

# Mahoning County Land Reutilization Corporation

*A Component Unit of Mahoning County, Ohio*  
Mahoning County, Ohio

*Audited Financial Statements*

For the Year Ended December 31, 2018



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Members of the Board  
Mahoning County Land Reutilization Corporation  
20 W. Federal St.  
Youngstown, OH 44503

We have reviewed the *Independent Auditor's Report* of the Mahoning County Land Reutilization Corporation, Mahoning County, prepared by Rea & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mahoning County Land Reutilization Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 25, 2020

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**Mahoning County Land Reutilization Corporation**  
**Mahoning County, Ohio**

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June 29, 2020

Board of Directors and Management  
Mahoning County Land Reutilization Corporation  
Mahoning County, Ohio  
20 W. Federal Street  
Youngstown, Ohio 44503

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Mahoning County Land Reutilization Corporation (the Corporation), a component unit of Mahoning County, Ohio, as of and for the year ended December 31, 2018, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Mahoning County Land Reutilization Corporation, a component unit of Mahoning County, Ohio, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

In addition, as discussed in Note 12 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Medina, Ohio



**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2018*

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The discussion and analysis of the Mahoning 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, 2018. The intent of this discussion and analysis is to look at the Corporation's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

***Financial Highlights***

Key financial highlights for 2018 are as follows:

- The Corporation receives 5 percent of the delinquent taxes and assessment collections from Mahoning County. The Corporation reported \$461,389 in 2018.
- The Corporation participated in the Neighborhood Initiative Program (NIP) in 2018 and reported \$5,558,141 in reimbursement awards.
- Net position increased \$127,049 in 2018. Further details will be discussed in this analysis.

***Using this Annual Financial Report***

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Corporation as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

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

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**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2018*

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***Reporting the Corporation as a Whole***

*Statement of Net Position and the Statement of Activities*

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the Corporation's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the Corporation as a whole, the financial position of the Corporation has improved or diminished. However, in evaluating the overall position of the Corporation, non-financial information such as the condition of the Corporation's capital assets will also need to be evaluated.

***Reporting the Corporation's Most Significant Fund***

*Fund Financial Statements*

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

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**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2018*

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**The Mahoning County Land Reutilization Corporation as a Whole**

Recall that the Statement of Net Position provides the perspective of the Corporation as a whole.

Table 1 provides a summary of the Corporation's net position for 2018 compared to 2017:

**Table 1**  
**Net Position**

	2018	2017	Change
<b>Assets</b>			
Current and Other Assets	\$ 3,373,283	\$ 2,797,537	\$ 575,746
Depreciable Capital Assets	24,235	27,479	(3,244)
<i>Total Assets</i>	<u>3,397,518</u>	<u>2,825,016</u>	<u>572,502</u>
<b>Liabilities</b>			
Current and Other Liabilities	958,698	516,038	442,660
Long-Term Liabilities			
Due Within One Year	23,994	18,586	5,408
Due in More Than One Year	25,695	28,310	(2,615)
<i>Total Liabilities</i>	<u>1,008,387</u>	<u>562,934</u>	<u>445,453</u>
<b>Net Position</b>			
Net Investment in Capital Assets	10,725	9,793	932
Unrestricted	2,378,406	2,252,289	126,117
<i>Total Net Position</i>	<u>\$ 2,389,131</u>	<u>\$ 2,262,082</u>	<u>\$ 127,049</u>

The Corporation showed a continued increase in operations over 2017. Cash increased mainly due to an increase in NIP grant revenues, which was partially offset by a decrease in intergovernmental receivables due to the timing of NIP grant money received by the Corporation. In addition, assets held for resale increased over 2017 as the Corporation acquired additional properties to improve. The increase in current and other liabilities is mainly in unearned revenue, which consists of maintenance monies received, not yet earned.

