

**ZANESVILLE – MUSKINGUM COUNTY
PORT AUTHORITY**

ANNUAL REPORT

TWO YEARS ENDED DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Zanesville Muskingum County Port Authority
205 North Fifth Street
Zanesville, Ohio 43701

We have reviewed the Independent Auditor's Report of the Zanesville Muskingum County Port Authority, prepared by John C. Power, CPA, for the audit period January 1, 1999 through December 31, 2000. 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 Port Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

October 9, 2002

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**ZANESVILLE – MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

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**ZANESVILLE – MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

**APPOINTED PERSONNEL
AS OF DECEMBER 31, 2000**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Thomas Barone	Chairman	11/1/99-10/31/03
Jack Downing	Vice-Chairperson	11/1/00-10/31/04
Charles Deveny	Board Member	11/4/99-10/31/03
Tom Bopely	Board Member	11/1/99-10/31/03
Richard Johnson	Board Member	11/1/97-10/31/01

Official Address

Zanesville – Muskingum County Port Authority
205 North Fifth Street
Zanesville, Ohio 43701

**ZANESVILLE - MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

**ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 2000**

<u>TITLE NAME</u>	<u>TERM OF OFFICE OR CONTRACT PERIOD</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>Executive Director</u> Larry Merry	Indefinite	(A)	\$50,000	12/31/99-12/31/02
<u>Secretary</u> Mary Hamilton	Indefinite	(A)	\$50,000	12/31/99-12/31/02
<u>Economic Development Specialist</u> Janie Dailey	Indefinite	(A)	\$50,000	n/a

(A) St. Paul Fire and Marine Insurance Company

**ZANESVILLE – MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY
INDEX OF FUNDS**

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund

Debt Service Fund Types:

Bond Retirement Fund

Account Groups:

General Fixed Assets Account Group

General Long-Term Obligations Account Group

**JOHN C. POWER, CPA
250 HILLVIEW DRIVE
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Board of Directors
Zanesville – Muskingum County Port Authority
Zanesville, Ohio 43701

I have audited the accompanying general-purpose financial statements of the Zanesville – Muskingum County Port Authority as of and for the years ended December 31, 2000 and December 31, 1999. These general-purpose financial statements are the responsibility of the Port Authority's management. My responsibility is to express an opinion on these general-purpose financial statements based on our audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in and *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. I believe that my audit provides a reasonable basis for our opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Zanesville – Muskingum County Port Authority as of December 31, 2000 and 1999, respectively, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 21, 2001, on our consideration of the Zanesville – Muskingum County Port Authority's internal control structure over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

My audit was made for the purpose of forming an opinion on the financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

John C. Power, CPA
Zanesville, Ohio
November 21, 2001

ZANESVILLE - MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 2000

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>ASSETS AND OTHER DEBITS</u>						
ASSETS:						
Equity in pooled cash and cash equivalents	\$325,810	\$0	\$319,919	\$0	\$0	\$645,729
Receivables (net of allowances of uncollectibles):						
Notes	20,000	0	0	0	0	20,000
Intergovernmental	0	0	0	0	0	0
Accounts	0	0	0	0	0	0
Restricted assets:						
Equity in pooled cash and cash equivalents	0	366,651	0	0	0	366,651
Property, plant and equipment (net of accumulated depreciation where applicable).	0	0	0	5,757,554	0	5,757,554
OTHER DEBITS:						
Amount available in Debt Service Fund .	0	0	0	0	366,651	366,651
Amount to be provided for retirement of General Long-Term Obligations	0	0	0	0	2,360,446	2,360,446
Total assets and other debits	<u>\$345,810</u>	<u>\$366,651</u>	<u>\$319,919</u>	<u>\$5,757,554</u>	<u>\$2,727,097</u>	<u>\$9,517,031</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

