



Dave Yost • Auditor of State



MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

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

We have audited the accompanying financial statement of the cash balance, receipts and disbursements, and related notes of the Muskingum County Convention Facilities Authority, Muskingum County, Ohio (the Authority), as of and for the years ended December 31, 2014 and 2013.

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

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; 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.

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

Our responsibility is to opine on this financial statement 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 statement is 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 Authority's preparation and fair presentation of the financial statement 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 Authority's internal control. Accordingly, we express no 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.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the Authority prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Authority does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Muskingum County Convention Facilities Authority, Muskingum County, Ohio, as of December 31, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, 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 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 Authority's internal control over financial reporting and compliance.



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

December 14, 2015

**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash Receipts:</b>		
Local Taxes	\$532,827	\$503,765
Rental Income	29,036	32,793
Expense Recovery	25,318	37,776
Earnings on Investments	1,822	1,648
Contributions and Grants	0	7,800
Other Receipts	0	4,437
Total Cash Receipts	589,003	588,219
<b>Cash Disbursements:</b>		
Current:		
Professional Services	21,674	45,781
Contractual Services	89,904	125,131
Utilities	31,724	31,757
Wages	57,623	91,422
Miscellaneous	8,654	22,609
Debt Service:		
Principal	225,000	225,000
Interest and Fiscal Charges	1,351	7,584
Capital Outlay	102,110	107,893
Total Cash Disbursements	538,040	657,177
Total Cash Receipts Over/(Under) Cash Disbursements	50,963	(68,958)
<b>Other Financing Receipts:</b>		
Proceeds from Sale of Capital Asset	151,405	0
Net Change in Fund Cash Balance	202,368	(68,958)
Cash Balance, January 1	739,658	808,616
<b>Cash Balance, December 31</b>		
Unassigned	942,026	739,658
<i>Cash Balance, December 31</i>	<b>\$942,026</b>	<b>\$739,658</b>

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

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**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2014 AND 2013**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Muskingum County Convention Facilities Authority, Muskingum County (the Authority), as a body corporate and politic. The Authority is directed by an eleven-member Board of Directors appointed in the manner outlined in § 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. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

Certificates of deposit are valued at cost.

**D. Property, Plant, and Equipment**

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**E. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**F. Cash Balance**

Cash balance is classified based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. Unassigned cash balance is the residual classification and includes amounts not included in the other classifications.

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

**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. Equity in Pooled Deposits**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2014	2013
Demand deposits	\$645,222	\$443,839
Certificates of deposit	296,804	295,819
Total deposits	\$942,026	\$739,658

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities pledged specifically by the financial institution to the Authority.

**3. Social Security**

The Authority's employees contribute to Social Security. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants.

For 2014 and 2013, employees contributed 6.2% of their gross salaries. The Authority contributed an amount equal to 6.2% of participant's gross salaries. The Authority has paid all contributions to Social Security required through December 31, 2014.

**4. Risk Management**

**Commercial Insurance**

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Commercial umbrella.

The Authority also provides health and life insurance to its full-time employees through Muskingum County's self-insurance program, MedBen.

**5. Debt**

On December 9, 2008, the Muskingum County Convention Facilities Authority issued a revenue bond anticipation note in the amount of \$439,000 for the purpose of acquiring two parcels of real property. This debt has been rolled over each year. On December 5, 2012, the Authority issued a revenue bond anticipation note in the amount of \$450,000 with an interest rate of 1.69%. An interest and principal payment in the amounts of \$7,584 and \$225,000, respectively, were paid during 2013.

On December 3, 2013, the Authority rolled over the remaining amount of \$225,000 with an interest rate of 1.25% through the issuance of a new revenue bond anticipation note. The 2013 note was issued for a period of one year and matures on December 2, 2014. This revenue bond anticipation note is a general obligation of the Authority. During 2014, the Authority sold the two parcels of real property for \$151,405. The note was paid off in May 2014 with an interest payment of \$1,351 and principal of \$225,000. The Authority had no debt outstanding at December 31, 2014.



# Dave Yost • Auditor of State

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

Muskingum County Convention Facilities Authority  
Muskingum County  
205 North Fifth 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 statement of the Muskingum County Convention Facilities Authority, Muskingum County, Ohio (the Authority), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statement, and have issued our report thereon dated December 14, 2015, wherein we noted the Authority followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit.

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

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statement, but not to the extent necessary to opine on the effectiveness of the Authority'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 Authority's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

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

December 14, 2015

**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY  
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	A Finding for Recovery was issued in the amount of \$668 against former Executive Director for public property converted or misappropriated.	Yes	Corrected
2012-002	A Finding for Recovery was issued in the amount of \$2,548 against former Executive Director for public monies illegally expended.	Yes	Corrected

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# Dave Yost • Auditor of State

**MUSKINGUM COUNTY 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  
DECEMBER 29, 2015**