



**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT
MONTGOMERY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Montgomery County Arts and Cultural District
Montgomery County
126 North Main Street
Dayton, Ohio 45402

To the Board of Trustees:

We have audited the accompanying financial statements of the Montgomery County Arts and Cultural District, (the District), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the District'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 District 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 fund cash balances of the Montgomery County Arts and Cultural District 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 9, 2001, on our consideration of the District'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.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, 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 9, 2001

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**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>
Cash Receipts:	
Intergovernmental	\$2,000,000
Earnings on Investments	14,668
Other Revenue	<u>100</u>
Total Cash Receipts	<u>2,014,768</u>
Cash Disbursements:	
Arts & Cultural Grants	1,672,500
Administrative	<u>38,677</u>
Total Cash Disbursements	<u>1,711,177</u>
Total Receipts Over/(Under) Disbursements	<u>303,591</u>
Fund Cash Balances, January 1	<u>35,683</u>
Fund Cash Balances, December 31	<u><u>\$339,274</u></u>

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

**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>
Cash Receipts:	
Intergovernmental	\$1,000,000
Earnings on Investments	<u>5,716</u>
Total Cash Receipts	<u>1,005,716</u>
Cash Disbursements:	
Arts & Cultural Grants	1,057,241
Administrative	<u>48,332</u>
Total Cash Disbursements	<u>1,105,573</u>
Total Receipts Over/(Under) Disbursements	<u>(99,857)</u>
Fund Cash Balances, January 1	<u>135,540</u>
Fund Cash Balances, December 31	<u><u>\$35,683</u></u>

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

**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Montgomery County Arts and Cultural District, (the District) was established to exercise the rights and privileges conveyed to it by the constitution and by laws of the State of Ohio. The District is directed by a Board of Trustees consisting of fifteen members appointed by the Montgomery County Board of Commission. The District receives an annual grant from Montgomery County for its operation. The District provides support and enhances arts and cultural resources within its boundaries.

The District's management believes these financial statements present all activities for which the District 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Repurchase agreements 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. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its fund as the following type:

1. General Fund

The General Fund is the general operating fund of the District. It is used to account for all District financial resources.

E. Budgetary Process

The District is not a "subdivision" or a "taxing authority" as defined by Ohio Rev. Code Section 5705.01. Thus, certain requirements of the Ohio Revised Code are not applicable to the District regarding the budgetary process.

**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board annually approves an appropriation measure and any subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The District reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 665	\$ 713
Repurchase Agreement	<u>338,609</u>	<u>34,970</u>
Total deposits and investments	<u>\$ 339,274</u>	<u>\$ 35,683</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: The District's invests in overnight repurchase agreements. The District's investments are categorized to give an indication of the level of risk assumed by the District at fiscal years end. At fiscal years end, the District's investments were categorized as category 3. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT
MONTGOMERY COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,015,000	\$ 2,014,768	\$ (232)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,050,683	\$ 1,711,177	\$ 339,506

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,008,400	\$ 1,005,716	\$ (2,684)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,158,939	\$ 1,105,573	\$ 53,366

4. RISK MANAGEMENT

The District has obtained commercial comprehensive property and general liability insurance.

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

Montgomery County Arts and Cultural District
Montgomery County
126 North Main Street
Dayton, Ohio 45402

To the Board of Trustees:

We have audited the accompanying financial statements of the Montgomery County Arts and Cultural District, (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 9, 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 District'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 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 are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated July 9, 2001.

Montgomery County Arts and Cultural District
Montgomery County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

July 9, 2001



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MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT

MONTGOMERY 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 14, 2001**