--Continued

ZANESVILLE - MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 2000

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Agency</u>	<u>General</u>	<u>General</u>	
				<u>Fixed Assets</u>	<u>Long-Term Obligations</u>	
LIABILITIES, EQUITY AND OTHER CREDITS						
LIABILITIES:						
Accounts payable	\$50,861	\$0	\$0	\$0	\$0	\$50,861
Accrued wages and benefits.	11,312	0	0	0	0	11,312
Compensated absences payable.	2,708	0	0	0	7,189	9,897
Intergovernmental payable	1,555	0	0	0	0	1,555
Retainage payable	57,323	0	0	0	0	57,323
Accrued interest	0	0	0	0	0	0
Due to others	0	0	319,919	0	0	319,919
General obligation bonds payable	0	0	0	0	1,375,000	1,375,000
OWDA loan payable	0	0	0	0	1,344,908	1,344,908
Total liabilities	123,759	0	319,919		2,727,097	3,170,775
EQUITY AND OTHER CREDITS:						
Investment in general fixed assets.	0	0	0	5,757,554	0	5,757,554
Fund balances:						
Reserved for debt service.	0	366,651	0	0	0	366,651
Unreserved-undesignated.	222,051	0	0	0	0	222,051
Total equity and other credits.	222,051	366,651	0	5,757,554	0	6,346,256
Total liabilities, equity and other credits	\$345,810	\$366,651	\$319,919	\$5,757,554	\$2,727,097	\$9,517,031

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

ZANESVILLE - MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 1999

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>ASSETS AND OTHER DEBITS</u>						
ASSETS:						
Equity in pooled cash and cash equivalents	\$373,007	\$0	\$787,426	\$0	\$0	\$1,160,433
Receivables (net of allowances of uncollectibles):						
Notes	120,982	0	0	0	0	120,982
Intergovernmental	13,333	0	0	0	0	13,333
Accounts	70,680	0	0	0	0	70,680
Restricted assets:						
Equity in pooled cash and cash equivalents	0	362,210	0	0	0	362,210
Property, plant and equipment (net of accumulated depreciation where applicable).	0	0	0	5,744,363	0	5,744,363
OTHER DEBITS:						
Amount available in Debt Service Fund	0	0	0	0	362,210	362,210
Amount to be provided for retirement of General Long-Term Obligations	0	0	0	0	1,876,817	1,876,817
Total assets and other debits	<u>\$578,002</u>	<u>\$362,210</u>	<u>\$787,426</u>	<u>\$5,744,363</u>	<u>\$2,239,027</u>	<u>\$9,711,028</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

--Continued

ZANESVILLE - MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY, OHIO

COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1999

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Agency</u>	<u>General</u>	<u>General</u>	
				<u>Fixed Assets</u>	<u>Long-Term Obligations</u>	
LIABILITIES, EQUITY AND OTHER CREDITS						
LIABILITIES:						
Accounts payable	\$142,261	\$0	\$0	\$0	\$0	\$142,261
Accrued wages and benefits.	11,613	0	0	0	0	11,613
Compensated absences payable.	1,538	0	0	0	8,015	9,553
Intergovernmental payable	2,354	0	0	0	0	2,354
Retainage payable	25,505	0	0	0	0	25,505
Accrued interest	0	0	0	0	0	0
Due to others	0	0	787,426	0	0	787,426
General obligation bonds payable	0	0	0	0	1,600,000	1,600,000
OWDA loan payable	0	0	0	0	631,012	631,012
Total liabilities	183,271	0	787,426		2,239,027	3,209,724
EQUITY AND OTHER CREDITS:						
Investment in general fixed assets.	0	0	0	5,744,363	0	5,744,363
Fund balances:						
Reserved for debt service.	0	362,210	0	0	0	362,210
Unreserved-undesignated.	394,731	0	0	0	0	394,731
Total equity and other credits.	394,731	362,210	0	5,744,363		6,501,304
Total liabilities, equity and other credits	\$578,002	\$362,210	\$787,426	\$5,744,363	\$2,239,027	\$9,711,028

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

ZANESVILLE - MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Revenues:			
Intergovernmental	\$1,012,382	\$0	\$1,012,382
Interest	22,894	21,897	44,791
Rents	6,949	139,554	146,503
Management fees	10,120	0	10,120
City of Zanesville	120,000	113,433	233,433
Muskingum County	800,808	113,433	914,241
Other			
Sale of coal rights	106,700		106,700
Miscellaneous	5,821	0	5,821
Total revenue	<u>2,085,674</u>	<u>388,317</u>	<u>2,473,991</u>
Expenditures:			
Personnell services	293,014	0	293,014
Contractual services	321,449	0	321,449
Materials	40,790	0	40,790
Other operating expenses	31,833	0	31,833
Intergovernmental	0	0	0
Capital outlay	2,177,297	0	2,177,297
Debt service:			
Principal retirement	0	225,000	225,000
Interest and fiscal charges	63,421	158,876	222,297
Total expenditures	<u>2,927,804</u>	<u>383,876</u>	<u>3,311,680</u>
Excess (deficiency) of revenues over (under) expenditures	(842,130)	4,441	(837,689)
Other financing sources (uses):			
Sale of assets	(44,446)	0	(44,446)
Proceeds of OWDA loan	713,896	0	713,896
Operating transfers in	0	0	0
Operating transfers out	0	0	0
Total other financing sources (uses)	<u>669,450</u>	<u>0</u>	<u>669,450</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(172,680)	4,441	(168,239)
Fund balance, January 1	394,731	362,210	756,941
Fund balance, December 31	<u>\$222,051</u>	<u>\$366,651</u>	<u>\$588,702</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