**Mahoning County Land Reutilization Corporation**  
**Mahoning County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*

**Table 2**  
**Change in Net Position**

	2018	2017	Change
<b>Revenues</b>			
<i>Program Revenues:</i>			
Operating Grants	\$ 5,558,141	\$ 2,591,202	\$ 2,966,939
<i>General Revenues:</i>			
Intergovernmental	481,976	527,793	(45,817)
Sale of Inventoried Assets	159,595	147,424	12,171
Other	48,165	86,201	(38,036)
<i>Total General Revenues</i>	<u>689,736</u>	<u>761,418</u>	<u>(71,682)</u>
<i>Total Revenues</i>	<u>6,247,877</u>	<u>3,352,620</u>	<u>2,895,257</u>
<b>Program Expenses</b>			
General Government			
Professional and Contract Services	5,545,190	2,703,801	2,841,389
Administration	567,149	511,907	55,242
Interest and Fiscal Charges	8,489	12,247	(3,758)
<i>Total Program Expenses</i>	<u>6,120,828</u>	<u>3,227,955</u>	<u>2,892,873</u>
<i>Increase (Decrease) in Net Position</i>	127,049	124,665	2,384
<i>Net Position Beginning of Year</i>	<u>2,262,082</u>	<u>2,137,417</u>	<u>124,665</u>
<i>Net Position End of Year</i>	<u>\$ 2,389,131</u>	<u>\$ 2,262,082</u>	<u>\$ 127,049</u>

Intergovernmental revenues mainly consist of revenue from Mahoning County for 5 percent of delinquent taxes and assessments. Operating grants from the Neighborhood Initiative Program increased substantially due to an increase in operations.

Expenses increased proportionately with the increase in revenues.

**The Corporation's Fund**

This Corporation's governmental fund is accounted for using the modified accrual basis of accounting.

The Corporation had general fund revenues of \$7,340,961 and expenditures of \$6,153,592. An increase in the Neighborhood Initiative Program revenue contributed to the increase in revenue from 2017 while expenditures increased over 2017, mainly in professional and contract services due to an increase in activity. Fund balance in the general fund increased \$1,187,369 from 2017.

## **Mahoning County Land Reutilization Corporation**

### **Mahoning County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2018*

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#### **Budgeting**

There are no budgetary requirements for the Corporation identified in the Ohio Revised Code. The Corporation's budget is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary process that is followed is for control purposes.

#### **Capital Assets**

The Corporation had \$24,235 in capital assets in 2018. See Note 5 for details.

#### **Debt**

At December 31, 2018, the Corporation had a capital lease balance of \$13,510. The line of credit was paid in full at year end. See Notes 8, 9 and 10 for details.

#### **Current Financial Related Activities**

The Corporation has been designated by Mahoning County, Ohio as its agent for the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed and other real property in Mahoning County. Principal operating revenues of the Corporation include contributions from Mahoning County's delinquent tax and assessment collection fund. The Corporation participates in the Neighborhood Initiative Program which is being administered by the Ohio Housing Finance Agency. This award provides funds on a reimbursement basis to demolish abandoned, vacant and blighted residential properties. By the end of 2018, the Corporation had demolished 870 blighted, empty houses; landscaped 832 lots after demolition; and acquired an additional 628 houses to be prepared for demolition. The Corporation received an initial award of up to \$4.26 million in reimbursements in February 2014. The award has been increased three times, as follows: \$500,000 in November 2015 after the Corporation exceeded performance goals as established by OHFA; \$6.89 million in July 2016 as part of the fifth round of the Hardest Hit Fund Program funding; and \$3.15 million in October 2016 as part of the sixth round.

Also in 2018, the Corporation sold or signed agreements to sell 18 houses to buyers, and sold 204 parcels of vacant land to new owners for economic development and/or neighborhood enhancement projects.

#### **Contacting the Corporation's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional financial information, contact the Mahoning County Treasurer, Chairman, Mahoning County Land Reutilization Corporation, 20 W. Federal Street, Suite 202, Youngstown, Ohio 44503.

**Mahoning County Land Reutilization Corporation**  
**Mahoning County, Ohio**  
*Statement of Net Position*  
*December 31, 2018*

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,745,907
Accounts Receivable	28,698
Intergovernmental Receivable	546,307
Prepaid Items	12,117
Assets Held for Resale	989,370
Deposits	86
Restricted Cash and Cash Equivalents	50,798
Depreciable Capital Assets (Net)	24,235
<i>Total Assets</i>	3,397,518
<b>Liabilities</b>	
Accounts Payable	228,623
Accrued Wages	16,648
Intergovernmental Payable	1,729
Accrued Expenses	31,980
Customer Deposits	50,798
Unearned Revenue	628,920
Long Term Liabilities:	
Due Within One Year	23,994
Due In More Than One Year	25,695
<i>Total Liabilities</i>	1,008,387
<b>Net Position</b>	
Net Investment in Capital Assets	10,725
Unrestricted	2,378,406
<i>Total Net Position</i>	\$ 2,389,131

See accompanying notes to the basic financial statements.

