



OHIO AUDITOR OF STATE
KEITH FABER



**MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Muskingum County Land Reutilization Corporation
Muskingum County
401 Market Street
Zanesville, Ohio 43701

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Muskingum County Land Reutilization Corporation, Muskingum County, Ohio (the Corporation), a component unit of Muskingum County, Ohio, as of and for the years ended December 31, 2019 and 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Muskingum County Land Reutilization Corporation, Muskingum County, Ohio, as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2020, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

July 16, 2020

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

The management's discussion and analysis of Muskingum County Land Reutilization Corporation's (the Corporation's) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2019. The Corporation began operations on June 27, 2012. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole. Readers should also review the notes to the basic financial statements and notes to the financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The Corporation is focused on returning property to productive use, returning property to the tax duplicate and accelerating economic or housing activity in Muskingum County communities. The Corporation works cooperatively with cities, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The Corporation acquired 14 properties.

Overview of the Financial Statements

The annual report consists of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The statements then proceed to provide a 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.

Reporting the Corporation's Financial Activities

Statement of Net Position and the Statement of Activities

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

These two statements report the Corporation's net position and changes in that position. This 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.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets/Deferred Outflows minus Liabilities/Deferred Inflows)
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

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

Reporting on the Corporation's Funds

Governmental Funds

The presentation for the Corporation's funds focuses on how resources flow into and out and the balance that is left at year-end available for spending in future periods. The governmental funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a 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 governmental constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the governmental funds are reconciled in the financial statements.

The table below provides a summary of Corporation's net position for 2019 and 2018.

Net Position	2019	2018	Change
ASSETS			
Cash and Cash Equivalents	\$130,744	\$129,914	\$ 830
Property Held for Reutilization	20,430	9,080	11,350
Total Assets	151,174	138,994	12,180
Total Unrestricted Net Position	\$151,174	\$138,994	\$12,180

Over time, net position can serve as useful indicator of a government's financial position. At December 31, 2019, the Corporation's net position was \$151,174, an increase of \$12,180 from 2018. Total assets increased \$7,980 from 2019 to 2018.

The table below shows the change in that position for the year ended December 31, 2019.

Change in Net Position	2019	2018	Change
REVENUES			
Program Revenue – Operating Grants and Contributions	\$22,861	\$17,600	\$5,261
<i>Total Governmental Revenues</i>	22,861	17,600	5,261
PROGRAM EXPENSES			
General Government	9,788	12,783	(2,995)
Public Works	893	7,417	(6,524)
<i>Total Program Expenses</i>	10,681	20,200	(9,519)
Change in Net Position	12,180	(2,600)	14,780
Net Position at Beginning of Period	138,994	141,594	(2,600)
Net Position at End of Year	\$151,174	\$138,994	\$12,180

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

Revenues for 2019 consist primarily of property dispositions to the Corporation for the purpose of land reutilization and grants. The Corporation acquired 14 properties in 2019. Revenues increased \$5,261 and expenses decreased \$9,519 from 2018.

The Corporation's Funds

The Corporation's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$22,861 and expenditures of \$10,681.

Capital Assets

As of December 31, 2019, the Corporation does not have any capital assets.

Debt

As of December 31, 2019, the Corporation does not have any debt.

Current Financial Related Activities

The Corporation began operations on June 27, 2012. The Corporation is Muskingum County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Muskingum County. The purpose of the Corporation is to strengthen neighborhoods in Muskingum County by returning vacant and abandoned properties to productive use. By strategically acquiring properties, the Corporation works to reduce blight, promote economic development, increase property values, and thereby improve the quality of life of all Muskingum County residents. The principal operating revenues of the Corporation is revenue from property dispositions and grants.

Request for Information

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact Andy Roberts, Executive Director, Muskingum County Land Reutilization Corporation, 401 Main Street, Zanesville, Ohio 43701. E-mail aeroberts@muskingumcounty.org.

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MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION

MUSKINGUM COUNTY

Statement of Net Position

December 31, 2019

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 130,744
Property Held For Reutilization	20,430
Total Assets	<u>151,174</u>
Net Position	
Restricted for Grants	230
Unrestricted	<u>150,944</u>
Total Net Position	<u><u>\$ 151,174</u></u>

See accompanying notes to the basic financial statements.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION

MUSKINGUM COUNTY

Statement of Activities

For the Year Ended December 31, 2019

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Governmental Activities</u>
Governmental Activities			
Current:			
General Government	\$ 9,788	\$ 22,601	\$ 12,813
Public Works	<u>893</u>	<u>260</u>	<u>(633)</u>
Total Governmental Activities	<u>\$ 10,681</u>	<u>\$ 22,861</u>	<u>\$ 12,180</u>
Change in Net Position			12,180
Net Position Beginning of Year			<u>138,994</u>
Net Position End of Year			<u>\$ 151,174</u>

