

**ZANESVILLE-MUSKINGUM COUNTY
CONVENTION & VISITOR'S BUREAU
INDEPENDENT AUDITOR'S REPORT
December 31, 2003 and 2002**

MILLIGAN, WALTMAN & HILL, LLC
Certified Public Accountants
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**Auditor of State
Betty Montgomery**

Board of Directors
Zanesville-Muskingum County Convention and Visitor's Bureau
Zanesville, Ohio

We have reviewed the *Independent Auditor's Report* of the Zanesville-Muskingum County Convention and Visitor's Bureau, prepared by Milligan, Waltman & Hill, LLC, for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Zanesville-Muskingum County Convention and Visitor's Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 8, 2005

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**ZANESVILLE-MUSKINGUM COUNTY
CONVENTION & VISITOR'S BUREAU**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
Statement of Financial Position At December 31, 2003 and 2002	4
Statement of Activities & Net Assets For the Years Ended December 31, 2003 and 2002	5-6
Statement of Cash Flows For the Years Ended December 31, 2003 and 2002	7
Notes to the Financial Statements	8-9
Report on Compliance and on Internal Control Required by Government Auditing Standards	10

MILLIGAN, WALTMAN, & HILL, LLC
Certified Public Accountants

DOUGLAS A. WALTMAN • R. DEAN HILL • DANFORD D. MILLIGAN (Retired)

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Zanesville-Muskingum County
Convention & Visitor's Bureau
205 North Fifth Street
Zanesville, OH 43701**

We have audited the accompanying statements of financial position of Zanesville-Muskingum County Convention & Visitor's Bureau (a not-for-profit organization) as of December 31, 2003 and 2002, and the related statements of activities, net assets and cash flows for the years then ended. These financial statements are the responsibility of the Convention and Visitor's Bureau management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Zanesville-Muskingum County Convention & Visitor's Bureau as of December 31, 2003 and 2002 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2004, on our consideration of Zanesville-Muskingum County Convention and Visitor's Bureau internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

**Milligan, Waltman & Hill, LLC, CPAs
February 23, 2004**

ZANESVILLE-MUSKINGUM COUNTY CONVENTION & VISITOR'S BUREAU
STATEMENT OF FINANCIAL POSITION
at December 31, 2003 AND 2002

	2003	2002
Assets		
Cash & cash equivalents	\$ 91,620.78	\$ 75,678.43
Accounts receivable	60,275.22	90,700.42
Prepaid expenses	2,835.00	2,887.50
Fixed assets (net)	3,913.86	9,573.51
Total Assets	<u>\$ 158,644.86</u>	<u>\$ 178,839.86</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 3,284.19	\$ 1,636.11
Other liabilities	104.95	8.35
Deferred income	12,765.00	15,307.50
Total Liabilities	<u>16,154.14</u>	<u>16,951.96</u>
 Net Assets		
Unrestricted funds	<u>142,490.72</u>	<u>161,887.90</u>
 Total Liabilities and Net Assets	 <u>\$ 158,644.86</u>	 <u>\$ 178,839.86</u>

The accompanying notes are an integral part of the financial statements.

ZANESVILLE-MUSKINGUM COUNTY CONVENTION & VISITOR'S BUREAU
STATEMENT OF ACTIVITIES & NET ASSETS
For the Years Ended December 31, 2003 and 2002

	2003	2002	2002-2003
Revenue			
Bed Tax	\$ 263,661.50	\$ 282,003.35	\$ 545,664.85
Visitor Guide Income	35,505.00	34,285.00	69,790.00
Interstate Billboards	16,065.00	16,065.00	32,130.00
Co-Op Trade Show	10,500.00	9,765.62	20,265.62
Pottery Attractions Co-Op	3,700.00	5,500.00	9,200.00
Muskingum Consortium Income	3,587.50	3,100.00	6,687.50
Tour Income	2,619.99	4,505.00	7,124.99
Health Insurance Co Pay	689.80	492.64	1,182.44
Other Income	629.82	690.71	1,320.53
Map Sales	571.00	0.00	571.00
Interest Income	182.19	425.62	607.81
Pottery Reunion Income	0.00	2,000.00	2,000.00
Total Revenue	337,711.80	358,832.94	696,544.74

Expenses

Salaries	143,058.24	133,206.63	276,264.87
Visitor Guide Expense	35,505.30	35,153.71	70,659.01
Interstate Billboards	18,360.00	18,360.00	36,720.00
Advertising	22,037.52	17,564.52	39,602.04
Postage	17,295.83	15,035.78	32,331.61
Shows & Conferences	12,785.40	13,666.99	26,452.39
Marketing	9,360.90	11,642.68	21,003.58
Payroll Taxes	11,940.27	10,988.26	22,928.53
Co-Op Trade Show Expense	10,536.29	10,560.36	21,096.65
Pension Plan	11,223.80	9,691.16	20,914.96
Depreciation	5,819.38	8,965.42	14,784.80
Group Health Insurance	9,780.14	7,830.54	17,610.68
Telephone	6,286.04	7,689.54	13,975.58
Office Supplies	6,780.39	6,325.03	13,105.42
Lease Expense	5,124.76	5,745.51	10,870.27
Printing & Publications	5,822.71	5,395.32	11,218.03
Muskingum Antiques Consortium Expense	4,077.76	4,312.01	8,389.77
Pottery Attractions Expense	3,350.04	3,945.90	7,295.94
Dues & Subscriptions	3,836.41	3,646.74	7,483.15
Legal & Accounting	1,500.00	3,118.71	4,618.71
Equipment Maintenance	2,412.01	3,114.55	5,526.56
Pottery Reunion Expense	1,853.95	2,263.21	4,117.16
Farm/City Day	2,187.93	2,196.69	4,384.62
Travel	1,389.29	1,660.09	3,049.38
Tour Expense	901.63	1,607.74	2,509.37

The accompanying notes are an integral part of the financial statements.

