



OHIO AUDITOR OF STATE
KEITH FABER



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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Position.....	7
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	11
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 Government Auditing Standards	19

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Trumbull County Land Reutilization Corporation
Trumbull County
160 High Street NW, FL 2A
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), a component unit of Trumbull County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Trumbull County Land Reutilization Corporation, Trumbull County, Ohio, as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the emergency measures will impact subsequent periods of the Corporation. We did not modify our opinion regarding these matters.

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 July 2, 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

July 2, 2020

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 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 the 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 total net position of the Corporation increased \$706,391 due to operating revenues of \$573,201 and non-operating revenues of \$2,707,678 exceeding expenses of \$2,574,488 during 2019.
- The Corporation had revenues of \$3,280,879 and expenses of \$2,574,488. The net increase in net position of the Corporation was \$706,391, or 21.58%.

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 changes 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 changes 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 YEAR ENDED DECEMBER 31, 2019

- 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, 2019, the Corporation's assets exceeded liabilities by \$3,979,800, while at December 31, 2018, the Corporation's assets exceeded liabilities by \$3,273,409.

A comparative analysis of the data is presented below:

	Net Position	
	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current and other assets	\$3,977,786	\$3,270,125
Capital assets, net	4,464	5,734
Total assets	3,982,250	3,275,859
<u>Liabilities</u>		
Current and other liabilities	2,450	2,450
Total liabilities	2,450	2,450
<u>Net Position</u>		
Investment in capital assets	4,464	5,734
With restrictions	396,659	319,284
Without restrictions	3,578,677	2,948,391
Total net position	<u>\$3,979,800</u>	<u>\$3,273,409</u>

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

A portion of the Corporation's net position, \$4,464, or 0.11%, at December 31, 2019, reflects its investment in capital assets. These assets are not available for future spending. Investment in capital assets at December 31, 2018, was \$5,734 which represents 0.17% 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>2019</u>	<u>2018</u>
Revenues		
Operating revenues:		
Parcel sales and other revenue	\$ 573,201	\$ 640,706
Total operating revenues	573,201	640,706
Non-operating revenues:		
Grants, contributions and unearned revenue	2,707,678	3,603,194
Total non-operating revenues	2,707,678	3,603,194
Total revenues	3,280,879	4,243,900
Expenses		
Operating expenses	2,574,488	4,100,907
Total expenses	2,574,488	4,100,907
Change in net position	706,391	142,993
Net position at beginning of year	3,273,409	3,130,416
Net position at end of year	<u>\$ 3,979,800</u>	<u>\$ 3,273,409</u>

Business-Type Activities

Business-Type Activities net position increased by \$706,391 during 2019.

Expenses for 2019 totaled \$2,574,488. The largest expense of the Corporation consists of reimbursement payments to cities and townships of Trumbull County for demolition costs in the amount of \$1,063,598 which represents 41.31% of total expenses.

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

In 2019 revenues from grants total \$2,696,458. The primary sources of this revenue consist of funds from the Ohio Neighborhood Initiative Program totaling \$2,192,313, or 81.30%, funds from Ohio Development Services Agency of \$92,974, or 3.45%, and 5% of all collections of delinquent property taxes in Trumbull County which amounted to \$411,171, or 15.25% of total grant and contribution revenues during 2019.

In 2018 demolition costs total \$1,585,285 and represented 38.65% of the total expenses which were \$4,100,907. In 2018 revenues from grants and contributions total \$3,599,577. The primary sources of this revenue consist of funds from the Ohio Neighborhood Initiative Program totaling \$3,162,231, or 87.85%, and 5% of all collections of delinquent property taxes in Trumbull County which amounted to \$425,298, or 11.82% of total grant and contribution revenues during 2018. The remaining grant and contribution revenue of \$12,048 (0.33%) was received from donations.

Capital Assets

Capital assets are comprised of computers and the related software, vehicles, miscellaneous furniture and equipment.

