



Dave Yost • Auditor of State

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY
DECEMBER 31, 2017**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Trumbull County Land Reutilization Corporation
Trumbull County
160 High Street NW, FL2A
Warren, Ohio 44481

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Trumbull County Land Reutilization Corporation, Trumbull County, Ohio (the Corporation), as of and for the year ended December 31, 2017, and 2016, 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 Corporations 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 Trumbull County Land Reutilization Corporation, Trumbull County, Ohio, as of December 31, 2017, and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require 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 30, 2018, 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.



Dave Yost
Auditor of State
Columbus, Ohio

June 30, 2018

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(UNAUDITED)

The management's discussion and analysis of the Trumbull 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, 2017. 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 the notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- The total net position of the Corporation increased \$75,871 due to operating revenues of \$704,538 and non-operating revenues of \$2,127,596 exceeding expenses of \$2,756,263 during 2017.
- The Corporation had revenues of \$2,832,134 and expenses of \$2,756,263. The net increase in net position of the Corporation was \$75,871 or 3.85%.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Corporation as a financial whole, an entire operating entity. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the Corporation as a whole, presenting both an aggregate view of the Corporation's finances and a longer-term view of those finances.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The basic financial statements are comprised of the *statement of net position*, the *statement of revenues, expenses and change in net position*, the *statement of cash flows*, and the *notes to the financial statements*.

- The *statement of net position* presents information on all of the Corporation's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.
- The *statement of revenues, expenses and change in net position* presents information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *statement of cash flows* presents information showing in greater detail how the Corporation received and disbursed cash during the most recent fiscal years.

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TRUMBULL COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
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- The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The Corporation's financial statements consist of a single enterprise fund (a proprietary fund type), as the Corporation intends to recover all or a significant portion of its costs through user fees and charges (known as "business-type activities").

Financial Analysis

The net position of the Corporation is summarized for the purpose of determining the overall financial position. At December 31, 2017, the Corporation's assets exceeded liabilities by \$2,043,116, while at December 31, 2016, the Corporation's assets exceeded liabilities by \$1,967,245.

A comparative analysis of the data is presented below:

	Net Position		
	<u>Business-Type Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Current and other assets	\$2,043,248	\$1,921,789	\$1,283,328
Capital assets, net	2,318	47,906	33,252
Total assets	2,045,566	1,969,695	1,316,580
<u>Liabilities</u>			
Current and other liabilities	2,450	2,450	2,450
Total liabilities	2,450	2,450	2,450
<u>Net Position</u>			
Investment in capital assets	2,318	47,906	33,252
Restricted	206,884	142,009	75,943
Unrestricted	1,833,914	1,777,330	1,204,935
Total net position	<u>\$2,043,116</u>	<u>\$1,967,245</u>	<u>\$1,314,130</u>

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(UNAUDITED)

A portion of the Corporation's net position, \$2,318, or 0.11%, at December 31, 2017, reflects its investment in capital assets. These assets are not available for future spending. Investment in capital assets at December 31, 2016, was \$47,906 which represents 2.44% of the Corporation's net position. The table below shows the comparative analysis of changes in net position.

	Change in Net Position		
	<u>Business-Type Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues			
Operating revenues:			
Parcel sales and other revenue	\$ 704,538	\$ 655,002	\$ 469,269
Total operating revenues	704,538	655,002	469,269
Non-operating revenues:			
Grants and contributions	2,127,596	1,377,780	1,306,310
Total non-operating revenues	2,127,596	1,377,780	1,306,310
Total revenues	2,832,134	2,032,782	1,775,579
Expenses			
Operating expenses	2,756,263	1,379,667	1,522,453
Total expenses	2,756,263	1,379,667	1,522,453
Change in net position	75,871	653,115	253,126
Net position at beginning of year	1,967,245	1,314,130	1,061,004
Net position at end of year	<u>\$2,043,116</u>	<u>\$1,967,245</u>	<u>\$1,314,130</u>

Business-Type Activities

Business-Type Activities net position increased by \$75,871 during 2017.

Expenses for 2017 totaled \$2,756,263. The largest expense of the Corporation consists of reimbursement payments to cities and townships of Trumbull County for demolition costs in the amount of \$1,487,520 which represents 53.97% of total expenses.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
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In 2017 revenues from grants and contributions total \$2,127,177. The primary sources of this revenue consist of funds from the Ohio Neighborhood Initiative Program totaling \$1,628,670 or 76.57% and of 5% of all collections of delinquent property taxes in Trumbull County which amounted to \$483,727 or 22.74% of total grant and contribution revenues during 2017. The remaining grant and contribution revenue of \$14,780 (0.69%) was received from donations.

