



**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Convention Facilities Authority  
Muskingum County  
205 North Fifth Street  
Zanesville, Ohio 43701

To the Board of Directors:

We have audited the accompanying financial statements of the Convention Facilities Authority, Muskingum County, Ohio (the Authority), as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Authority prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Convention Facilities Authority, Muskingum County, as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2001 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the Statements of Cash Receipts, Cash Disbursements, and Changes in Cash Balances taken as a whole. The Statements of Cash Receipts, Cash Disbursements, and Changes in Account Balances listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 2, 2001

**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN ACCOUNT CASH BALANCES -  
ALL ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<b>Cash Receipts:</b>	
Local Taxes	\$389,047
Rental Income	13,850
Earnings on Investments	10,046
Other Revenue	<u>7,866</u>
 Total Cash Receipts	 <u>420,809</u>
<b>Cash Disbursements:</b>	
Current:	
Professional Services	41,997
Contractual Services	39,466
Utilities	14,322
Wages	90,915
Taxes	407
Miscellaneous	10,219
Debt Service:	
Redemption of Principal	103,760
Interest and Fiscal Charges	33,633
Capital Outlay	<u>41,332</u>
 Total Cash Disbursements	 <u>376,051</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>44,758</u>
<b>Other Financing Receipts/(Disbursements):</b>	
Transfers-In	251,654
Transfers-Out	<u>(251,654)</u>
 Total Other Financing Receipts/(Disbursements)	 <u>0</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	   44,758
 Account Cash Balances, January 1	  <u>288,476</u>
 <b>Account Cash Balances, December 31</b>	  <u><b>\$333,234</b></u>

*The notes to the financial statements are an integral part of this statement.*

**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN ACCOUNT CASH BALANCES -  
ALL ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>Cash Receipts:</b>	
Local Taxes	\$363,991
Rental Income	16,278
Earnings on Investments	9,135
Other Revenue	<u>16,117</u>
 Total Cash Receipts	 <u>405,521</u>
<b>Cash Disbursements:</b>	
Current:	
Professional Services	67,831
Contractual Services	34,009
Utilities	17,378
Wages	87,594
Taxes	402
Miscellaneous	9,551
Debt Service:	
Redemption of Principal	106,378
Interest and Fiscal Charges	43,505
Capital Outlay	<u>18,183</u>
 Total Cash Disbursements	 <u>384,831</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>20,690</u>
<b>Other Financing Receipts/(Disbursements):</b>	
Transfers-In	214,108
Transfers-Out	<u>(214,108)</u>
 Total Other Financing Receipts/(Disbursements)	 <u>0</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	   20,690
 Account Cash Balances, January 1	 <u>267,786</u>
 <b>Account Cash Balances, December 31</b>	 <u><u><b>\$288,476</b></u></u>

*The notes to the financial statements are an integral part of this statement.*



**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN ACCOUNT CASH BALANCES -  
DEBT SERVICE AND PROJECT ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Debt Service</b>	<b>Project</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$389,047	\$	\$389,047
Rental Income		13,850	13,850
Earnings on Investments		10,046	10,046
Other Revenue		7,866	7,866
Total Cash Receipts	389,047	31,762	420,809
<b>Cash Disbursements:</b>			
Current:			
Professional Services		41,997	41,997
Contractual Services		39,466	39,466
Utilities		14,322	14,322
Wages		90,915	90,915
Taxes		407	407
Miscellaneous		10,219	10,219
Debt Service:			
Redemption of Principal	103,760		103,760
Interest and Fiscal Charges	33,633		33,633
Capital Outlay		41,332	41,332
Total Cash Disbursements	137,393	238,658	376,051
Total Cash Receipts Over/(Under) Cash Disbursements	251,654	(206,896)	44,758
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		251,654	251,654
Transfers-Out	(251,654)		(251,654)
Total Other Financing Receipts/(Disbursements)	(251,654)	251,654	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	0	44,758	44,758
Account Cash Balances, January 1	24,853	263,623	288,476
<b>Account Cash Balances, December 31</b>	<b>\$24,853</b>	<b>\$308,381</b>	<b>\$333,234</b>

