

**LAWRENCE COUNTY  
CONVENTION AND VISITOR'S BUREAU  
LAWRENCE COUNTY, OHIO**

**FINANCIAL STATEMENT  
JANUARY 1, 1997, THROUGH DECEMBER 31, 1997**

**TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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Board of Directors  
Lawrence County Convention and Visitor's Bureau

We have reviewed the Independent Auditor's Report of the Lawrence County Convention and Visitor's Bureau, Lawrence County, prepared by Kelley, Galloway & Company, PSC for the audit period January 1, 1997 through December 31, 1997. 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 Lawrence County Convention and Visitor's Bureau 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

December 11, 2000

**TABLE OF CONTENTS**

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	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT .....	1-2
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUNDS .....	3
NOTES TO FINANCIAL STATEMENTS .....	4-5
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	6-7

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Kelley,  
Galloway &  
Company, PSC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lawrence County Convention and Visitor's Bureau  
South Point, Ohio

We have audited the accompanying financial statements of Lawrence County Convention and Visitor's Bureau as of and for the year ended December 31, 1997, as listed in the table of contents. These financial statements are the responsibility of the Lawrence County Convention and Visitor's Bureau management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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. 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 Lawrence County Convention and Visitor's Bureau, prepares its financial statements on the cash basis of accounting, 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 financial position of Lawrence County Convention and Visitor's Bureau as of December 31, 1997, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 1999 on our consideration of the Lawrence County Convention and Visitor's Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Kelley Salloway + Coopers, PSC  
December 30, 1999

LAWRENCE COUNTY CONVENTION AND VISITOR'S BUREAU  
LAWRENCE COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE - GOVERNMENTAL FUND

FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>General</u>
Cash Receipts:	
Intergovernmental	\$ 52,349
Interest	505
Total Cash Receipts	<u>52,854</u>
Cash Disbursements:	
Current:	
General government	<u>64,805</u>
Total cash disbursements:	<u>64,805</u>
Total receipts under cash disbursements	(11,951)
Fund cash balance, January 1, 1997	<u>18,585</u>
Fund cash balance, December 31, 1997	<u><u>\$ 6,634</u></u>

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

LAWRENCE COUNTY CONVENTION AND VISITOR'S BUREAU

LAWRENCE COUNTY, OHIO

JANUARY 1, 1997, THROUGH DECEMBER 31, 1997

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Bureau

The Bureau is a separate fund of the Lawrence Economic Development Corporation (a not-for-profit organization). The Bureau is funded primarily by Lawrence County from lodging taxes assessed and collected by the County and distributed to the Bureau. These taxes are collected from hotels and motels within Lawrence County and are required to be used to promote tourism and travel in Lawrence County.

The Bureau's management believes these financial statements present all activities for which the Bureau is financially accountable.

B. Basis of Accounting

These financial statements were prepared on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

C. Fund Accounting

The Bureau uses fund accounting to segregate cash and investments that are restricted as to use. The Bureau classifies its funds into the following types

General Fund

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

D. Property, Plant and Equipment

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

E. Federal Income Taxes

The Lawrence Economic Development Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required.

G. Budgetary Process

The Bureau is not subject to the provisions of Section 5705 of the Revised Code as property tax revenues are not utilized to finance its operations. However, under the Bureau's policy, the Director provides the Board with an annual budget that is used as a guideline to control the disbursements of the Bureau.

2. Equity in Pooled Cash and Investments

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 1997, was as follows:

Deposits

Checking account	<u>\$6,634</u>
Total cash deposits	<u>\$6,634</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. Lodging Tax

Lodging tax is assessed and collected by Lawrence County on all hotels and motels within their jurisdiction. These taxes are required to be used to promote travel and tourism in the area. The Bureau pays operational and promotional expenses from these funds. In 1997, the Bureau received Lodging Tax in the amount of \$52,349 from Lawrence County.

4. Risk Management

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and Omissions





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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

To the Board of Directors  
Lawrence County Convention and Visitor's Bureau  
South Point, Ohio

We have audited the financial statements of Lawrence County Convention and Visitor's Bureau as of and for the year ended December 31, 1997, and have issued our report thereon dated December 30, 1999. We conducted our 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 Lawrence County Convention and Visitor's Bureau's general purpose 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 97-2.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Lawrence County Convention and Visitor's Bureau'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable

conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Lawrence Economic Development Corporation's ability to record, process, summarize and report data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 97-1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition 97-1 described above, is considered to be a material weakness.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Kelley Galloway & Company PSC*  
December 30, 1999

**LAWRENCE COUNTY CONVENTION AND VISITOR'S BUREAU**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

**A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS.**

**97-1 Condition:** The Treasurer of Lawrence Economic Development Corporation handles all the duties of cash transactions creating a serious lack of segregation of duties.

**Criteria:** Under a desirable internal control structure, the origination and completion of a single transaction should never be under the control of the same individual.

**Effect:** A limited segregation of duties is achieved.

**Cause:** There is a lack of management oversight.

**Recommendation:** We recommend use of the bookkeeper and the director to create more segregation of duties.

**Response:** The auditee has agreed to use the bookkeeper, program directors, and executive director to segregate the duties of cash transactions.

**B. FINDINGS AND QUESTIONED COSTS**

**97-2 Lawrence County Convention and Visitor's Bureau \$ 56,873**

**Condition:** The Organization allocates costs from their affiliated company, The Greater Lawrence County Chamber of Commerce, based upon the amount budgeted and not upon the actual amount of or the benefit received by the program.

**Criteria:** OMB Circular A-122 Attachment A, Paragraph (A)(4)(a), States, "A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it benefits both the award and other work and can be distributed in reasonable proportion to the benefits received."

**Cause:** Management oversight.

**Effect:** The questioned costs could be disallowed.

**Recommendation:** We recommend that the Lawrence County Convention and Visitor's Bureau more closely monitor the invoices from their affiliated company and only charge to the programs for costs actually incurred.

**Auditee Response:** During the audit year in question, the indirect costs of the entire organization were allocated based on the individual budgets and occupied space. At no time were the direct costs shared by any other agency. However, it appears that the time tracking of the support staff falls short of the requirements needed to justify the amount charged. We have initiated the monitoring of the time tracking on a quarterly basis in the hopes of rectifying any discrepancies prior to closing the award year.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**LAWRENCE COUNTY CONVENTION AND VISITORS BUREAU**

**LAWRENCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 19, 2000**