In 2016 demolition costs totaled \$907,554 and represented 65.78% of the total expenses which were \$1,379,667. In 2016 revenues from grants and contributions total \$1,377,476. The primary sources of this revenue consist of funds from the Ohio Neighborhood Initiative Program totaling \$1,015,666 or 73.73% and of 5% of all collections of delinquent property taxes in Trumbull County which amounted to \$349,849 or 25.40% of total grant and contribution revenues during 2016. The remaining grant and contribution revenue of \$11,961 (0.87%) was received from donations.

Capital Assets

Capital assets are comprised of computers and the related software, a vehicle, miscellaneous furniture and equipment, land, and construction in process.

Other Assets

Other assets consist of the Corporation's share of delinquent tax receivable, receivables from land contract parcel sales, prepaid expenses, and a loan receivable.

Debt Administration

As of December 31, 2017, the Corporation does not have any debt.

Current Financial Related Activities

Trumbull County formed the Trumbull County Land Reutilization Corporation on November 10, 2010. The Corporation is a component unit of Trumbull County, Ohio. The purpose of the Corporation is for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property in the county.

Contacting the Corporation's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Mr. Sam Lamancusa, Treasurer, Trumbull County, 160 High Street NW, Warren, OH 44481.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 277,065	\$ 275,876
Due from other governments	535,488	651,761
Land contracts receivable	1,190	7,890
Vendor receivable	0	9,800
Current portion of loan receivable	9,300	0
Inventory asset	1,071,250	966,900
Prepaid expenses	9,815	9,562
TOTAL CURRENT ASSETS	1,904,108	1,921,789
CAPITAL ASSETS		
Land	0	2,400
Construction in process	0	40,220
Computers	747	747
Computer software	45,498	45,498
Vehicles	3,500	3,500
Furniture & equipment	953	953
	50,698	93,318
Less: accumulated depreciation	(48,380)	(45,412)
NET CAPITAL ASSETS	2,318	47,906
OTHER ASSETS		
Loan receivable (net of current portion)	139,140	0
TOTAL OTHER ASSETS	139,140	0
TOTAL ASSETS	\$ 2,045,566	\$ 1,969,695
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Escrow deposits payable	\$ 2,450	\$ 2,450
TOTAL CURRENT LIABILITIES	2,450	2,450
TOTAL LIABILITIES	2,450	2,450
NET POSITION		
Investment in capital assets	2,318	47,906
Restricted	206,884	142,009
Unrestricted	1,833,914	1,777,330
TOTAL NET POSITION	2,043,116	1,967,245
TOTAL LIABILITIES AND NET POSITION	\$ 2,045,566	\$ 1,969,695

See accompanying notes.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Parcel sales	\$ 694,902	\$ 651,804
Fee offsets	175	0
Salvage income	7,746	498
Reimbursements	1,715	2,700
TOTAL OPERATING REVENUES	704,538	655,002
 OPERATING EXPENSES		
Cost of sales	1,780,397	679,051
Asbestos inspections	145,975	56,902
Board up supplies	1,650	4,023
Contract services	0	0
Court services	41,126	95
Deed preparation	13,971	8,491
Equipment expenses	598	0
Facilitator fees	150,000	150,000
Filing fees	(10)	171
Fuel	519	663
Licenses & permits	25	10
NIP expenses	328,931	210,234
Program fees	0	0
Property inspections	11,400	27,050
Property maintenance	39,125	35,762
Publications	0	0
Recording fees	0	7,244
Security	1,908	2,813
Signage	1,189	724
Supplies	3,140	4,845
Surveying	1,700	4,200
Utilities	4,555	7,493
Vehicle expense	1,369	1,076
Advertising & marketing	75,806	59,162
Automobile	4,432	10,286
Bank fees	42	671
Books, subscriptions, reference	0	60
Computer & internet expense	12,144	5,151
Depreciation	2,968	16,188
Donations	42,620	10,000
Insurance	27,830	29,837
Memberships & dues	0	1,275
Office supplies	399	0
Postage & delivery	23	563
Printing & copying	317	211
Professional fees - accounting	14,400	14,400
Professional fees - legal	36,806	18,799
Professional fees - state audit	7,085	9,049
Supplies	225	118
Telephone	2,345	2,041

See accompanying notes.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Travel - conference & meetings	1,114	45
Travel expenses	139	964
TOTAL OPERATING EXPENSES	2,756,263	1,379,667
OPERATING INCOME (LOSS)	(2,051,725)	(724,665)
NON-OPERATING REVENUES/(EXPENSES)		
Ohio Home Assist NIP	1,628,670	1,015,666
DTAC share	483,727	349,849
Donations	14,780	11,961
Royalty revenue	184	304
Interest revenue	235	0
TOTAL NON-OPERATING REVENUES/(EXPENSES)	2,127,596	1,377,780
CHANGE IN NET POSITION	75,871	653,115
NET POSITION BEGINNING OF YEAR	1,967,245	1,314,130
NET POSITION END OF YEAR	\$ 2,043,116	\$ 1,967,245