See accompanying notes to the basic financial statements.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
 Balance Sheet
 Governmental Funds
 December 31, 2019

	General	Grant Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 130,514	\$ 230	\$ 130,744
Property Held For Reutilization	20,430	-	20,430
Total Assets	\$ 150,944	\$ 230	\$ 151,174
Fund Balances			
Nonspendable	20,430	-	20,430
Restricted	-	230	230
Unassigned	130,514	-	130,514
Total Fund Balances	150,944	230	151,174
Total Liabilities and Fund Balances	\$ 150,944	\$ 230	\$ 151,174

See accompanying notes to the basic financial statements.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Grant Fund	Total Governmental Funds
Revenues:			
Contributons and Donations	\$ 22,861	\$ -	\$ 22,861
Total Revenues	22,861	-	22,861
Expenditures:			
Current:			
General Government	9,788	-	9,788
Public Works	893	-	893
Total Expenditures	10,681	-	10,681
Net Change in Fund Balances	12,180	-	12,180
Fund Balance at Beginning of Year	138,764	230	138,994
Fund Balance at End of Year	\$ 150,944	\$ 230	\$ 151,174

See accompanying notes to the basic financial statements.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Muskingum County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 27, 2012 when the Muskingum County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 10-713 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Muskingum County (the County) by returning vacant and abandoned properties to productive use. 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.

Pursuant to Section 1724.03(B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of no less than five and no more than nine members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The Corporation is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 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 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.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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 of the Corporation at this more detailed level. The Corporation's general and grant funds are its only governmental funds.

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

For financial statement presentation purposes, the Corporation's funds are classified as governmental.

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 are the Corporation's governmental funds:

General Fund The general fund accounts for all financial resources that are not required to be separately accounted for. 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.

Grant Fund The grant fund accounts for grant activity for the demolition and improvements to distressed properties. No grant funding was received in 2019.

C. Measurement 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.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 governmental funds use 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 outflows/inflows of resources 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.

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.

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

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.

E. Federal Income Tax

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

F. Cash and Cash Equivalents

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.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position

Net position represents the difference between assets/deferred outflow of resources and liabilities/deferred inflows of resources. The Corporation did not have any deferred outflow of resources and deferred inflow of resources as of December 31, 2019. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Directors or 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 which both restricted and unrestricted net positions are available.

H. 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.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2019.

J. 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:

1. Non-spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) 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.

2. Restricted

The restricted 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.

3. Unassigned

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Held for Reutilization

Property held for reutilization represents properties held by the Corporation that the Corporation intends to sell to a third party. These assets are valued at cost, or in the case of donated or forfeited properties, estimated fair market value of the property.

NOTE 3 - DEPOSITS

At December 31, 2019, the carrying amount of the Corporation's deposits was \$130,744. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2019, the Corporation's bank balance of \$130,744 was covered by Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure that the Corporation's deposits may not be returned to it. Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. The Corporation has obtained commercial insurance through the county for the following risks:

- Commercial General Liability
- Directors/Officers Liability

NOTE 5 - CHANGE IN ACCOUNTING PRINCIPLES

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Corporation evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For 2019, the Corporation implemented GASB Statement no. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*. The Corporation also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide no. 2018-1*. These changes were incorporated in the Corporation's 2019 financial statements; however, there was no effect on beginning fund balances/net position.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The Corporation does not have any funds that meet the criteria for being classified as fiduciary.

GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Corporation does not have any debt.

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**MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED**

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Financial Highlights

Key financial highlights for 2018 are as follows:

- The Corporation is focused on returning property to productive use, returning property to the tax duplicate and accelerating economic or housing activity in Muskingum County communities. The Corporation works cooperatively with cities, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The Corporation acquired 11 properties.

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- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets/Deferred Outflows minus Liabilities/Deferred Inflows)
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

**MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED**

Reporting on the Corporation's Funds

Governmental Funds

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The table below provides a summary of Corporation's net position for 2018 and 2017.

Net Position	2018	2017	Change
ASSETS			
Cash and Cash Equivalents	\$129,914	\$128,664	\$1,250
Property Held for Reutilization	9,080	12,930	(3,850)
Total Assets	138,994	141,594	(2,600)
Total Unrestricted Net Position	\$138,994	\$141,594	(\$2,600)

Over time, net position can serve as useful indicator of a government's financial position. At December 31, 2018, the Corporation's net position was \$138,994, a decrease of \$2,600 from 2017. Total assets decreased \$2,600 from 2018 to 2017.

The table below shows the change in that position for the year ended December 31, 2018.

