



Dave Yost • Auditor of State



**ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	7
Statement of Activities.....	8
Fund Financial Statements:	
Balance Sheet	
Governmental Fund.....	9
Statement of Revenues, Expenditures and Changes in Fund Balance	
Governmental Fund.....	10
Notes to the Basic Financial Statements .....	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ashtabula County Land Reutilization Corporation  
Ashtabula County  
25 West Jefferson Street  
Jefferson, Ohio 44047

To the Board of Directors:

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

We have audited the accompanying financial statements of the governmental activities and general fund of the Ashtabula County Land Reutilization Corporation, Ashtabula County, Ohio (the Corporation), a component unit of Ashtabula County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Ashtabula County Land Reutilization Corporation, Ashtabula County, Ohio, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



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

May 21, 2018

ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017  
UNAUDITED

---

The following Management's Discussion and Analysis (MD&A) of the Ashtabula County Land Reutilization Corporation's (the Corporation) financial performance provides an introduction to the financial statements for the year ended December 31, 2017. The information contained in this MD&A should be considered in conjunction with the information contained in the Corporation's financial statements.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights are as follows:

At December 31, 2017 Net Position decreased by \$60,283 which represents a 16% decrease due to a decrease in cash and cash equivalents.

Total assets decreased \$59,303, which represents a 15% decrease from 2016. Total liabilities increased \$980 which represents a 1400% increase from 2016.

Total cash and cash equivalents decreased \$304,837 or 80% due to the timing of operating receipts and expenditures.

### **USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation as a financial whole.

The Statement of Net Position and Statement of Revenues, Expenditures and Changes in Fund Balances provide information about the activities of the Corporation presenting both an aggregated view of the Corporation's finances and a longer-term view of those assets.

### **REPORTING THE CORPORATION AS A WHOLE**

#### ***Statement of Net Position and Statement of Revenues, Expenditures and Changes in Fund Balances***

These government-wide statements answer the question "How did the Corporation as a whole do financially during 2017?" They are prepared on the accrual basis of accounting, including all assets and liabilities, much the same way as for a private enterprise. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements below report the Corporation's net position and the changes in the net position. This change in net position is important as it tells the reader that, 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, nonfinancial information such as the condition of the Corporation's needs will also need to be evaluated.

*The Statement of Net Position:* This statement (page 7) reports all assets and liabilities of the Corporation as of December 31, 2017. The difference between total assets and total liabilities is reported as net position. Increases in net position generally indicate an improvement in financial positions while decreases may indicate a deterioration of financial position.

ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017  
UNAUDITED

---

*The Statement of Activities:* This statement (page 8) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the Corporation for the years ended December 31, 2017. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expenses of the Corporation's various programs net of related revenues, as well as the separate presentation of revenues available for general purposes.

In the Statement of Net Position and the Statement of Activities, the Corporation has one kind of activity:

*Governmental Activities.* All of the Corporation's programs are reported here. These programs will be funded primarily by delinquent property taxes collected and intergovernmental revenue including Federal grants.

## **REPORTING THE CORPORATION'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements:***

These statements provide financial position and results of the Corporation's major funds. The Corporation's only major governmental fund is the General Fund. A fund is an accounting entity created to account for a specific activity or purpose. The creation of some funds is mandated by law and others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds. The Corporation has only governmental funds.

*Governmental Funds.* Governmental funds are used to account for "Government Type" activities. However, unlike the government-wide financial statements, governmental fund statements use a "flow of financial resources" measurement focus. The governmental fund statements provide a detailed short-term view of the Corporation's general government operations and the basic services it provides. Increases in spendable resources are reported in the operating statements as "revenues" or "other financing sources". Decreases in spendable resources are reported "expenditures" or "other financing uses". State and federal grants finance most of those activities.

The Basic Governmental Fund Financial Statements start on page 9 of this report.

## **OTHER INFORMATION**

### ***Notes to the Basic Financial Statements:***

The notes provide additional and explanatory data. They are an integral part of the basic financial statements. Notes to the Basic Financial Statements can be found starting on page 11 of this report.

### ***The Corporation as a Whole:***

Recall the Statement of Net Position looks at the Corporation as a whole. Table 1 provides a summary of the Corporation's net position for 2017 and 2016.



ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017  
UNAUDITED

	<b>(TABLE 1)</b>		
	<b>NET POSITION</b>		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 78,068	\$ 382,905	(304,837)
Accounts Receivable	245,534	-	245,534
Total Assets	<u>323,602</u>	<u>382,905</u>	<u>(59,303)</u>
<b>LIABILITIES</b>			
Current and Other Liabilities	1,050	70	980
Total Liabilities	<u>1,050</u>	<u>70</u>	<u>980</u>
<b>NET POSITION</b>			
Unrestricted	<u>322,552</u>	<u>382,835</u>	<u>(60,283)</u>
Total Net Position	<u>\$ 322,552</u>	<u>\$ 382,835</u>	<u>(60,283)</u>

Total assets decreased \$59,303. Equity in pooled cash and cash equivalents decreased \$304,837, due to the timing of receipts and expenditures.