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, 2019, 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, 2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,546,470
Due from other governments	621,957
Current portion of note receivable	9,500
Other receivable	529
Inventory asset	1,650,950
Prepaid expenses	<u>25,507</u>
TOTAL CURRENT ASSETS	3,854,913
CAPITAL ASSETS	
Computers	747
Computer software	45,498
Furniture & equipment	953
Vehicles	<u>9,300</u>
	56,498
Less: accumulated depreciation	<u>(52,034)</u>
NET CAPITAL ASSETS	4,464
OTHER ASSETS	
Loan fees	3,750
Less: accumulated amortization	<u>(271)</u>
Net loan fees	3,479
Note Receivable TNP	128,894
Less: Current portion of note receivable	<u>(9,500)</u>
Note Receivable TNP net of current portion	<u>119,394</u>
TOTAL OTHER ASSETS	<u>122,873</u>
TOTAL ASSETS	<u><u>\$ 3,982,250</u></u>

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Escrow deposits payable	\$ 2,450
TOTAL CURRENT LIABILITIES	<u>2,450</u>
TOTAL LIABILITIES	2,450
NET POSITION	
Investment in capital assets	4,464
With restrictions	396,659
Without restrictions	<u>3,578,677</u>
TOTAL NET POSITION	3,979,800
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,982,250</u>

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES	
Parcel sales	\$ 569,261
Salvage income	3,354
Reimbursements	586
	<hr/>
TOTAL OPERATING REVENUES	573,201
OPERATING EXPENSES	
Cost of sales	1,485,058
Asbestos inspections	117,621
Board up supplies	3,450
Court services	212
Deed preparation	16,063
Facilitator fees	137,500
Filing fees	(492)
NIP expenses	592,009
Property maintenance	15,512
Security	861
Supplies	105
Utilities	2,981
Advertising & marketing	52,353
Amortization	250
Automobile	11,511
Bad debt	500
Bank fees	217
Computer & internet expense	12,341
Depreciation	1,270
Donations	1,000
Insurance	11,345
Office supplies	220
Postage & delivery	15,313
Printing & copying	2,292
Professional fees - accounting	14,400
Professional fees - legal	68,642
Professional fees - audit	7,749
Telephone	655
Travel - conference & meetings	2,750
Travel expenses	800
	<hr/>
TOTAL OPERATING EXPENSES	2,574,488
	<hr/>
OPERATING INCOME (LOSS)	(2,001,287)

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

NON-OPERATING REVENUES/(EXPENSES)		
Ohio Home Assist NIP	2,192,313	
Ohio Development Services Agency Grant	92,974	
DTAC share	411,171	
Royalty income	759	
Interest income	<u>10,461</u>	
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>2,707,678</u>	
	CHANGE IN NET POSITION	706,391
NET POSITION BEGINNING OF YEAR		<u>3,273,409</u>
	NET POSITION END OF YEAR	<u>\$ 3,979,800</u>

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from parcel sales	\$ 569,261
Other cash receipts	3,940
Cash payments for inventory	(1,526,108)
Cash used for prepaid expenses	(15,182)
Other cash payments	<u>(1,087,939)</u>

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES (2,056,028)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Ohio Home Assist NIP	2,192,313
Operating grants received	92,974
Royalty revenue	759
Interest revenue	<u>10,461</u>

NET CASH PROVIDED BY (USED IN) NONCAPITAL
FINANCING ACTIVITIES 2,296,507

NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES 10,215

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 250,694

CASH EQUIVALENTS AT BEGINNING OF YEAR 1,295,776

CASH EQUIVALENTS AT END OF YEAR 1,546,470

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income (loss)	\$ (2,001,287)
Adjustments	
Amortization	250
Depreciation	1,270
(Increase) decrease in assets	
Miscellaneous receivable	(29)
Prepaid expenses	(15,182)
Inventory asset	<u>(41,050)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>(2,056,028)</u></u>

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 YEAR ENDED DECEMBER 31, 2019

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 \$396,659 at December 31, 2019. 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 or at the end of the year 2019.

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 balance at December 31, 2019, is \$396,659.