Change in Net Position	2018	2017	Change
REVENUES			
Program Revenue – Operating Grants and Contributions	\$17,600	\$35,030	(\$17,430)
Total Governmental Revenues	17,600	35,030	(17,430)
PROGRAM EXPENSES			
General Government	12,783	5,132	7,651
Public Works	7,417	6,536	881
Total Program Expenses	20,200	11,668	8,532
Change in Net Position	(2,600)	23,362	(25,962)
Net Position at Beginning of Period	141,594	118,232	23,362
Net Position at End of Year	\$138,994	\$141,594	(\$2,600)

**MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED**

Revenues for 2018 consist primarily of property dispositions to the Corporation for the purpose of land reutilization and grants. The Corporation acquired 11 properties in 2018. Revenues decreased \$17,430 and expenses increased \$8,532 from 2017.

The Corporation's Funds

The Corporation's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$17,600 and expenditures of \$20,200.

Capital Assets

As of December 31, 2018, the Corporation does not have any capital assets.

Debt

As of December 31, 2018, the Corporation does not have any debt.

Current Financial Related Activities

The Corporation began operations on June 27, 2012. The Corporation is Muskingum County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Muskingum County. The purpose of the Corporation is to strengthen neighborhoods in Muskingum County by returning vacant and abandoned properties to productive use. By strategically acquiring properties, the Corporation works to reduce blight, promote economic development, increase property values, and thereby improve the quality of life of all Muskingum County residents. The principal operating revenues of the Corporation is revenue from property dispositions and grants.

Request for Information

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact Tim Smith, Chairman, Muskingum County Land Reutilization Corporation, 401 Market Street, Zanesville, Ohio 43701. E-mail tsmith@coz.org.

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MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION

MUSKINGUM COUNTY

Statement of Net Position

December 31, 2018

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 129,914
Property Held For Reutilization	9,080
Total Assets	<u>138,994</u>
Net Position	
Restricted for Grants	230
Unrestricted	<u>138,764</u>
Total Net Position	<u><u>\$ 138,994</u></u>

See accompanying notes to the basic financial statements.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
Statement of Activities
For the Year Ended December 31, 2018

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Governmental Activities			
Current:			
General Government	\$ 12,783	\$ 17,600	\$ 4,817
Public Works	7,417	-	(7,417)
Total Governmental Activities	\$ 20,200	\$ 17,600	\$ (2,600)
Change in Net Position			(2,600)
Net Position Beginning of Year			141,594
Net Position End of Year			\$ 138,994

See accompanying notes to the basic financial statements.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
Balance Sheet
Governmental Funds
December 31, 2018

	General	Grant Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 129,684	\$ 230	\$ 129,914
Property Held For Reutilization	9,080	-	9,080
Total Assets	\$ 138,764	\$ 230	\$ 138,994
Fund Balances			
Nonspendable	9,080	-	9,080
Restricted	-	230	230
Unassigned	129,684	-	129,684
Total Fund Balances	138,764	230	138,994
Total Liabilities and Fund Balances	\$ 138,764	\$ 230	\$ 138,994

See accompanying notes to the basic financial statements.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	<u>General</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Contributons and Donations	<u>\$ 17,600</u>	<u>\$ -</u>	<u>\$ 17,600</u>
Total Revenues	<u>17,600</u>	<u>-</u>	<u>17,600</u>
Expenditures:			
Current:			
General Government	12,783	-	12,783
Public Works	<u>7,417</u>	<u>-</u>	<u>7,417</u>
Total Expenditures	<u>20,200</u>	<u>-</u>	<u>20,200</u>
Net Change in Fund Balances	(2,600)	-	(2,600)
Fund Balance at Beginning of Year	<u>141,364</u>	<u>230</u>	<u>141,594</u>
Fund Balance at End of Year	<u><u>\$ 138,764</u></u>	<u><u>\$ 230</u></u>	<u><u>\$ 138,994</u></u>

See accompanying notes to the basic financial statements.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Muskingum County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 27, 2012 when the Muskingum County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 10-713 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Muskingum County (the County) by returning vacant and abandoned properties to productive use. 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.

Pursuant to Section 1724.03(B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of no less than five and no more than nine members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The Corporation is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 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 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.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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 of the Corporation at this more detailed level. The Corporation's general and grant funds are its only governmental funds.

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

For financial statement presentation purposes, the Corporation's funds are classified as governmental.

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 are the Corporation's governmental funds:

General Fund The general fund accounts for all financial resources that are not required to be separately accounted for. 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.

Grant Fund The grant fund accounts for grant activity for the demolition and improvements to distressed properties. No grant funding was received in 2018.

C. Measurement 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.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 governmental funds use 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 outflows/inflows of resources 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.