ZANESVILLE - MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Revenues:			
Intergovernmental	\$90,909	\$0	\$90,909
Interest	3,736	17,907	21,643
Rents	4,361	139,554	143,915
Contributions:	0	0	0
City of Zanesville	120,000	106,533	226,533
Muskingum County	795,000	106,533	901,533
Other	34,840	0	34,840
	<u>1,048,846</u>	<u>370,527</u>	<u>1,419,373</u>
Total revenue			
Expenditures:			
Personnel services	187,129	0	187,129
Contractual services	506,098	0	506,098
Materials	17,082	0	17,082
Other operating expenses	33,427	0	33,427
Intergovernmental	0	0	0
Capital outlay	1,231,774	0	1,231,774
Debt service:			
Principal retirement	0	225,000	225,000
Interest and fiscal charges	0	181,938	181,938
	<u>1,975,510</u>	<u>406,938</u>	<u>2,382,448</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures			
	(926,664)	(36,411)	(963,075)
Other financing sources (uses):			
Sale of assets	320,000	0	320,000
Proceeds from OWDA loan	631,012	0	631,012
Operating transfers in	0	0	0
Operating transfers out	0	0	0
	<u>951,012</u>	<u>0</u>	<u>951,012</u>
Total other financing sources (uses)			
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)			
	24,348	(36,411)	(12,063)
Fund balance, January 1			
	370,383	398,621	769,004
Fund balance, December 31			
	<u>\$394,731</u>	<u>\$362,210</u>	<u>\$756,941</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

1. REPORTING ENTITY AND BASIS OF PRESENTATION

A. REPORTING ENTITY

The Zanesville- Muskingum County Port Authority is a legally separate entity, organized under the laws of the State of Ohio. The Port Authority is governed by a five-member Board of Directors. The Board is comprised of two member appointed by Muskingum County and two members appointed by the City of Zanesville and one jointly appointed member. The Port Authority's primary function is to promote economic growth and development in the County. The Port Authority derives its revenues from rental income, interest income, and annual contributions from the County and the City. The County and the City currently lease Anchor Glass Facilities from the Port Authority pursuant to a 1988 operating lease agreement. The County and the City sublease the facilities to the Anchor Glass Corporation. The operating lease is a twenty- year lease which will expire the year 2008. The County and City, by terms of the lease agreement, make semi-annual lease payments directly to National City Bank in conjunction with the Anchor Glass Corporation. The payments are used for the payment of the Port Authority's outstanding bonds. The County's share of the Anchor Glass Corporation rent income and the related lease payments are reflected in the County's General Fund.

B. BASIS OF PRESENTATION

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the Authority are financed. The acquisition, use and balances of the Authority's expendable resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the Authority's fund types:

General Fund

This fund is used to account for all financial resources of the Authority except for those required to be accounted for in another fund. The general fund balance is available to the Authority for any purpose provided it is expended or transferred according to the general laws of Ohio.

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

B. BASIS OF PRESENTATION (continued)

GOVERNMENTAL FUND TYPES (continued)

Debt Service Fund

This fund is used to account for the accumulation of financial resources for, and the payment of, general long- term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

FIDUCIARY FUND TYPES

These funds are used to account for assets held by the Authority in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Authority had the following Fiduciary Fund Type:

Agency Funds

These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The Authority, serving as fiscal agent for the Muskingum County Transportation Improvement District, maintained an agency fund to reflect the financial activity of the Transportation Improvement District.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

The general fixed assets account group is used to account for all fixed assets of the Authority.

General Long-Term Obligations Account Group

The general long-term obligations account group is used to account for all long-term debt of the Authority.

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

Basis of Accounting

The accounting policies of the Port Authority conform to generally accepted accounting principals as applicable to governmental type funds. All governmental type funds are accounted for using a flow of current financial resources measurement focus. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectable within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year.