Net position decreased \$60,283 which is itemized in Table 2.

Table 2 shows the changes in net position for the year ended December 31, 2017, compared to the year ended December 31, 2016.

	<b>(TABLE 2)</b>		
	<b>CHANGES IN NET POSITION</b>		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>PROGRAM REVENUES</b>			
Operating Grants	\$ 885,416	\$ 779,983	\$ 105,433
Capital Grants	164,854	164,314	540
Total Program Revenues	<u>1,050,270</u>	<u>944,297</u>	<u>105,973</u>
<b>GENERAL REVENUES</b>			
Other	-	75,848	(75,848)
Interest	532	388	144
Total General Revenues	<u>532</u>	<u>76,236</u>	<u>(75,704)</u>
Total Revenues	<u>1,050,802</u>	<u>1,020,533</u>	<u>30,269</u>
<b>PROGRAM EXPENSES</b>			
Professional and Contract Services	1,100,717	791,109	309,608
Program Administration	10,368	6,989	3,379
Total Program Expenses	<u>1,111,085</u>	<u>798,098</u>	<u>312,987</u>
Change in Net Position	<u>(60,283)</u>	<u>222,435</u>	<u>(282,718)</u>
Net Position Beginning of Year	<u>382,835</u>	<u>160,400</u>	<u>222,435</u>
Net Position End of Year	<u>\$ 322,552</u>	<u>\$ 382,835</u>	<u>\$ (60,283)</u>

ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017  
UNAUDITED

---

The Corporation's revenues were \$1,050,802 and its expenses were \$1,111,085 for 2017. The main revenue sources are from the Ohio Housing Finance Agency (OHFA) Neighborhood Initiative Program (NIP) Reimbursements. Also the County Treasurer authorized by the Ashtabula County Board of Commissioners funds a percentage of delinquent property taxes collected to the Corporation.

**DEBT**

At December 31, 2017 the Corporation had \$1,050 in obligations to the Ashtabula County Port Authority for loans associated with NIP. For more information refer to Note 4 of the basic financial statements.

**REQUEST FOR INFORMATION**

This financial report is designed to provide the board with a general overview of the Ashtabula County Land Reutilization 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 Melissa Harvey, Executive Director, 25 West Jefferson Street, Jefferson, Ohio 44047, 440-576-1450, or e-mail at [landbank@ashtabulacounty.us](mailto:landbank@ashtabulacounty.us).

**Ashtabula County Land Reutilization Corporation**  
**Ashtabula County**  
*Statement of Net Position*  
*December 31, 2017*

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 78,068
Accounts Receivable	<u>245,534</u>
<i>Total Assets</i>	<u>323,602</u>
<b>Liabilities</b>	
Loan Payable	<u>1,050</u>
<i>Total Liabilities</i>	<u>1,050</u>
<b>Net Position</b>	
Unrestricted (Deficit)	<u>322,552</u>
<i>Total Net Position</i>	<u><u>\$ 322,552</u></u>

See accompanying notes to the basic financial statements



**Ashtabula County Land Reutilization Corporation**  
*Balance Sheet*  
*Governmental Fund*  
*December 31, 2017*

---

---

	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 78,068
Accounts Receivable	<u>245,534</u>
<i>Total Assets</i>	<u><u>\$ 323,602</u></u>
<b>Liabilities</b>	
Loan Payable	<u>\$ 1,050</u>
<i>Total Liabilities</i>	<u>1,050</u>
<b>Fund Balances</b>	
Unassigned	322,552
<i>Total Fund Balances (Deficits)</i>	<u>322,552</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 323,602</u></u>

See accompanying notes to the basic financial statements

**Ashtabula County Land Reutilization Corporation**  
**Ashtabula County**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Fund*  
*For the Year Ended December 31, 2017*

---

	General
<b>Revenues</b>	
Intergovernmental	\$ 164,854
Operating Grants	885,416
Interest	532
<i>Total Revenues</i>	<i>1,050,802</i>
<b>Expenditures</b>	
Professional and Contract Services	1,100,717
Program Administration	10,368
<i>Total Expenditures</i>	<i>1,111,085</i>
<i>Net Change in Fund Balances</i>	<i>(60,283)</i>
<i>Fund Balances (Deficits) Beginning of Year</i>	<i>382,835</i>
<i>Fund Balances (Deficits) End of Year</i>	<i>\$ 322,552</i>

See accompanying notes to the basic financial statements

ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

---

## **1. DESCRIPTION OF THE REPORTING ENTITY**

The Ashtabula County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Ashtabula County on May 7, 2013 and incorporated on May 22, 2013 under Chapter 1724 of the Ohio Revised Code.