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, 2019.

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 2019.

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 \$1,650,950 at December 31, 2019.

Capital Assets

The Corporation follows the practice of capitalizing expenses for property and equipment whose cost is in excess of \$750. 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 YEAR ENDED DECEMBER 31, 2019

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 expense was \$1,270 for the year ended December 31, 2019.

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, 2019.
- b. Net position with restrictions - 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 \$396,659 at December 31, 2019.
- c. Net position without restrictions - 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 2019.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of bank failure, the Corporation's deposits may not be returned to it. Protection of the Corporation's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds, or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of Corporation's fund shall be required to pledge security for repayment of all public moneys. The Corporation has no investment policy dealing with deposit custodial risk beyond the requirement in state statute that requires securities purchased

**TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

pursuant to this division shall be delivered into the custody of the Treasurer or an agent designated by the Treasurer.

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, 2019, the Corporation’s uninsured cash balances totaled \$1,296,470.

NOTE 4 – RECEIVABLES

Amounts due from other governments at December 31, 2019, consist of the Corporation’s share of Trumbull County’s Delinquent Tax Assessment and Collection (DTAC) fund. At December 31, 2019, amounts due from other governments are \$621,957.

Other receivable represents an NSF check that was received and is expected to be collected on. The Other receivable at December 31, 2019, was \$529.

NOTE 5 – 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, 2019, amounted to \$403.

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, 2019, is \$25,104.

NOTE 6 – CAPITAL ASSETS

Capital assets at December 31, 2019, consisted of:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Computers	\$ 747	\$ 747	\$ 0
Computer Software	\$ 45,498	\$ 45,498	\$ 0
Vehicles	\$ 9,300	\$ 4,950	\$ 4,350
Furniture & Equipment	<u>\$ 953</u>	<u>\$ 839</u>	<u>\$ 114</u>
	\$ 56,498	\$ 52,034	\$ 4,464

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 – 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, 2019, is \$128,894.

NOTE 8 – COST OF SALES

Cost of sales for 2019 consists of:

Demolition	\$ 1,063,598
Parcel rehab, title searches and adjusted cost basis	<u>421,460</u>
	<u>\$ 1,485,058</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. For the year ended December 31, 2019, the Corporation recognized revenues of \$411,171 for these fees that were collected by the County in 2019. The Corporation did not collect on any of the DTAC amounts receivable in 2019.

NOTE 10 – RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The Corporation maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability, and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past years, nor has insurance coverage been significantly reduced from the prior year.

TRUMBULL COUNTY LAND REUTILIZATION CORPORATION
TRUMBULL COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 – EFFECTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has impacted many local economies around the globe. The Corporation has determined that COVID-19 events occurring after December 31, 2019, are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019, have not been adjusted to reflect their impact. Effects of COVID-19 on the Corporation follow.

Ability to continue as a going concern

Due to an accumulation of financial reserves, there is no significant doubt about the Corporation's ability to continue as a going concern.

Effect on inventory accumulation

As per a State Memorandum, with the exception of Board Of Revision Foreclosures, Trumbull County is not conducting foreclosures on non-abandoned properties. Foreclosed property is a major source of inventory for the Corporation.

Effect on Revenues

The Corporation receives 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 which is a penalty on such taxes that are due. These penalties can be petitioned to be removed for various reasons. One of the acceptable reasons for penalty removal is verifiable effects of COVID-19. The Trumbull County Auditor has advised that these collections and resulting revenues to the Corporation are anticipated to be significantly less for the next two years.

Because of the reduced inventory available, future revenues from grants for demolitions, rehabilitations, and maintenance are anticipated to be negatively affected.



101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

**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, FL 2A
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, Ohio (the Corporation), a component unit of Trumbull County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements and have issued our report thereon dated July 2, 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 ’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 ’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

July 2, 2020

OHIO AUDITOR OF STATE KEITH FABER



TRUMBULL COUNTY LAND REUTILIZATION CORPORATION TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/4/2020

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

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