The Zanesville- Muskingum County Port Authority is a not-for-profit entity that follows the accounting guidelines set forth in GASB Statement Number 29, "The Use of Not-For Profit Accounting and Financial Reporting Principals by Governmental Entites". Under GASB Statement Number 29, the Port Authority uses the governmental model for financial reporting. The not for profit corporation uses the modified accrual method of accounting for its operations similar to the governmental type funds of the county.

Cash & Cash Equivalents

The Cash Balance of the Port Authority, except cash held by the trustee, is invested in a single checking account in order to provide improved cash management. Investments held by trustees are stated at market value. The Zanesville-Muskingum County Port Authority received \$44,791 and \$21,643 in interest revenue during 2000 and 1999, respectively.

Property, Plant and Equipment

Property, plant and equipment reflected in the general fixed assets fund are stated at historical cost and are updated for the cost of additions and retirements during the year. Under the governmental type of accounting current period expenditures for capital assets are expensed as a current period item. These assets are listed at cost in the Asset section of the balance sheet with a corresponding amount shown in the Equity section.

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

Compensated Absences

The Zanesville-Muskingum County Port Authority follows the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Absences. Vacation and Sick Leave Benefits are accrued as a liability as the benefits are earned provided the employee's rights to receive compensation are attributable to services already rendered and it is probable the employer will compensate the employees for the benefits through paid time off or some other means.

Zanesville-Muskingum County Port Authority employees earn vacation and sick leave at varying rates depending on length of service and policy. All accumulated unused vacation time is paid upon separation if the employee has at least one year service with the Port Authority. The liability for accrued vacation benefits is based on accumulated vacation leave and employee's wage rates at year end, taking into consideration any limits specified in the Port Authority's termination policy. Liability for sick leave has been accrued based on the Port Authority's policy. As of December 31, 2000 and 1999 the following liabilities for compensated absences have been recorded:

	<u>2000</u>	<u>1999</u>
General Fund Liability:		
Sick leave pay	<u>\$2,708</u>	<u>\$1538</u>
General Long Term Debt:		
Vacation pay	<u>\$7,189</u>	<u>\$8,015</u>

Long-Term Debt

Long-term liabilities are recognized as a liability of the general long-term obligations account group. Requirements of the Port Authority's bond indenture establish a trustee to service the debt principal and interest payments. These accounts are recorded as "Restricted Assets" on the balance sheet.

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES** (continued)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. **DEPOSITS AND INVESTMENTS**

Legal Requirements

Statutes require the classification of monies held by the Port Authority into two categories.

The first classification consists of “active monies”, those monies required to be kept in a “cash” or “near-cash” status for current demands upon the Port

Authority treasury or in depository accounts payable or withdrawable on demand including negotiable order of withdrawal (NOW) accounts.

The second classification consists of “inactive” monies. Inactive monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Time certificates of deposit or savings or deposit accounts, including but not as limited to passbook accounts;
5. Bonds and other obligations of the State of Ohio, its political subdivision, or other units or agencies of the state or its political subdivisions; and,
6. The State Treasurer’s investment pool (STAR Ohio.)

Statutory provisions require that the Port Authority hold all securities acquired by the Port Authority or deposit them with a qualified trustee pursuant to Section 135.18, Revised Code.

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

3. **DEPOSITS AND INVESTMENTS** (continued)

Deposits

As of December 31, 2000 and 1999, the carrying amount of the Port Authority's deposits was \$1,012,380 and \$1,522,643, and the combined bank balance was \$1,476,599 and \$1,522,831. Of the bank balance \$380,974 and \$344,715, was covered by federal depository insurance, \$168,387 and \$247,420 was guaranteed by the First National Bank of Zanesville through a Pooled Assets program applicable to Government Funds on Deposit, and \$927,238 and \$930,696 was uninsured and uncollateralized.

Investments

The Authority had no other funds on deposit at December 31 2000 and 1999.

The classification of cash and cash equivalents and investments on the general purpose financial statements is based on criteria set forth in GASB Statement

No. 9. Cash equivalents are defined to include investments originally maturing within three months or less and investments in the Port Authority's trustee accounts.

