginning Net Position	<u>\$ 722,752</u>	<u>\$ 441,079</u>	<u>\$ 281,673</u>
Ending Net Position	<u>\$ 762,989</u>	<u>\$ 722,752</u>	<u>\$ 40,237</u>

Governmental Activities

Revenues for 2019 consist of intergovernmental shared funds, Neighborhood Initiative Program grant revenue, parcel sales, and lease bonus and royalty payments. Also, the Corporation is maintaining 105 properties at the end of 2019. Revenues decreased by \$469,650 and expenses decreased by \$228,214 as a result of the Neighborhood Improvement Fund nearing its end of grant funds. Expenses decreased due to the limited acquisition of properties.

The Corporation's Funds

The Corporation's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$1,152,125 and expenditures of

Jefferson County Land Reutilization Corporation
A Component Unit of Jefferson County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

\$1,111,888. Revenues for 2019 consist of revenue primarily from Jefferson County levying delinquent tax and assessment collection, OHFA Neighborhood Initiative Program, parcel sales and lease bonus and royalty payments.

Capital Assets and Debt Administration

As of December 31, 2019, the Corporation had no capital assets or debt.

Current Financial Related Activities

The Corporation began operations on May 9, 2014. The Corporation is Jefferson County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Jefferson County. The purpose of the Corporation is to strengthen neighborhoods in Jefferson County by returning vacant and abandoned properties to productive use. By strategically acquiring properties, the Corporation works to reduce blight, promote economic development, increase property values, and thereby improve the quality of life of all Jefferson County residents. The principal operating revenues of the Corporation is revenue from property dispositions and grants.

Requests 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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Raymond Agresta, Chairman, 301 Market Street, First Floor, Steubenville, Ohio 43952.

JEFFERSON COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF JEFFERSON COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash in Bank - Wesbanco	\$ 458,983
Assets Held for Resale	136,983
Due from Neighborhood Initiative Program	190,761
Due from Parcel Sales	11,662
TOTAL ASSETS	\$ 798,389
 LIABILITIES	
Accounts Payable	\$ 35,400
TOTAL LIABILITIES	\$ 35,400
 NET POSITION	
Unrestricted	762,989
TOTAL NET POSITION	\$ 762,989

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF JEFFERSON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

		<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES</u>
	<u>EXPENSES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>		<u>GOVERNMENTAL ACTIVITIES</u>
GOVERNMENTAL ACTIVITIES				
Current:				
General Government	\$ 92,933	\$ -	\$	(92,933)
Land Reutilization	1,018,955	1,051,236	\$	32,281
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,111,888</u>	<u>\$ 1,051,236</u>	<u>\$</u>	<u>(60,652)</u>
GENERAL REVENUE				
Intergovernmental Shared Revenue				94,363
Interest				<u>6,526</u>
TOTAL GENERAL REVENUES				100,889
CHANGE IN NET POSITION				40,237
NET POSITION - BEGINNING OF YEAR				<u>722,752</u>
NET POSITION - END OF YEAR			<u>\$</u>	<u>762,989</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**JEFFERSON COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF JEFFERSON COUNTY
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2019**

General

ASSETS

Cash in Bank - Wesbanco	\$ 458,983
Assets Held for Resale	136,983
Due from Neighborhood Initiative Program	190,761
Due from Parcel Sales	<u>11,662</u>
TOTAL ASSETS	<u>\$ 798,389</u>

LIABILITIES

Accounts Payable	<u>\$ 35,400</u>
TOTAL LIABILITIES	<u>\$ 35,400</u>

FUND BALANCES

Nonspendable, Assets Held for Resale	\$ 136,983
Unassigned	<u>626,006</u>
Total Fund Balances	<u>762,989</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 798,389</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY LAND REUTILIZATION CORPORATION
A COMPONENT UNIT OF JEFFERSON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2019

	<u>General</u>
REVENUES	
Parcel Sales	\$ 58,455
Lease Bonus and Royalty Payments	18,811
Intergovernmental Shared Revenue	1,068,333
Interest Income	6,526
Total Revenues	1,152,125
EXPENDITURES	
Current:	
General Government	92,933
Land Reutilization	1,018,955
Total Expenditures	1,111,888
Net Change in Fund Balance	40,237
FUND BALANCE - BEGINNING OF YEAR	<u>722,752</u>
FUND BALANCE - END OF YEAR	<u>\$ 762,989</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JEFFERSON COUNTY LAND REUTILIZATION CORPORATION JEFFERSON COUNTY
A COMPONENT UNIT OF JEFFERSON COUNTY**

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Jefferson County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on May 9, 2014 when the Jefferson County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Jefferson County (the County) by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03(B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of no less than five and no more than nine members, including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The Corporation is a legally separate entity and meets the requirements to be reported by the County as a discretely presented component unit in the County's basic financial statements. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

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.

A. 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 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.

**JEFFERSON COUNTY LAND REUTILIZATION CORPORATION JEFFERSON COUNTY
A COMPONENT UNIT OF JEFFERSON COUNTY**

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

B. Fund Accounting

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

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

Governmental Funds Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the Corporation's governmental fund.