**Mahoning County Land Reutilization Corporation**  
**Mahoning County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2018

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>			
General Government:			
Professional and Contract Services	\$ 5,545,190	5,144,459	\$ (400,731)
Administration	567,149	413,682	(153,467)
Interest and Fiscal Charges	8,489	0	(8,489)
<i>Total</i>	<u>\$ 6,120,828</u>	<u>\$ 5,558,141</u>	<u>(562,687)</u>
<b>General Revenues:</b>			
Intergovernmental			481,976
Sale of Inventoried Assets			159,595
Other			48,165
<i>Total General Revenues</i>			<u>689,736</u>
<i>Increase (Decrease) in Net Position</i>			127,049
<i>Net Position Beginning of Year</i>			<u>2,262,082</u>
<i>Net Position End of Year</i>			<u>\$ 2,389,131</u>

See accompanying notes to the basic financial statements.

**Mahoning County Land Reutilization Corporation**  
**Mahoning County, Ohio**  
*Balance Sheet*  
*Governmental Fund*  
*December 31, 2018*

	General Fund
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,745,907
Accounts Receivable	28,698
Intergovernmental Receivable	546,307
Prepaid Items	12,117
Assets Held for Resale	989,370
Deposits	86
Restricted Cash and Cash Equivalents	50,798
<i>Total Assets</i>	<i>\$ 3,373,283</i>
<b>Liabilities</b>	
Accounts Payable	\$ 228,623
Accrued Wages	16,648
Intergovernmental Payable	1,729
Accrued Expenses	31,980
Customer Deposits	50,798
Unearned Revenue	628,920
<i>Total Liabilities</i>	<i>958,698</i>
<b>Deferred Inflows of Resources</b>	
Unavailable Revenue	566,128
<b>Fund Balance</b>	
Nonspendable	1,001,573
Unassigned	846,884
<i>Total Fund Balance</i>	<i>1,848,457</i>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<i>\$ 3,373,283</i>

See accompanying notes to the basic financial statements.



**Mahoning County Land Reutilization Corporation**  
**Mahoning County, Ohio**  
*Reconciliation of Total Governmental Fund Balance to*  
*Net Position of Governmental Activities*  
*December 31, 2018*

Total Governmental Fund Balance	\$	1,848,457
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund.		24,235
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the fund.		
Sales of Inventoried Assets	\$ 19,820	
Operating Grants	546,308	566,128
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	36,179	
Capital Lease Payable	13,510	(49,689)
 Net Position of Governmental Activities	 \$	 <u>2,389,131</u>

See accompanying notes to the basic financial statements.

**Mahoning County Land Reutilization Corporation**  
**Mahoning County, Ohio**  
*Statement of Revenues, Expenditures and Change in Fund Balance*  
*Governmental Fund*  
*For the Year Ended December 31, 2018*

	General
<b>Revenues:</b>	
Intergovernmental	\$ 481,976
Operating Grants	6,664,618
Sales of Inventoried Assets	146,202
Other	48,165
<i>Total Revenues</i>	<i>7,340,961</i>
<b>Expenditures:</b>	
Current:	
General Government:	
Professional and Contract Services	5,583,990
Administration	556,937
Debt Service:	
Principal Retirement	4,176
Interest and Fiscal Charges	8,489
<i>Total Expenditures</i>	<i>6,153,592</i>
<i>Net Change in Fund Balance</i>	<i>1,187,369</i>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<i>661,088</i>
<i>Fund Balance (Deficit) at End of Year</i>	<i>\$ 1,848,457</i>

See accompanying notes to the basic financial statements.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Change  
in Fund Balance of the Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2018*

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Net Change in Fund Balance - Total Governmental Fund		\$	1,187,369
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.			
Current Year Depreciation		\$	(3,244)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.			
Sales of Inventoried Assets	\$	13,393	
Intergovernmental		(13,860)	
Operating Grants		<u>(1,053,816)</u>	(1,054,283)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
Capital Lease			4,176
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental fund.			
Compensated Absences			<u>(6,969)</u>
Change in Net Position of Governmental Activities		\$	<u>127,049</u>

See accompanying notes to the basic financial statements.

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## **Mahoning County Land Reutilization Corporation**

### **Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### **Note 1 - Reporting Entity and Basis of Presentation**

Mahoning County Land Reutilization Corporation (the Corporation) is a not for profit community improvement corporation, organized on Feb. 24, 2011 by the Board of County Commissioners of Mahoning County under the authority of Chapter 1724, Ohio Revised Code.

The Corporation's governing body is a nine member Board of Directors, consisting of the County Treasurer, two representatives of the Board of County Commissioners, a representative of the largest municipality, a representative of a township with 10,000 or more residents, a representative of small cities and villages, a representative of a township with fewer than 10,000 residents, a citizen representative and a real estate representative.

The Corporation is classified as a component unit of Mahoning County for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61.

The Corporation is dedicated to strategically acquiring tax foreclosed property and other foreclosed property from Common Pleas Court proceedings, Sheriff's Sale, Bank Real Estate Owned, County Auditor, third parties, and through donations. The Corporation then strives to put the properties back to productive use.

The reporting entity for the Corporation is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Corporation and any other organizations that would need to be included to ensure the financial statements of the Corporation are not misleading.

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board; and 1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or 2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations include organizations for which the Corporation authorizes the issuance of debt, or the levying of taxes or determines the budget. There are no component units included as part of this report.

#### **Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Corporation's accounting policies are described below.

## **Mahoning County Land Reutilization Corporation**

### **Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### ***Basis of Presentation***

The Corporation's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

#### **Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Corporation that are governmental and those that are considered business-type. The Corporation, however, does not have business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Corporation at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program self-financing or draws from the general revenues of the Corporation.

#### **Fund Financial Statements**

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.

#### ***Fund Accounting***

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

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

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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Governmental Funds

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

***General Fund*** - The general fund accounts for all financial resources that are received from the County Auditor from penalties collected on delinquent property taxes and interest on those delinquencies. The general fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Measurement Focus***

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Corporation are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between government-wide statements and the statements for the general fund.

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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***Revenues - Exchange and Nonexchange Transactions***

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Corporation, available means expected to be received within sixty days of year-end.

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

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

***Gift Acceptance***

The Corporation will accept stock, structures, land, cash or other negotiable instruments as a vehicle for donors to transfer assets to the Corporation. Donations are recorded at fair market value at the time of the contribution. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Executive Director shall sell any stock given to the Corporation immediately upon receipt by the Corporation.

The Corporation shall accept contributions for goods or services other than cash that are related to the programs and operation of the Corporation. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.



**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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***Expenses/Expenditures***

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***Budgetary Process***

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities.

The budgetary process that is followed by the Corporation is for control purposes and is set forth in its Control Policies. The annual organizational budget must be completed at least thirty days prior to the end of the preceding fiscal year, and approved by the Board of Directors no later than the end of the preceding fiscal year. In the absence of an annual organizational budget, the Executive Director lacks the authority and the capacity to make any financial decisions for the organization. The budget is compiled by the Finance Committee, the Executive Director and the Fiscal Officer.

The organizational budget must be prepared on an accrual basis according to the organization's chart of accounts:

- Assets: current, fixed and other
- Liabilities: current and long-term
- Net position: restricted and unrestricted
- Revenues
- Expenditures

The budget must be presented to the Board of Directors for approval.

The Board of Directors, the Finance Committee, the Executive Director and/or the Fiscal Officer may request or require organizational budget changes when material changes in plans, transaction amounts, and/or program budgets necessitate. The revised budget must be approved by the Board of Directors before being implemented. Where the budget total does not change, the Executive Director is authorized to transfer monies between line items in the Corporation's operating budget, not to exceed the total dollar amount of \$1,500 per line item.

***Cash and Cash Equivalents***

Cash held by the Corporation is reflected as "Cash and Cash Equivalents."

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 year or at the end of the year.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond the current year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***Assets Held for Resale***

Assets held for resale represent properties purchased by or donated to the Corporation. These properties are valued based upon the purchase price or estimated fair market value at the date of donation plus any costs of maintenance, rehabilitation, or demolition of structures on the properties for an amount not to exceed the net realizable value of each property. The Corporation holds the properties until the real estate is either sold to a new owner or an individual who will reuse the property.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Customer deposits have been restricted because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposit liability account.

***Capital Assets***

The Corporation's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the financial statements of the general fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Corporation maintains a capitalization threshold of five hundred dollars.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method for furniture and equipment with a useful life of 5 to 10 years.

