



Dave Yost • Auditor of State



**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION  
TRUMBULL COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statements of Net Position.....	7
Statements of Revenues, Expenses, and Changes in Net Position.....	8
Statements of Cash Flows.....	10
Notes to the Basic Financial Statements .....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19

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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 years ended December 31, 2016, and 2015, 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 those risks of financial statement material 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 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 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, 2016, and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 August 4, 2017, 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

August 4, 2017

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(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, 2016. 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 2016 are as follows:

- The total net position of the Corporation increased \$653,115 due to operating revenues of \$655,002 and non-operating revenues of \$1,377,780 exceeding expenses of \$1,379,667 during 2016.
- The Corporation had revenues of \$2,032,782 and expenses of \$1,379,667. The net increase in net position of the Corporation was \$653,115 or 61.56%.

### **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.

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(UNAUDITED)**

- 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, 2016, the Corporation's assets exceeded liabilities by \$1,967,245, while at December 31, 2015, the Corporation's assets exceeded liabilities by \$1,314,130.

A comparative analysis of the data is presented below:

**Net Position**

	Business-Type Activities		
	2016	2015	2014
<u>Assets</u>			
Current and other assets	\$ 1,921,789	\$ 1,283,328	\$ 1,036,377
Capital assets, net	47,906	33,252	27,077
Total assets	1,969,695	1,316,580	1,063,454
<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	47,906	33,252	27,077
Restricted	142,009	75,943	87,287
Unrestricted	1,777,330	1,204,935	946,640
Total net position	\$ 1,967,245	\$ 1,314,130	\$ 1,061,004



**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(UNAUDITED)**

A portion of the Corporation's net position, \$47,906, or 2.44%, at December 31, 2016, reflects its investment in capital assets. These assets are not available for future spending. Investment in capital assets at December 31, 2015, was \$33,252 which represents 2.53% of the Corporation's net position.

The table below shows the comparative analysis of changes in net position.

	<b>Change in Net Position</b>		
	<u>Business-Type Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>			
Operating revenues:			
Parcel sales and other revenue	\$ 655,002	\$ 469,269	\$ 524,815
Total operating revenues	655,002	469,269	524,815
Non-operating revenues:			
Grants and contributions	1,377,780	1,306,310	1,638,569
Total non-operating revenues	1,377,780	1,306,310	1,638,569
Total revenues	2,032,782	1,775,579	2,163,384
<b>Expenses</b>			
Operating expenses	1,379,667	1,522,453	1,847,585
Total expenses	1,379,667	1,522,453	1,847,585
Change in net position	653,115	253,126	315,799
Net position at beginning of year	1,314,130	1,061,004	745,205
Net position at end of year	<u>\$ 1,967,245</u>	<u>\$ 1,314,130</u>	<u>\$ 1,061,004</u>

**Business-Type Activities**

Business-Type Activities net position increased by \$653,115 during 2016.

Expenses for 2016 totaled \$1,379,667. The largest expense of the Corporation consists of reimbursement payments to cities and townships of Trumbull County for demolition costs in the amount of \$907,554 which represents 65.78% of total expenses.

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(UNAUDITED)**

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.

In 2015 demolition costs totaled \$902,265 and represented 59.26% of the total expenses which were \$1,522,453. To offset the demolition costs, grant money was received from the Moving Ohio Forward grant program totaling \$48,823 or 3.74% of 2015 revenues from grants and donations. Of the remaining \$1,257,473 of the \$1,306,296 of total grant and donation revenues, \$703,956 or 53.89% came from the Ohio Neighborhood Initiative Program and \$478,853 or 36.66% came as a result of 5% of all collections of delinquent property taxes in Trumbull County while the remaining \$74,664 (5.72%) 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 and receivables from land contract parcel sales.