ZANESVILLE-MUSKINGUM COUNTY CONVENTION & VISITOR'S BUREAU
STATEMENT OF ACTIVITIES & NET ASSETS
For the Years Ended December 31, 2003 and 2002

	2003	2002	2002-2003
Janitorial Service	1,295.76	1,267.18	2,562.94
Meals & Entertainment	734.19	973.00	1,707.19
Electric	279.98	541.86	821.84
Comprehensive Insurance	500.00	500.00	1,000.00
Education Expense	150.00	0.00	150.00
Merchandise Purchased	434.59	197.10	631.69
Gas	306.07	183.22	489.29
Flowers/Gifts	30.00	158.71	188.71
Web Site Expense	45.00	99.95	144.95
Fidelity Bond Insurance	92.00	92.00	184.00
Bank Charges	15.40	20.00	35.40
Total Expense	<u>357,108.98</u>	<u>347,720.11</u>	<u>704,829.09</u>
Increase (Decrease) in Net Assets	<u>\$ (19,397.18)</u>	<u>\$ 11,112.83</u>	<u>\$ (8,284.35)</u>
Net Assets, Beginning of Period	<u>161,887.90</u>	<u>150,775.07</u>	<u>150,775.07</u>
Net Assets, End of Period	<u><u>\$ 142,490.72</u></u>	<u><u>\$ 161,887.90</u></u>	<u><u>\$ 142,490.72</u></u>

ZANESVILLE-MUSKINGUM COUNTY CONVENTION & VISITOR'S BUREAU
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2003 and 2002

	2003	2002
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (19,397.18)	\$ 11,112.83
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	5,819.38	8,965.42
(Increase) decrease in accounts receivable	30,425.20	(25,319.95)
(Increase) decrease in prepaid expenses	52.50	(2,887.50)
Increase (decrease) in accounts payable	1,648.08	864.05
Increase (decrease) in other liabilities	96.60	4.07
Increase (decrease) in deferred income	(2,542.50)	1,587.50
Net Cash Provided (Used) by Operating Activities	16,102.08	(5,673.58)
Cash Flows From Investing Activities		
Furniture and Fixtures purchases	(159.73)	(2,180.16)
Net Cash Used by Investing Activities	(159.73)	(2,180.16)
Net Increase (Decrease) in Cash & Cash Equivalents	\$ 15,942.35	\$ (7,853.74)
Cash & Cash Equivalents, Beginning of Year	75,678.43	83,532.17
Cash & Cash Equivalents, End of Year	\$ 91,620.78	\$ 75,678.43

ZANESVILLE-MUSKINGUM COUNTY CONVENTION & VISITOR'S BUREAU

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE 1 Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the presentation of these financial statements:

Business Activity

The Zanesville-Muskingum County Convention & Visitor's Bureau is a department of and is directed by the Zanesville-Muskingum County Chamber of Commerce.

The Bureau serves the public by encouraging economic development of the Zanesville Muskingum County area through the promotion of tourism.

Method of Accounting

These financial statements were prepared on the accrual basis of accounting.

Cash and Investments

The Bureau maintains a checking account at the local level. The account is valued at cost.

Furniture and Fixtures

Expenditures for furniture and equipment are capitalized. Assets are depreciated principally by the straight-line method over estimated useful lives of 5 to 30 years. Fixed assets costing \$91,662.78 have been recognized with accumulated depreciation claimed of \$87,748.92 as of December 31, 2003.

Revenue Recognition

Bed tax revenue is recognized when collected at the Muskingum County motels and hotels.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Tax

For federal income tax purposes, the Zanesville-Muskingum County Chamber of Commerce is exempt from federal income tax under Internal Revenue Code Section 501(c)(6).

NOTE 2 Concentration of Cash Revenue

The Bureau receives nearly all of its support from the Zanesville Muskingum County Motel/Hotel bed tax.

NOTE 3 Pension Plan

The Chamber has adopted a 401(k) deferred compensation plan. All eligible employees, including employees of the bureau, may elect to contribute up to 10% of their compensation up to the maximum allowed by law. The chamber will contribute 5% of eligible participant's compensation and will match up to another 5% of eligible employee's deferral. The pension cost for the years ended December 31, 2003 and 2002 was \$11,223.80 and \$9,691.16, respectively.

MILLIGAN, WALTMAN, & HILL, LLC

Certified Public Accountants

DOUGLAS A. WALTMAN • R. DEAN HILL • DANFORD D. MILLIGAN (Retired)

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Board of Directors
Zanesville-Muskingum County Convention & Visitor's Bureau
Zanesville, Ohio**

We have audited the financial statements of Zanesville-Muskingum County Convention & Visitor's Bureau, a not-for-profit organization, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 23, 2004. We conducted our audits in accordance with U.S. generally accepted auditing standards 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 Zanesville-Muskingum County Convention & Visitor's Bureau 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Zanesville-Muskingum County Convention & Visitor's Bureau internal control over financial reporting in order to determine our auditing procedures for the purposes 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.

This report is intended solely for the information and use of the board of directors, management, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

**Milligan, Waltman & Hill, LLC, CPAs
February 23, 2004**



**Auditor of State
Betty Montgomery**

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**ZANESVILLE – MUSKINGUM CO. CONVENTION & VISITORS BUREAU
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 18, 2005**