4. **FIXED ASSETS**

A summary of the changes in the Port Authority's capital assets for the period January 1, 1999 through December 31, 2000 is as follows:

	<u>Balance January</u> <u>1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2000</u>
Land & Improvements	\$ 1,928,614	\$ 0	\$ 6,042	\$ 1,922,572
Buildings	3,750,050	0	0	3,750,050
Furniture & Fixtures	<u>65,699</u>	<u>19,233</u>	<u>0</u>	<u>84,932</u>
Total Assets	<u>\$ 5,744,363</u>	<u>\$ 19,233</u>	<u>\$ 6,042</u>	<u>\$ 5,757,554</u>

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

4. **FIXED ASSETS** (continued)

	<u>Balance January</u> <u>1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>1999</u>
Land & Improvements	\$ 2,053,454	\$ 0	\$ 124,840	\$ 1,928,614
Buildings	3,750,050	0	0	3,750,050
Furniture & Fixtures	<u>36,106</u>	<u>29,593</u>	<u>0</u>	<u>65,699</u>
Total Assets	<u>\$ 5,839,610</u>	<u>\$ 29,593</u>	<u>\$ 124,840</u>	<u>\$ 5,744,363</u>

5. **RISK MANAGEMENT**

The Zanesville-Muskingum County Port Authority is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The Port Authority has commercial general liability, commercial property, and business auto coverage through United States Fidelity and Guaranty Company. The Port Authority has commercial general liability as follows: a general aggregate limit of \$1,000,000, a personal injury limit of \$1,000,000 and \$1,000,000 each occurrence limit. The Port Authority's business auto policy includes a liability limit of \$1,000,000 for any one accident or loss.

The Port Authority's employees are covered under limited risk health insurance Muskingum County. The Port Authority reimburses the County for 100% of the premium costs to an insurance administrator in conjunction with the third party administrator.

The Port Authority makes annual premium payments to the Bureau of Workers' Compensation based upon rates actuarially determined by the State of Ohio. Workers' Compensation premiums were paid to the State a year behind, therefore, 2000 premiums will be paid in cash during 2001.

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLANS**

All Zanesville-Muskingum County Port Authority full time employees contribute to the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 227 East Towne Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and Zanesville- Muskingum County Port Authority is required to contribute 8.44 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$48,922, \$34,292, and \$21,370 respectively. The full amount has been contributed for 1999 and 1998, 96.9 percent has been contributed for 2000 with the remainder being reported in the general current liabilities section of the balance sheet.

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose social security or the appropriate state system. As of December 31, 2000 no employees have elected social security.

7. **POST- EMPLOYMENT BENEFITS**

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 and 1999 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll.

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

7. POST- EMPLOYMENT BENEFITS (continued)

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from .54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 411,076. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2000 is \$11,735.9 million.

The actuarially accrued liability and the unfunded actuarial liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

8. LONG TERM DEBT

Changes in the Zanesville-Muskingum County Port-Authority's long-term obligations during 2000 and 1999 consist of the following:

	<u>Outstanding at January 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding at December 31, 1998</u>
<u>Revenue Bonds</u>	<u>\$ 1,600,000</u>	<u>\$ 0</u>	<u>\$ 225,000</u>	<u>\$ 1,375,000</u>
<u>O.W.D.A.</u>	<u>\$ 631,012</u>	<u>\$ 713,896</u>	<u>\$ 0</u>	<u>\$ 1,344,908</u>

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

8. **LONG TERM DEBT** (continued)

<u>Revenue Bonds</u>	<u>Outstanding at January 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding at December 31, 1999</u>
	\$ 1,825,000	\$ 0	\$ 225,000	\$ 1,600,000
<u>O.W.D.A.</u>	<u>0</u>	<u>631,012</u>	<u>0</u>	<u>631,012</u>

The Zanesville Muskingum County Port Authority Anchor Glass revenue bonds were issued to construct a warehouse. The debt is being retired by operating lease income received from Muskingum County and the City of Zanesville.

The Ohio Water Development Authority (O.W.D.A.) was for the East Pointe Water/ Sewer project. The debt will be retired from future operating revenues received from Muskingum County and the City of Zanesville.

A summary of the Port Authority's future debt funding requirements, including principal and interest are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>	<u>O.W.D.A.</u>
2001	263,375	461,616
2002	250,563	461,616
2003	261,469	461,616
2004	246,094	461,616
2005	255,719	461,616
2006	261,500	-
2007-2008	<u>508,936</u>	<u>-</u>
Total	<u>\$2,047,656</u>	<u>\$2,308,080</u>

**ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

8. **LONG TERM DEBT** (continued)

On September 1, 1994, the Zanesville- Muskingum County Port Authority served as the issuer of \$4,700,000 in Industrial Development Bonds. The Proceeds were loaned to B.E. Products, Inc. to finance the cost of acquiring rehabilitating, and equipping an egg processing facility located in Muskingum County. Loan payments shall be made by B.E. Products, Inc. to the trustee, PNC Bank, sufficient in time and amounts to pay, when due, an amount equal to the debt principal and interest payments. The trustee then makes the principal and interest payments on the bonds. The Industrial and Development Bonds do not constitute a general obligation debt or bonded indebtedness of the Zanesville-Muskingum County Port Authority, nor is the full faith and credit or taxing power of the Authority pledged to make repayment. As of December 31, 2000 and 1999, \$1,880,000, and \$2,350,000 remained outstanding, respectively.