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.

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

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.

E. Federal Income Tax

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

F. Cash and Cash Equivalents

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.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position

Net position represents the difference between assets/deferred outflow of resources and liabilities/deferred inflows of resources. The Corporation did not have any deferred outflow of resources and deferred inflow of resources as of December 31, 2018. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Directors or 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 which both restricted and unrestricted net positions are available.

H. 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.

I. Extraordinary and Special Items

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

J. 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:

1. Non-spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) 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.

2. Restricted

The restricted 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.

3. Unassigned

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Held for Reutilization

Property held for reutilization represents properties held by the Corporation that the Corporation intends to sell to a third party. These assets are valued at cost, or in the case of donated or forfeited properties, estimated fair market value of the property.

NOTE 3 - DEPOSITS

At December 31, 2018, the carrying amount of the Corporation's deposits was \$129,914. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2018, the Corporation's bank balance of \$129,914 was covered by Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that in the event of bank failure that the Corporation's deposits may not be returned to it. Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. The Corporation has obtained commercial insurance from private carriers for the following risks:

- Commercial General Liability
- Directors/Officers Liability

NOTE 5 - CHANGE IN ACCOUNTING PRINCIPLES

For 2018, the Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017 and Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

For 2018, the Corporation also implemented the Governmental Accounting Standards Board's (GASB) Implementation Guide No. 2017-1. These changes were incorporated in the Corporation's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions 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 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the Corporation's 2018 financial statements; however, there was no effect on beginning net position.

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OHIO AUDITOR OF STATE KEITH FABER



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The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

Muskingum County Land Reutilization Corporation
Muskingum County
401 Market Street
Zanesville, Ohio 43701

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 each major fund of the Muskingum County Land Reutilization Corporation, Muskingum County, Ohio (the Corporation), a component unit of Muskingum County, Ohio, as of and for the years ended December 31, 2019 and 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 July 16, 2020.

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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Findings 2019-001 and 2019-002 to be material weaknesses.

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*.

Corporation's Response to Findings

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Corporation's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

July 16, 2020

**MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 and .A16.

Furthermore, the Corporation should maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, and document compliance with finance-related legal and contractual requirements and prepare financial statements.

We noted the Corporation's inventory listing for 2019 was improperly calculated. This resulted in the Corporation's Property Held for Reutilization assets and Contributions and Donations revenues to be understated by \$4,200 on the financial statements. An audit adjustment, to which management has agreed, is reflected in the accompanying financial statements.

Failure to sufficiently ensure the accuracy of calculations of the inventory listing could result in the financial statements misstated.

The Corporation should develop procedures to verify the calculations on the Corporations inventory listing are accurate and include all properties.

Officials' Response: This was a calculation error on the part of the prior treasurer that has been addressed and will be rectified in future reporting.

FINDING NUMBER 2019-002

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure transactions are appropriately authorized.

The Corporation's policies, regarding acquisitions, states that the Corporation shall give consideration to the underlying value of the properties, the financial resources available for acquisition, the operational capacity of the Corporation and the projected length of time of such properties to reach the ultimate transferees to acquiring property. In regards to the disposition of property, the Corporation policies state, in part, that within a 90 day period of receiving a complete request packet, the Executive Director will complete a basic analysis and present it to the Corporation for approval. Once the project has been approved, the Executive Director will compile the closing documents for property transfer and complete the transaction with the transferee.

We noted 26 of 27 properties acquired by the Corporation were not formally approved in the minutes prior to their transfer. Also, during 2018, we noted a property transfer made by the Corporation for which the Corporation failed to provide evidence for audit that this transfer was ever approved by the Board or documented in the minutes.

Failure to adhere to established policies could create questions as to the legality of property transfers.

MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-002 (Continued)

Material Weakness (Continued)

We recommend that all acquisitions and transfers of properties be approved by the Board and documented in an open meeting.

Officials' Response: Over the past year the administration of the Corporation has undergone sweeping changes to internal regulations and controls as to processing real estate transactions. All properties now will first have to be accepted by the board, assigned a program, have a minimum bid set, then and only then will they be offered for sale. Upon receiving bids the board will motion to sell to the highest and best bidder, giving full transparency and sound business practices on each and every sale.



Muskingum County Land Reutilization Corporation

Est. 2013 - Ohio Revised Code 1724

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material Weakness as the Corporation failed to report certain properties within its inventory of Property Held for Reutilization.	Corrected	A master property book is kept by the Corp's Ex Director that clearly identifies all properties that are being held for reutilization.

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OHIO AUDITOR OF STATE KEITH FABER



MUSKINGUM COUNTY LAND REUTILIZATION CORPORATION

MUSKINGUM 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
JULY 30, 2020**