See accompanying notes.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from parcel sales	\$ 701,602	\$ 657,804
Other cash receipts	9,636	3,198
Cash payments for inventory	(1,884,747)	(1,248,701)
Other cash payments	(920,478)	(694,228)
	(2,093,987)	(1,281,927)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	1,628,670	1,015,666
DTAC share received	600,000	200,000
Donations received	14,780	11,961
Royalty revenue	184	304
Interest revenue	235	0
	2,243,869	1,227,931
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash used to purchase capital assets	0	(30,842)
Cash used for prepaid recording fees	(253)	(9,272)
	(253)	(40,114)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash loaned	(150,000)	0
Principal received on loaned amounts	1,560	0
	(148,440)	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,189	(94,110)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	275,876	369,986
CASH AND CASH EQUIVALENTS AT END OF YEAR	277,065	275,876

See accompanying notes.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (2,051,725)	\$ (724,665)
Adjustments		
Depreciation	2,968	16,188
Non-cash donation	42,620	0
(Increase) decrease in assets		
Land contracts receivable	6,700	6,000
Vendor receivable	9,800	(9,800)
Inventory asset	(104,350)	(569,650)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(2,093,987)	(1,281,927)

See accompanying notes.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

The Trumbull County Land Reutilization Corporation (the “Corporation”) is a county land reutilization corporation that was formed on November 10, 2010, when the Trumbull County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code to exercise the powers and perform the duties of a county with respect to land reutilization under Chapter 5722 of the Ohio Revised Code. The purpose of the Corporation is for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property in the county. The Corporation is a component unit of Trumbull County, Ohio.

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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation’s significant accounting policies are described below.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Corporation uses a single proprietary or enterprise fund to account for and report its financial activities, which are limited to *business-type activities* – i.e., activities that are financed in whole or in part by fees charged to external parties and are operated in a manner similar to private business where the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Property sales associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period.

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.

Operating and Non-operating Revenues and Expenses

As a business-type activity, the Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are mostly comprised of revenues from the sales of property. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation’s mission. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position

Cash and cash equivalents

All monies received by the Corporation are deposited in a demand deposit account, with the exception of some deposits being made for the purchase of real estate which are placed into an interest on trust accounts (IOTA) escrow account to be held until the completion of certain objectives. The balance in the IOTA account was \$206,884 at December 31, 2017, and \$142,009 at December 31, 2016. Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. The Corporation had no investments during the years of or at the end of the years 2017 or 2016.

Restricted assets

Certain amounts of cash are classified as restricted because their use is restricted by grant agreements or requirements for the purchase of real estate. Restricted cash balances at December 31, 2017 and 2016, are \$206,884 and \$142,009, respectively.

Due from other governments

Amounts due from other governments are receivables stated at their outstanding balance. The Corporation considers all amounts to be fully collectible. If collection becomes doubtful, the Corporation will either set up an allowance for doubtful accounts, or if deemed completely uncollectible, the amounts will be charged against income in the current period. Management does not believe a reserve for uncollectible receivables is necessary at December 31, 2017 or 2016.

Land contracts receivable

Land contracts receivable are receivables from parcel sales and are stated at their outstanding balance. The Corporation considers all amounts to be fully collectible. If amounts become uncollectible, the Corporation will identify them and record them as bad debt in the period that they become uncollectible. There was no bad debt in 2017 or 2016.

Inventory asset

The Corporation's inventory consists of any unsold parcels that have been transferred into the name of the Corporation. The values placed on these parcels are based solely on the expense incurred by the Corporation that directly pertains to said parcels not to exceed the expected net realizable value. Inventory value was \$1,071,250 and \$966,900 at December 31, 2017 and 2016, respectively.

Capital Assets

The Corporation follows the practice of capitalizing expenses for property and equipment whose cost is in excess of \$250. The costs of additions and improvements which substantially extend the useful life of a particular asset are capitalized. Routine repair and maintenance costs are expensed in the period they are incurred.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation's equipment and vehicles are depreciated primarily using the straight-line method. Estimated useful lives of assets are as follows:

Computer software	3 years
Computer equipment	5 years
Vehicles	5 years
Furniture & equipment	7 years

Depreciation expenses were \$2,968 and \$16,188 for the years ended December 31, 2017 and 2016, respectively.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Corporation has no borrowings as of December 31, 2017 or 2016.
- b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is \$206,884 and \$142,009 at December 31, 2017 and 2016, respectively.
- c. Unrestricted net position - all other assets that do not meet the definition of net investment in capital assets or restricted net position.