9. **RELATED PARTY TRANSACTIONS**

The Zanesville-Muskingum County Port Authority, received contributions from Muskingum County and the City of Zanesville for general operating expenses and for the implementation of its economic development activities. These contributions are reflected as operating revenues and operating expenses. In 2000, these contributions amounted to \$1,147,674 and in 1999 the contributions amounted to \$1,128,066.

**ZANESVILLE - MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>APPALACHIAN REGIONAL COMMISSION</u>						
(Direct Award)						
Appalachian Regional Commission	n/a	23.011	\$300,000	-	\$300,000	-
			\$300,000	-	\$300,000	-
Total Appalachian Regional Commission			<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Pass through Ohio Department of MR/DD						
Temporary Assistance for Needy Families	n/a	93.558	179,305	-	170,305	-
Total U.S. Department of Labor			<u>179,305</u>	<u>-</u>	<u>170,305</u>	<u>-</u>
Total Federal Awards Expenditures			<u>\$ 479,305</u>	<u>\$ -</u>	<u>\$ 470,305</u>	<u>\$ -</u>

See notes to Schedule of Federal Awards Expenditures.

**ZANESVILLE – MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – Significant Account Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the Port Authorities federal awards programs. The schedule has been prepared on the cash basis of accounting.

**JOHN C. POWER, CPA
250 HILLVIEW DRIVE
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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 Port Authority
Zanesville, Ohio 43701

I have audited the general-purpose financial statements of the Zanesville – Muskingum County Port Authority as of and for the years ended December 31, 2000 and 1999, and have issued my report thereon dated November 21, 2001. I conducted my audit in accordance with 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 the Zanesville – Muskingum County Port Authority's general-purpose financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Zanesville – Muskingum County Port Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the Zanesville – Muskingum County Port Authority in a separate letter dated November 21, 2001.

Zanesville – Muskingum County Port Authority
Report on Compliance and on Internal Control Over Financial Reporting
Page two

This report is intended for the information of Board of Directors, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

John C. Power, CPA
Zanesville, Ohio
November 21, 2001

**JOHN C. POWER, CPA
250 HILLVIEW DRIVE
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *OMB CIRCULAR A-133***

Board of Directors
Zanesville – Muskingum County Port Authority
Zanesville, Ohio 43701

Compliance

I have audited the compliance of the Zanesville – Muskingum County Port Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. Zanesville – Muskingum County Port Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Zanesville – Muskingum County Port Authority management. My responsibility is to express an opinion on the Zanesville – Muskingum County Port Authority’s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Zanesville – Muskingum County Port Authority’s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Zanesville – Muskingum County Port Authority’s compliance with those requirements.

In my opinion, the Zanesville – Muskingum County Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2000-1.

Internal Control Over Compliance

The management of the Zanesville – Muskingum County Port Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Zanesville – Muskingum County Port Authority' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Directors, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

John C. Power, CPA
Zanesville, Ohio
November 21, 2001

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A – 133 SECTION .505**

**ZANESVILLE – MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY
DECEMBER 31, 2000**

1. AUDITOR’S RESULTS

<i>(d)(1)(I)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(II)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs’ Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under section .510?	YES
<i>(d)(1)(vii)</i>	Major Programs (List):	ARC #23.001
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	NO

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 2000-1, The Port Authority did not obtain the proper information to determine that the applicants of the Work Force Development Grant were under 200% of the established poverty level required in the service agreement item #1 in the terms of the grant. Any potential loss cannot be determined at this time.

**ZANESVILLE – MUSKINGUM COUNTY PORT AUTHORITY
MUSKINGUM COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 SECTION.315(c)
DECEMBER 31, 2000**

1. FINDING NUMBER

2000-1

2. FINDING SUMMARY

The Port Authority did not obtain the proper information to determine that the participants served were under 200% of the established poverty level required in the service agreement item #1 in the terms of the grant.

3. FULLY CORRECTED

No. As of the date of this audit the program had ended.

4. ACTION TAKEN

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
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800-282-0370
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ZANESVILLE MUSKINGUM COUNTY PORT 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
NOVEMBER 7, 2002**