The Corporation's governing body is a seven member Board of Directors, consisting of the County Treasurer, three County Commissioners, one city manager in the county, one realtor representative, and one member representing the townships of Ashtabula County.

The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code. The Corporation is classified as a component unit of Ashtabula 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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Basis of Presentation**

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

#### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements 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 business-type. The Corporation, however, does not have any business-type activities.

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

#### Fund Financial Statements

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

### **B. Fund Accounting**

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

ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

---

certain objectives in accordance with special regulations, restrictions or limitations.

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

Governmental Funds

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

General Fund: The general fund accounts for all financial resources that are received from the County Treasurer 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.

**C. Measurement of Focus**

Government-Wide Financial Statements

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

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. No reconciliations were required between the government-wide statements and the statements for the general fund.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. 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, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

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



ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

---

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

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

**E. Budgetary Process**

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

**F. Federal Income Tax**

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

**G. Cash**

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

**H. 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.

**I. Assets Held for Resale**

Assets held for resale represent properties purchased by or donated to the Corporation. The transfer fees paid to the Ashtabula County Auditor for these abandoned properties are expensed in the year paid. The Corporation holds the properties until they are either sold or transferred to a private purchaser, non-profit, or public end-user. Properties may be merged with adjacent parcels for development or green space projects, or the Corporation may sell other lots to the owners of adjacent parcels for a nominal cost. As of December 31, 2017, the Corporation held no parcels in trust.

**J. Accrued Liabilities**

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.

ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

---

**K. Net Position**

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources and liabilities/deferred inflows of resources as of December 31, 2017. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2017.

**L. Intergovernmental Revenue**

The Corporation received operating income through Ashtabula County. This money represents the penalties and interest on current unpaid and delinquent property taxes once the 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.

**M. Government Grants**

Support funded by grants is recognized as the Corporation performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant Activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

**N. 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.

**O. 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:

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

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

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

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

ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Unassigned Fund Balance** – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been purposed within the general fund.

The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted funds are needed.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when unrestricted expenditures classifications could be used.

**3. DEPOSITS**

As of December 31, 2017, the entire amount of the Corporation’s bank balance of \$78,068 for 2017 is covered by Federal Deposit Insurance Corporation (FDIC). Although the deposits were held by the pledging financial institution’s trust department and all statutory requirements for investments of money had been followed, noncompliance with the Federal requirements could potentially subject the Corporation to custodial credit risk. Custodial credit risk is the risk that in the event of bank failure the Corporation’s deposits may not be returned to it. All deposits are held in single qualified financial institutions.

**4. DEBT**

The Corporation has minimal debt with the Ashtabula County Port Authority attributable to loans associated with NIP. The debt was associated with the demolition of properties in the program and totals \$1,050 as of December 31, 2017.

**5. RISK MANAGEMENT**

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the Corporation contracted with Slowey Insurance Agency for Various Types of insurance as follows:

Type	Coverage	Provider
General Aggregate	\$ 2,000,000	Atain Insurance
Products & Completed OP Aggregate	2,000,000	Atain Insurance
Personal & Advertising Injury	1,000,000	Atain Insurance
Each Occurrence	1,000,000	Atain Insurance
Damage to Rented Premises	100,000	Atain Insurance
Medical Expense (any one person)	5,000	Atain Insurance

During 2017 the settled claims did not exceed commercial coverage.

**6. TRANSACTIONS WITH ASHTABULA COUNTY**

Pursuant and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Ashtabula County Board of Commissioners to receive 3.0% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the county’s Delinquent Tax and Assessment Collection (DTAC) fund and will be available for appropriation by the Corporation to fund operations. For December 31, 2017 this amount totaled \$150,102.

ASHTABULA COUNTY LAND REUTILIZATION CORPORATION  
ASHTABULA COUNTY  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

---

Pursuant to a Contract for Services Agreement approved by the Board of Directors, for December 31, 2017 the Corporation incurred \$47,050 to personnel and related charges to the Ashtabula County Treasurer's office.

**7. LITIGATION**

The Corporation is not currently a party to any legal proceedings, which would have a material impact on the financial statements.



# Dave Yost • Auditor of State

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

Ashtabula County Land Reutilization Corporation  
Ashtabula County  
25 West Jefferson Street  
Jefferson, Ohio 44047

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and general fund of the Ashtabula County Land Reutilization Corporation, Ashtabula County, (the Corporation) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated May 21, 2018.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



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

May 21, 2018



# Dave Yost • Auditor of State

**ASHTABULA COUNTY LAND REUTILIZATION CORPORATION**

**ASHTABULA COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 5, 2018**