General Fund The general fund accounts for all financial resources that are not required to be separately accounted for. The general fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using a flow of economic resource measurement focus. All assets and all liabilities associated with the operation of the Corporation are included on the Statement of Net Position. The Statement of Activities presents increases and decreases 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 current liabilities 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.

D. 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. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

**JEFFERSON COUNTY LAND REUTILIZATION CORPORATION JEFFERSON COUNTY
A COMPONENT UNIT OF JEFFERSON COUNTY**

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-exchange 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 thirty days of year-end.

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

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

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.

E. Federal Income Tax

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

F. Cash and Cash Equivalents

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

G. Assets Held for Resale

Assets held for resale represents properties held by the Corporation that the Corporation intends to sell to a third party. These assets are valued at the estimated net realizable value. The Corporation holds properties until the parcel is either sold to a new homeowner, sold to an individual who will rehabilitate the parcel, or the home on the property is demolished.

**JEFFERSON COUNTY LAND REUTILIZATION CORPORATION JEFFERSON COUNTY
A COMPONENT UNIT OF JEFFERSON COUNTY**

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Net Position

Net position represents the difference between assets/deferred outflow of resources and liabilities/deferred inflows of resources. The Corporation did not have any deferred outflow of resources and deferred inflow of resources as of December 31, 2019. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Directors or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net assets at December 31, 2019. The Corporation applies restricted resources first when an expense is incurred for which both restricted and unrestricted net positions are available.

I. 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.

J. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

1. Non-spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

2. Restricted

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

3. Committed

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

4. Assigned

Assigned fund balance includes amounts that are constrained by the Corporation's intent to be used for specific purposes, but are neither restricted nor committed.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

JEFFERSON COUNTY LAND REUTILIZATION CORPORATION JEFFERSON COUNTY
A COMPONENT UNIT OF JEFFERSON COUNTY

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

K. Intergovernmental Revenue

The Corporation receives operating income through Jefferson 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2019, the Corporation has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Corporation.

**JEFFERSON COUNTY LAND REUTILIZATION CORPORATION JEFFERSON COUNTY
A COMPONENT UNIT OF JEFFERSON COUNTY**

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 4 - DEPOSITS

At December 31, 2019, the carrying amount of the Corporation's deposits was \$458,983. Based on the criteria described in GASB Statement Number 40, Deposits and Investment Risk Disclosures, as of December 31, 2019, a portion (\$250,000) of the Corporation's bank balance of \$458,983 was covered by Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure that the Corporation's deposits may not be returned to it. Protection of The Corporation's cash and deposits is provided by the FDIC or collateralized by the financial institution.

The Corporation has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Corporation's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

NOTE 5 - RECEIVABLES

At December 31, 2019, receivables consisted of \$202,423. Of this amount, \$190,761 was due from the Ohio Housing Finance Agency's (OHFA) Neighborhood Initiative Program and \$11,662 was due from the several parcel sales to neighboring residents of parcels in Jefferson County. These amounts are expected to be collected in the subsequent year.

NOTE 6 – RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the Corporation contracted with West Bend Insurance and Oklok-Criss Insurance for various types of insurance as follows:

Type	Coverage
General Aggregate	\$1,000,000/\$2,000,000
Liability Property	1,000,000
Commercial General Liability	1,000,000
Personal Injury	1,000,000
Business Personal Property	150,000
Ohio Employers Liability	1,700,000
Directors/Officers Liability	2,000,000
Employment Practices Liability	1,000,000
Employee Dishonesty	225,000
Employee Benefits Liability	1,000,000/3,000,000
Umbrella Coverage	5,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past years and there was no significant change in insurance coverage from the prior year.

**JEFFERSON COUNTY LAND REUTILIZATION CORPORATION JEFFERSON COUNTY
A COMPONENT UNIT OF JEFFERSON COUNTY**

Notes to the Basic Financial Statements For the Year Ended December 31, 2019

NOTE 7 – RELATED PARTY TRANSACTIONS

The Corporation acts as the lead agency on the Neighborhood Initiative Program. As of December 31, 2019, the Neighborhood Initiative Program has reimbursed the Corporation \$972,550. The Corporation receives operating income through Jefferson County. This money represents the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid. The revenue collected by the Corporation for Delinquent Tax and Assessment Collection was \$94,363 for the year ending December 2019.

NOTE 8 – CONTINGENCIES

The Corporation received financial assistance from State agencies in the form of grants. The disbursements of funds received under these programs generally require 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation.

NOTE 9 – SUBSEQUENT EVENTS

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 emergency 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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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Jefferson County Land Reutilization Corporation
Jefferson County
301 Market Street, Room 105
Steubenville, Ohio 43952

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Jefferson County Land Reutilization Corporation, Jefferson County, (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 June 24, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

June 24, 2020

OHIO AUDITOR OF STATE KEITH FABER



JEFFERSON COUNTY LAND REUTILIZATION CORPORATION

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 16, 2020**