***Debt Administration***

As of December 31, 2016, 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, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 275,876	\$ 369,986
Due from other governments	651,761	501,912
Land contracts receivable	7,890	13,890
Vendor receivable	9,800	0
Inventory asset	966,900	397,250
Prepaid expenses	<u>9,562</u>	<u>290</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,921,789</b>	<b>1,283,328</b>
<b>CAPITAL ASSETS</b>		
Land	2,400	2,400
Construction in process	40,220	9,378
Computers	747	747
Computer software	45,498	45,498
Vehicles	3,500	3,500
Furniture & equipment	<u>953</u>	<u>953</u>
	93,318	62,476
Less: accumulated depreciation	<u>(45,412)</u>	<u>(29,224)</u>
<b>NET CAPITAL ASSETS</b>	<b>47,906</b>	<b>33,252</b>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,969,695</u></b>	<b><u>\$ 1,316,580</u></b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Escrow deposits payable	<u>\$ 2,450</u>	<u>\$ 2,450</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,450</u>	<u>2,450</u>
<b>TOTAL LIABILITIES</b>	<b>2,450</b>	<b>2,450</b>
<b>NET POSITION</b>		
Investment in capital assets	47,906	33,252
Restricted	142,009	75,943
Unrestricted	<u>1,777,330</u>	<u>1,204,935</u>
<b>TOTAL NET POSITION</b>	<b>1,967,245</b>	<b>1,314,130</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 1,969,695</u></b>	<b><u>\$ 1,316,580</u></b>

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, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Parcel sales	\$ 651,804	\$ 460,422
Fee offsets	0	3,000
Salvage income	498	4,506
Reimbursements	2,700	1,341
TOTAL OPERATING REVENUES	655,002	469,269
OPERATING EXPENSES		
Cost of sales	679,051	857,084
Asbestos inspections	56,902	91,157
Board up supplies	4,023	1,051
Contract services	0	17,190
Court services	95	359
Deed preparation	8,491	9,190
Equipment expenses	0	105
Facilitator fees	150,000	135,000
Filing fees	171	148
Fuel	663	153
Licenses & permits	10	200
NIP expenses	210,234	96,621
Program fees	0	50,728
Property inspections	27,050	5,765
Property maintenance	35,762	91,389
Publications	0	12,996
Recording fees	7,244	1,404
Security	2,813	3,050
Signage	724	3,330
Supplies	4,845	5,971
Surveying	4,200	4,400
Utilities	7,493	5,554
Vehicle expense	1,076	178
Advertising & marketing	59,162	35,985
Automobile	10,286	7,141
Bank fees	671	110
Books, subscriptions, reference	60	110
Computer & internet expense	5,151	327
Depreciation	16,188	14,179
Donations	10,000	5,000
Insurance	29,837	17,672
Memberships & dues	1,275	0
Office supplies	0	139
Postage & delivery	563	411
Printing & copying	211	437
Professional fees - accounting	14,400	14,400
Professional fees - legal	18,799	21,365
Professional fees - state audit	9,049	6,458
Supplies	118	116
Telephone	2,041	1,446

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, 2016 AND 2015

	2016	2015
Travel - conference & meetings	45	3,543
Travel expenses	964	591
TOTAL OPERATING EXPENSES	1,379,667	1,522,453
OPERATING INCOME (LOSS)	(724,665)	(1,053,184)
 NON-OPERATING REVENUES/(EXPENSES)		
Moving Ohio Forward grant	0	48,823
Ohio Home Assist NIP	1,015,666	703,956
DTAC share	349,849	478,853
Donations	11,961	74,664
Royalty revenue	304	14
TOTAL NON-OPERATING REVENUES/(EXPENSES)	1,377,780	1,306,310
CHANGE IN NET POSITION	653,115	253,126
NET POSITION BEGINNING OF YEAR	1,314,130	1,061,004
NET POSITION END OF YEAR	\$ 1,967,245	\$ 1,314,130

See accompanying notes.

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from parcel sales	\$ 657,804	\$ 467,672
Other cash receipts	3,198	8,847
Cash payments for inventory	(1,248,701)	(1,084,627)
Other cash payments	(694,228)	(651,190)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,281,927)	(1,259,298)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating grants received	1,015,666	752,779
DTAC share received	200,000	600,000
Donations received	11,961	74,664
Royalty revenue	304	14
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	1,227,931	1,427,457
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash used to purchase capital assets	(30,842)	(10,976)
Construction in process		(9,378)
Cash used for prepaid recording fees	(9,272)	(290)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(40,114)	(20,644)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(94,110)	147,515
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	369,986	222,471
CASH AND CASH EQUIVALENTS AT END OF YEAR	275,876	369,986

See accompanying notes.