***Accrued Liabilities and Long-Term Obligations***

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

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences and claims and judgements are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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***Compensated Absences***

The Corporation reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Corporation has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rate at year end, taking into consideration any limits specified in the Corporation's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account matured compensated absences payable in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws regulations of other governments or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been committed for use in satisfying those contractual requirements.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board or a Corporation official delegated that authority, or by State Statute. The Corporation has, by resolution, authorized the Executive Director to assign fund balance.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

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

***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Corporation applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

***Intergovernmental Revenue***

The Corporation receives operating income through Mahoning County. This money represents the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are paid to the Corporation upon the Corporation's written request.

***Operating Grants***

The Corporation currently participates in the Neighborhood Initiative Program which is administered by the Ohio Housing Finance Agency. Revenues received from the program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2018.

***Implementation of New Accounting Principles and Restatement of Net Position***

For the fiscal year ended December 31, 2018, the Corporation has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments*.

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). These changes were incorporated in the Corporation's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Corporation.

**Note 3 - Deposits and Investments**

***Custodial credit risk*** is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it.

***Cash on Hand*** - At December 31, 2018 the Corporation had \$93 in undeposited cash on hand, which is included in the balance sheet of the Corporation as part of "Cash and Cash Equivalents."

***Deposits*** - At December 31, 2018, the carrying amount of the Corporation's deposits was \$1,796,612. \$250,000 of the Corporation's bank balance of \$2,034,923 was covered by the Federal Deposit Insurance Corporations, the remaining \$1,784,923 was exposed to custodial credit risk.

The Corporation has no investments.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 4 - Risk Management**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the Corporation maintained suitable insurance coverage.

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

**Note 5 - Capital Assets**

A summary of changes in capital assets during 2018 follows:

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2018</u>
Furniture & Equipment	\$ 34,704	\$ 0	\$ 0	\$ 34,704
Accumulated Depreciation	(7,225)	(3,244)	0	(10,469)
Capital Assets, Net	<u>\$ 27,479</u>	<u>\$ (3,244)</u>	<u>\$ 0</u>	<u>\$ 24,235</u>

Depreciation expense of \$3,244 was charged to administration expense.

**Note 6 – Employee Benefits**

***Compensated Absences***

The Corporation employees earn vacation leave at varying rates based upon length of service. Employees earn two to five weeks of vacation per year, depending upon length of service. Annual vacation eligibility is as of the anniversary of employment and unused vacation may be carried over indefinitely.

After one (1) full year of service with Mahoning County Land Reutilization Corporation, an employee will be credited with vacation earned during the first year of employment. New employees with no prior public service are eligible for paid vacation only after one (1) full year of employment. If a new employee with no prior service credit terminates employment before serving one (1) full year of employment, he/she will receive no vacation pay out. Otherwise, when an employee terminates employment, he or she will receive the balance of unused, earned vacation time.

Employees earn sick leave at the rate of 4.6 hours per 80 hours worked with no maximum accumulation. No sick leave is paid out at termination, but upon retirement, employees receive 25 percent of their sick leave balance not to exceed 240 hours.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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Overtime compensation will be taken as compensatory time. Time worked over forty (40) hours in a work week will be compensated at 1-1/2 hours for each hour worked. The maximum number of compensatory hours that an employee may accrue is eighty (80) hours within the same calendar year. Any employee who has reached this maximum shall not work any additional overtime until the employee's accrued compensatory time has fallen below the maximum allowed, unless the employee receives advanced written authorization from the Executive Director. An employee is encouraged to use all his/her compensatory time within the same calendar year in which it is earned. However, the employee may carry over a maximum of forty (40) hours of compensatory time beyond the calendar year in which it is earned. Any compensatory time that an employee has accrued that cannot be carried over as a result of the forty-hour (40 hr.) limit, must be paid on December 31 of the calendar year in which it was accrued. At no time will an employee be paid for any compensatory time not utilized during the calendar year in excess of forty (40) hours. Any compensatory time that is not paid at the end of the calendar year or is not carried over shall lapse.

