

# **TRI-COG LAND BANK**

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

**TRI-COG LAND BANK**  
HOMESTEAD, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORT OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

**TRI-COG LAND BANK**

**TABLE OF CONTENTS**

|                                           | <b><u>PAGE</u></b> |
|-------------------------------------------|--------------------|
| INDEPENDENT AUDITOR'S REPORT .....        | i-ii               |
| EXHIBIT A – STATEMENT OF NET ASSETS ..... | 1                  |
| EXHIBIT B – STATEMENT OF ACTIVITIES ..... | 2                  |
| EXHIBIT C – STATEMENT OF CASH FLOWS.....  | 3                  |
| NOTES TO THE FINANCIAL STATEMENTS .....   | 4-5                |

**Board of Directors  
Tri-COG Land Bank**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying financial statements of the Tri-COG Land Bank, Homestead, Pennsylvania as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Tri-COG Land Bank'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**

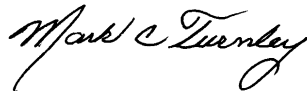
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Tri-COG Land Bank'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 Tri-COG Land Bank's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tri-COG Land Bank as of December 31, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Mark C. Turnley  
Certified Public Accountant

May 19, 2018  
New Brighton, Pennsylvania

**TRI-COG LAND BANK**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2017**

**ASSETS**

**CURRENT ASSETS**

|                                              |                          |
|----------------------------------------------|--------------------------|
| Cash and Cash Equivalents                    | \$ 432,536               |
| Due from Steel Rivers Council of Governments | 84,931                   |
| Prepaid Expenses                             | 4,661                    |
| <b>TOTAL CURRENT ASSETS</b>                  | <b><u>\$ 522,128</u></b> |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ 522,128</u></b> |

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                  |                         |
|----------------------------------|-------------------------|
| Accounts Payable                 | \$ 10,059               |
| <b>TOTAL CURRENT LIABILITIES</b> | <b><u>\$ 10,059</u></b> |
| <b>TOTAL LIABILITIES</b>         | <b><u>\$ 10,059</u></b> |

**NET ASSETS**

|                                         |                          |
|-----------------------------------------|--------------------------|
| Unrestricted                            | \$ 512,069               |
| <b>TOTAL NET ASSETS</b>                 | <b><u>\$ 512,069</u></b> |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b><u>\$ 522,128</u></b> |

The accompanying notes are an integral part of these financial statements

**TRI-COG LAND BANK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**REVENUE AND OTHER SUPPORT**

|                                        |                          |
|----------------------------------------|--------------------------|
| Foundation and Endowment Grants        | \$ 350,000               |
| Local Government Academy Support       | 2,110                    |
| Land Bank Member Annual Contributions  | 177,928                  |
| Earnings on Investments                | 1                        |
| <b>TOTAL REVENUE AND OTHER SUPPORT</b> | <b><u>\$ 530,039</u></b> |

**PROGRAM EXPENSES**

|                                     |                          |
|-------------------------------------|--------------------------|
| Staffing Services                   | \$ 82,837                |
| Legal Fees                          | 27,896                   |
| Logo Website Fees                   | 8,500                    |
| Asset Management Information System | 10,000                   |
| GIS Mapping                         | 5,600                    |
| Inspections                         | 2,100                    |
| Insurance                           | 3,211                    |
| Conference and Travel               | 3,955                    |
| Office Expenses                     | 2,415                    |
| <b>TOTAL PROGRAM EXPENSES</b>       | <b><u>\$ 146,514</u></b> |

**CHANGE IN NET ASSETS**

**\$ 383,525**

NET ASSETS - JANUARY 1, 2017

128,544

**NET ASSETS - DECEMBER 31, 2017**

**\$ 512,069**

The accompanying notes are an integral part of these financial statements

**TRI-COG LAND BANK**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                                         |                          |
|-------------------------------------------------------------------------|--------------------------|
| Cash Received from Foundations, Endowments and Local Government Academy | \$ 252,110               |
| Cash Received from Land Bank Member Contributions                       | 177,928                  |
| Cash Received from Steel Rivers Council of Governments                  | 2,500                    |
| Cash Received from Earnings on Investments                              | 1                        |
| Cash Payments to Suppliers for Goods and Services                       | (3)                      |
| <b>Net Cash Provided (Used) by Operating Activities</b>                 | <b><u>\$ 432,536</u></b> |