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (724,665)	\$ (1,053,184)
Adjustments		
Depreciation	16,188	14,179
(Increase) decrease in assets		
Land contracts receivable	6,000	28,025
Vendor receivable	(9,800)	0
Inventory asset	(569,650)	(248,318)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,281,927)	(1,259,298)

See accompanying notes.

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**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 AND 2015**

**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 \$142,009 at December 31, 2016, and \$75,943 at December 31, 2015. 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 2016 or 2015.

*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, 2016 and 2015, are \$142,009 and \$75,943, 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, 2016 or 2015.

*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 2016 or 2015. In 2015, one land contract receivable was mutually terminated and the parcel was repurchased for the remaining outstanding balance of \$20,775.

*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 \$966,900 and \$397,250 at December 31, 2016 and 2015, 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, 2016 AND 2015**

**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 \$16,188 and \$14,179 for the years ended December 31, 2016 and 2015, 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, 2016 or 2015.
- 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 \$142,009 and \$75,943 at December 31, 2016 and 2015, 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 2016 or 2015.

**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, 2016, the Corporation's uninsured cash balances totaled \$25,876. At December 31, 2015, the Corporation's uninsured cash balances totaled \$119,986.

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 4 – RECEIVABLES**

Amounts due from other governments at December 31, 2016 and 2015, consist of the Corporation’s share of Trumbull County’s Delinquent Tax Assessment and Collection (DTAC) fund. At December 31, 2016 and 2015, amounts due from other governments are \$651,761 and \$501,912, respectively.

As of December 31, 2016 and 2015, there were two separate land contract agreement receivables. Total land contracts receivable were \$7,890 at December 31, 2016, and \$13,890 at December 31, 2015.

Vendor receivable represents an overpayment of an expense that is expected to be repaid in full. Vendor receivable at December 31, 2016, was \$9,800. There were no vendor receivables at December 31, 2015.

**NOTE 5 – CONSTRUCTION IN PROCESS**

Construction in process consists of a building purchased that is in the process of being rehabilitated.

**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, 2016 and 2015, amounted to \$1,227 and \$290, respectively.

The prepaid maintenance contract is for 12 months and began in October 2016. The remaining balance on the prepaid maintenance contract at December 31, 2016 is \$8,335.

**NOTE 7 – CAPITAL ASSETS**

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

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION**  
**TRUMBULL COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 7 – CAPITAL ASSETS (Continued)**

Capital assets at December 31, 2015, consisted of:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 2,400	\$ 0	\$ 2,400
Construction in process	\$ 9,378	\$ 0	\$ 9,378
Computers	\$ 747	\$ 448	\$ 299
Computer Software	\$ 45,498	\$ 25,702	\$ 19,796
Vehicles	\$ 3,500	\$ 2,800	\$ 700
Furniture & Equipment	<u>\$ 953</u>	<u>\$ 274</u>	<u>\$ 679</u>
	\$ 62,476	\$ 29,224	\$ 33,252

**NOTE 8 – COST OF SALES**

Cost of sales for 2016 and 2015 consists of:

	<u>2016</u>	<u>2015</u>
Demolition	\$ 349,805	\$ 676,276
Parcel rehab - building	221,506	77,829
Title searches	<u>107,740</u>	<u>102,979</u>
	<u>\$ 679,051</u>	<u>\$ 857,084</u>

**NOTE 9 – 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, 2016, the Corporation recognized revenues of \$349,849 for these fees that were collected by the County in 2016 and \$478,853 for these fees that were collected by the County in 2015. The Corporation received \$200,000 of the DTAC amounts receivable in 2016 and \$600,000 of the DTAC amounts receivable in 2015.

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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, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated August 4, 2017.

### ***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 Entity'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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 4, 2017





# 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  
SEPTEMBER 12, 2017