*The notes to the financial statements are an integral part of this statement.*

**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN ACCOUNT CASH BALANCES -  
DEBT SERVICE AND PROJECT ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Debt Service</b>	<b>Project</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$363,991	\$	\$363,991
Rental Income		16,278	16,278
Earnings on Investments		9,135	9,135
Other Revenue		16,117	16,117
Total Cash Receipts	363,991	41,530	405,521
<b>Cash Disbursements:</b>			
Current:			
Professional Services		67,831	67,831
Contractual Services		34,009	34,009
Utilities		17,378	17,378
Wages		87,594	87,594
Taxes		402	402
Miscellaneous		9,551	9,551
Debt Service:			
Redemption of Principal	106,378		106,378
Interest and Fiscal Charges	43,505		43,505
Capital Outlay		18,183	18,183
Total Cash Disbursements	149,883	234,948	384,831
Total Cash Receipts Over/(Under) Cash Disbursements	214,108	(193,418)	20,690
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		214,108	214,108
Transfers-Out	(214,108)		(214,108)
Total Other Financing Receipts/(Disbursements)	(214,108)	214,108	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	0	20,690	20,690
Account Cash Balances, January 1	24,853	242,933	267,786
<b>Account Cash Balances, December 31</b>	<b>\$24,853</b>	<b>\$263,623</b>	<b>\$288,476</b>

*The notes to the financial statements are an integral part of this statement.*

**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Convention Facilities Authority, Muskingum County (the Authority), is a body corporate and politic established to exercise the rights and privileges conveyed to it pursuant to Chapter 351 of the Ohio Revised Code. The Authority is directed by an eleven-member Board of Directors appointed in the manner outlined in Section 351.04, Ohio Revised Code. The Authority collects and administers the County wide lodging tax.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Accounts Presented in the Supplementary Information**

The Authority established the following accounts in order to comply with its bond indenture signed on October 1, 1994, prior to issuing its tax anticipation bonds:

**1. Debt Service Account**

All excise lodging taxes are initially deposited into this account. The Authority is required to make monthly principal and interest payments on the tax anticipation bond issue from this account.

**2. Project Account**

Once the monthly principal and interest payment are made from the Debt Service Account, the excess lodging taxes are transferred to the Project Account. Funds from this account are used primarily to finance capital projects.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Convention Facilities Authority maintains separate bank accounts and each account is reflected on the financial statements.

**Legal Requirements:**

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Directors has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualifies trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation and by eligible securities pledged by the financial institution as security for repayment.

***Deposits:***

At December 31, 2000, the carrying amount of the Authority's deposits were \$195,572 and the bank balance was \$199,975. Of the balance, \$199,975 was covered by federal depository insurance;

At December 31, 1999, the carrying amount of the Authority's deposits were \$148,537 and the bank balance was \$149,483. Of the balance, \$149,483 was covered by federal depository insurance.

***Investments:***

At December 31, 2000 and December 31, 1999, investment balances were \$137,662 and \$139,939, respectively, which were limited to mutual funds. These investments are not categorized as to risk because they are not evidenced by securities that exist in physical or book-entry form.

**3. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Tax Anticipation Revenue Bonds	\$507,356	6.50%
Total	\$507,356	

The Convention Facilities Authority issued \$1,100,000 in tax anticipation revenue bonds dated October 1, 1994. The proceeds of these bonds were used to construct the Authority's Welcome Center. The bonds are payable as to principal and interest solely from excise taxes levied by the Authority pursuant to Section 351.021 of the Ohio Revised Code.

**CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Revenue Bonds</u>
2001	\$149,884
2002	149,884
2003	149,884
2004	<u>124,903</u>
Total	<u><u>\$574,555</u></u>

**4. RETIREMENT SYSTEMS**

The Authority's employees contribute to Social Security. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The employer and employee contributions to Social Security were equal to 6.2% of gross wages. The Authority has paid all contributions to Social Security required through December 31, 2000.

**5. RISK MANAGEMENT**

The Authority is insured through the United States Fidelity and Guaranty Company. This plan assumes the risk of loss up to the limits of the Authority's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by the plan:

- Commercial Property
- Commercial General Liability
- Business Auto
- Commercial Umbrella

The Authority also provides health and life insurance to the Executive Director and Executive Assistant through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Convention Facilities Authority  
Muskingum County  
205 North Fifth Street  
Zanesville, Ohio 43701

To the Board of Directors:

We have audited the accompanying financial statements of the Convention Facilities Authority, Muskingum County, Ohio (the Authority), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 2, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated July 2, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated July 2, 2001.

This report is intended for the information and use of the audit committee, management, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 2, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CONVENTION FACILITIES AUTHORITY**

**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  
AUGUST 21, 2001**