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** **\$ 432,536**

CASH AND CASH EQUIVALENTS - JANUARY 1, 2017 -

**CASH AND CASH EQUIVALENTS - DECEMBER 31, 2017** **\$ 432,536**

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Change in Net Assets \$ 383,525

**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

|                                                                     |         |
|---------------------------------------------------------------------|---------|
| (Increase) Decrease in Due from Steel Rivers Council of Governments | 43,613  |
| (Increase) Decrease in Prepaid Expenses                             | (4,661) |
| Increase (Decrease) in Accounts Payable                             | 10,059  |

**Total Adjustments** **\$ 49,011**

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** **\$ 432,536**

The accompanying notes are an integral part of these financial statements



**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Tri-COG Land Bank was authorized and organized as a Pennsylvania Land Bank in accordance with Commonwealth of Pennsylvania Act 153 of 2012, under Chapter 21 of Title 68 known as the Land Banks Act, and the Intergovernmental Cooperation Agreement (effective January 10, 2017) made by and between the following taxing jurisdictions located in Allegheny County:

| <u>MUNICIPALITIES</u> | <u>MUNICIPALITIES</u> | <u>SCHOOL DISTRICTS</u> | <u>COUNTY</u> |
|-----------------------|-----------------------|-------------------------|---------------|
| Braddock Hills        | Monroeville           | Clairton City           | Allegheny     |
| Chalfant              | North Braddock        | Fox Chapel Area         |               |
| Churchill             | Pitcairn              | Gateway                 |               |
| Clairton              | Rankin                | McKeesport Area         |               |
| Dravosburg            | Sharpsburg            | Shaler                  |               |
| East Pittsburgh       | South Versailles      | Woodland Hills          |               |
| Edgewood              | Swissvale             |                         |               |
| Etna                  | Turtle Creek          |                         |               |
| Forest Hills          | White Oak             |                         |               |
| McKeesport            | Wilkins               |                         |               |
| Millvale              |                       |                         |               |

The purpose of the Tri-COG Land Bank is to address blight and transition abandoned properties to beneficial reuse using a unified, predictable, and transparent process in order to revitalize communities and strengthen their respective tax bases. The main sources of funding for the Tri-COG Land Bank are from private Foundation grants and annual contributions from Land Bank members as specified in the Intergovernmental Cooperation Agreement. In accordance with this agreement, member contributions for calendar year 2017 are equal to five percent (5%) of the calendar year 2015 delinquent real estate tax principal collected by each member during calendar year 2016.

The Financial Accounting Standards Board (FASB) is responsible for establishing generally accepted accounting principles for the Tri-COG Land Bank through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the Tri-COG Land Bank are discussed below.

**BASIS OF ACCOUNTING**

The Tri-COG Land Bank utilizes the accrual basis of accounting. Under this method, revenue is recognized when earned rather than when received, and expenses are recognized when an obligation is incurred rather than when cash is paid.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes amounts in demand deposit accounts held with First Commonwealth Bank.

**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - OFF BALANCE SHEET RISK**

The Federal Deposit Insurance Corporation (FDIC) and coverage thresholds for corporate accounts are \$250,000 per corporation. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit. At December 31, 2017, the Tri-COG Land Bank had cash balances on hand at First Commonwealth Bank totaling \$432,536. Custodial credit risk is the risk that in the event of a bank failure, the Tri-COG Land Bank's deposits may not be returned to it. As of December 31, 2017, the Tri-COG Land Bank's bank balance totals exceed the FDIC coverage threshold by \$182,536.

**NOTE 3 – DUE FROM STEEL RIVERS COUNCIL OF GOVERNMENTS**

During calendar years 2016 and 2017, the Steel Rivers Council of Governments provided staffing services for the Tri-COG Land Bank which included the accounting for certain Land Bank revenues and expenses through the Steel Rivers Council of Governments grants management bank account. As of December 31, 2017, the remaining monies in this account applicable to the Tri-COG Land Bank totaled \$84,931. These funds were deposited into the newly established Tri-COG Land Bank General Fund checking account in February of 2018.

**NOTE 4 - TAX EXEMPT STATUS**

The Tri-COG Land Bank is a not for profit organization exempt from state and local taxes pursuant to Section 2109(b) of the Land Banks Act.

**NOTE 5 – RISK MANAGEMENT**

The Tri-COG Land Bank is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Tri-COG Land Bank has not incurred a claim nor experienced any losses with respect to its commercial insurance coverage.

**NOTE 6 – SUBSEQUENT EVENTS**

Management has determined that there are no events subsequent to December 31, 2017 through the date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.