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 and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2017 or 2016.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

The Corporation maintains cash balances at Huntington National Bank, located in the Northeastern Ohio area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the Corporation's uninsured cash balances totaled \$27,065. At December 31, 2016, the Corporation's uninsured cash balances totaled \$25,876.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4 – RECEIVABLES

Amounts due from other governments at December 31, 2017 and 2016, consist of the Corporation's share of Trumbull County's Delinquent Tax Assessment and Collection (DTAC) fund. At December 31, 2017 and 2016, amounts due from other governments are \$535,488 and \$651,761, respectively.

As of December 31, 2017, there was one land contract agreement receivable and as of December 31, 2016, there were two separate land contract agreement receivables. Total land contracts receivable were \$1,190 at December 31, 2017, and \$7,890 at December 31, 2016.

Vendor receivable represents an overpayment of an expense that was repaid in full. Vendor receivable at December 31, 2016, was \$9,800. There were no vendor receivables at December 31, 2017.

NOTE 5 – CONSTRUCTION IN PROCESS

Construction in process consists of a building purchased that was being rehabilitated. In 2017, the Corporation donated the building to Trumbull Neighborhood Partnership which is a non-profit organization who facilitates much of the work performed for Trumbull County Land Reutilization Corporation.

NOTE 6 – PREPAID EXPENSES

Prepaid expenses consist of payments made to the county recorder in advance for future recording fees and for a software maintenance contract. The prepaid recording fees are reimbursed to the Corporation at the time of closing of parcel sales. This practice began in August 2015. Prepaid recording fees at December 31, 2017 and 2016, amounted to \$924 and \$1,227, respectively.

The prepaid maintenance contract is a 12 month contract that is renewed annually and began in October 2016. The remaining balance on the prepaid maintenance contract at December 31, 2017 and December 31, 2016 is \$8, 891 and \$8,335, respectively.

NOTE 7 – CAPITAL ASSETS

Capital assets at December 31, 2017, consisted of:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Computers	\$ 747	\$ 747	\$ 0
Computer Software	\$ 45,498	\$ 43,514	\$ 1,984
Vehicles	\$ 3,500	\$ 3,500	\$ 0
Furniture & Equipment	<u>\$ 953</u>	<u>\$ 619</u>	<u>\$ 334</u>
	\$ 50,698	\$ 48,380	\$ 2,318

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7 – CAPITAL ASSETS (Continued)

Capital assets at December 31, 2016, consisted of:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 2,400	\$ 0	\$ 2,400
Construction in process	\$ 40,220	\$ 0	\$ 40,220
Computers	\$ 747	\$ 598	\$ 149
Computer Software	\$ 45,498	\$ 40,868	\$ 4,630
Vehicles	\$ 3,500	\$ 3,500	\$ 0
Furniture & Equipment	<u>\$ 953</u>	<u>\$ 446</u>	<u>\$ 507</u>
	\$ 93,318	\$ 45,412	\$ 47,906

NOTE 8 – LOAN RECEIVABLE

On October 19, 2017, the Corporation entered into a loan agreement with Trumbull Neighborhood Partnership (TNP) for the purpose of loaning money to be used to finish restoration of the donated property. The terms of the loan are as follows:

Loan amount:	\$150,000
Interest rate:	1.00% compounded monthly
Loan term:	15 years
Monthly payment:	\$897.74

The balance of the loan at December 31, 2017 is \$148,440.

NOTE 9 – COST OF SALES

Cost of sales for 2017 and 2016 consists of:

	<u>2017</u>	<u>2016</u>
Demolition	\$ 1,487,520	\$ 349,805
Parcel rehab	172,018	221,506
Title searches	<u>120,859</u>	<u>107,740</u>
	<u>\$ 1,780,397</u>	<u>\$ 679,051</u>

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 – TRANSACTIONS WITH TRUMBULL COUNTY

Pursuant to and in accordance with Section 321.621 (B) of the Ohio Revised Code, the Corporation has been authorized by the Trumbull County Board of Commissioners to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment and Collection (DTAC) fund and will be available for appropriation by the Corporation to fund operations. At December 31, 2017, the Corporation recognized revenues of \$483,727 for these fees that were collected by the County in 2017 and \$349,849 for these fees that were collected by the County in 2016. The Corporation received \$600,000 of the DTAC amounts receivable in 2017 and \$200,000 of the DTAC amounts receivable in 2016.

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Dave Yost • Auditor of State

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

Trumbull County Land Reutilization Corporation
Trumbull County
160 High Street NW, FL2A
Warren, Ohio 44481

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 Trumbull County Land Reutilization Corporation, Trumbull County, (the Corporation), a component unit of Trumbull County, as of and for the year ended December 31, 2017, 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 30, 2018.

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 opinions 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 30, 2018



Dave Yost • Auditor of State

TRUMBULL COUNTY LAND REUTILIZATION

TRUMBULL 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
AUGUST, 23 2018