***Health Insurance Benefits***

The Corporation makes available to all full time employees comprehensive major medical/hospitalization health care insurance. Participating employees may elect coverage (i.e. single, family, etc.) as provided under the offered plan(s). Eligible employees may elect applicable coverage. Employee participation costs, as may be applicable, shall be made through payroll deduction. The employer shall contribute ninety percent (90 percent) and eligible employees shall contribute ten percent (10 percent) for the premium cost of health care coverage. Employees will split the cost of any increase in premium cost on the basis of the same 90 percent expenditure by management and 10 percent expenditure by employees. Eligible employees may opt out from the hospitalization plan at a rate of \$150.00 per month, minus taxes paid on 12 pays.

***Retirement Benefits***

The Corporation adopted a 401(k) plan for employees ages 21 and older who work 1,000 or more hours of service per year of eligibility. The plan consists of an annual lump sum contribution by the Corporation, based on up to 10 percent of each employee's earned wages, and elective deferrals by employees with matching amounts paid by the Corporation, up to 8 percent per employee. Each qualifying participant's individual account will receive an annual pro rata allocation, based on the qualifying participant's compensation in relation to the total compensation of all qualifying participants. Plan documents are available from the Fiscal Officer.

**Note 7 - Receivables**

Receivables at December 31, 2018 consisted accounts receivable from customers and intergovernmental receivables primarily related to the Neighborhood Initiative Program. Allowance for doubtful accounts were not recorded because all receivables are expected to be collected.

**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 8 – Line of Credit**

During 2017, the Corporation entered into a \$400,000 line of credit with the Ohio Housing Finance Agency Neighborhood Initiative Program. The line of credit could continually be drawn upon through December 31, 2019 with final payment of outstanding balance due no later than March 31, 2020. The proceeds were used to fund acquiring and preparing for the demolition of abandoned or vacant homes and related demolition expenses. The Corporation withdrew \$2,624,834 during 2018 and it was repaid in full as of December 31, 2018.

The Corporation also has a \$500,000 line of credit with the First National Bank of Pennsylvania with a current interest rate of 5.5 percent. The Corporation withdrew \$3,205,507 during 2018 and it was repaid in full as of December 31, 2018.

**Note 9 - Long-Term Obligations**

Long term obligations consist of accrued compensated absences and a capital lease. Changes in long-term obligations for December 31, 2018 are as follows:

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Due within</u> <u>One Year</u>
Capital Lease	\$ 17,686	\$ 0	\$ 4,176	\$ 13,510	\$ 4,176
Compensated Absences	29,210	21,379	14,410	36,179	19,818
Total	<u>\$ 46,896</u>	<u>\$ 21,379</u>	<u>\$ 18,586</u>	<u>\$ 49,689</u>	<u>\$ 23,994</u>

**Note 10 – Capital Lease**

The Corporation is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the capital assets and the long-term debt liabilities.

During 2017, the Corporation entered into a lease-purchase agreement for copiers. This is a long-term agreement lease, which meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. The Corporation will make monthly lease payments. Assets acquired by the lease have been capitalized as furniture and equipment in the amount of \$20,470 with accumulated depreciation at December 31, 2018 of \$3,412.



**Mahoning County Land Reutilization Corporation**

**Mahoning County, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

The future minimum lease payments required under capital leases are as follows:

Year Ending December 31,	Amount
2019	\$ 4,258
2020	4,258
2021	4,258
2022	1,009
Minimum Lease Payments	13,783
Less Amount Representing Interest	273
Present Value of Net Lease Payments	<u>\$ 13,510</u>

**Note 11 – Fund Balance**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in governmental funds.

Fund Balance	General Fund
Nonspendable:	
Assets Held for Resale	\$ 989,370
Prepays	12,117
Workers' Compensation Deposit	86
Total Nonspendable	<u>1,001,573</u>
Unassigned	<u>846,884</u>
<i>Total Fund Balance</i>	<u>\$ 1,848,457</u>

**Note 12 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and County funding, cannot be estimated.

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June 29, 2020

To the Board of Directors and Management  
Mahoning County Land Reutilization Corporation  
Mahoning County, Ohio  
20 W. Federal Street, Suite 202  
Youngstown, OH 44503

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Mahoning County Land Reutilization Corporation (the Corporation), a component unit of Mahoning County, Ohio, as of and for the year ended December 31, 2018, 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 29, 2020, in which it was noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation..

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hea & Associates, Inc.*

Medina, Ohio

# OHIO AUDITOR OF STATE KEITH FABER



**MAHONING COUNTY LAND REUTILIZATION CORPORATION**

**MAHONING 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 9/8/2020**

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](http://www.ohioauditor.gov)