



OHIO AUDITOR OF STATE
KEITH FABER



MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY
MUSKINGUM COUNTY

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Muskingum County Convention Facilities Authority, Muskingum County, Ohio (the Authority), which comprises the cash balances, receipts and disbursements as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

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* section of our report, the accompanying financial statements do 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, 2022 and 2021, or the changes in financial position, thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Authority on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 18, 2023

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**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash Receipts:

Local Taxes	\$604,154
Rental Income	22,920
Expense Recovery	10,392
Earnings on Investments	1,644
Contributions and Grants	<u>500,000</u>

Total Cash Receipts 1,139,110

Cash Disbursements:

Current:	
Professional Services	19,904
Contractual Services	76,798
Utilities	21,539
Wages	67,471
Community Capital Grants	21,500
Miscellaneous	6,434
Gateway Project	40,327
Capital Outlay	<u>7,580</u>

Total Cash Disbursements 261,553

Total Cash Receipts Over/(Under) Cash Disbursements 877,557

Fund Cash Balance, January 1 1,858,356

Fund Cash Balance, December 31 **\$2,735,913**

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, 2022**

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 in accordance with Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

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. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Entity must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Entity and the nonspendable portion of the corpus in permanent funds.

**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022
(Continued)**

Restricted Fund balance is *restricted* 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 is imposed by law through constitutional provisions.

Committed Governing Board can *commit* amounts via formal action (resolution). The Entity must adhere to these commitments unless the Governing Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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 fund balance classifications could be used.

2. Equity in Pooled Deposits

To improve cash management, cash received by the Authority is pooled. Monies for are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

Demand Deposits	\$2,547,118
Certificates of Deposit	<u>188,795</u>
Total Deposits and Investments	<u>\$2,735,913</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022
(Continued)**

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 2022, 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, 2022.

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

The Authority had no debt outstanding at December 31, 2022.

6. Subsequent Events

At the August 2023 meeting, the Board approved a contract with Robertson Construction for Phase I of the Gateway Project totaling \$32,462.

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**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash Receipts:	
Local Taxes	\$497,335
Rental Income	17,650
Expense Recovery	7,055
Earnings on Investments	<u>1,504</u>
 Total Cash Receipts	 <u>523,544</u>
 Cash Disbursements:	
Current:	
Professional Services	20,718
Contractual Services	66,424
Utilities	18,947
Wages	66,751
Community Capital Grants	134,873
Miscellaneous	12,659
Capital Outlay	<u>7,833</u>
 Total Cash Disbursements	 <u>328,205</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>195,339</u>
 Fund Cash Balance, January 1	 1,663,017
 <i>Fund Cash Balance, December 31</i>	 <u>\$1,858,356</u>

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, 2021**

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 in accordance with Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

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. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Entity must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Entity and the nonspendable portion of the corpus in permanent funds.

MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY
MUSKINGUM COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021
(Continued)

Restricted Fund balance is *restricted* 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 is imposed by law through constitutional provisions.

Committed Governing Board can *commit* amounts via formal action (resolution). The Entity must adhere to these commitments unless the Governing Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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 fund balance classifications could be used.

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:

	<u>2021</u>
Demand Deposits	\$1,670,224
Certificates of Deposit	<u>188,132</u>
Total Deposits	<u>\$1,858,356</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021
(Continued)**

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 2021, 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, 2021.

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

The Authority had no debt outstanding at December 31, 2021.

6. Subsequent Events

During 2022, the Authority received a \$500,000 grant to be used towards project management and contractors relating to the Gateway Project.

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Columbus, Ohio 43215
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(800) 282-0370

**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 the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Muskingum County Convention Facilities Authority, Muskingum County, Ohio (the Authority) and have issued our report thereon dated December 18, 2023, wherein we noted the Authority followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 18, 2023

OHIO AUDITOR OF STATE KEITH FABER



MUSKINGUM COUNTY CONVENTION FACILITIES AUTHORITY

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/28/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov