



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU
SCIOTO COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Portsmouth Area Convention and Visitors Bureau
Scioto County
324 Chillicothe Street
P.O. Box 509
Portsmouth, Ohio 45662

To the Board of Trustees:

We have audited the accompanying financial statement of the Portsmouth Area Convention and Visitors Bureau, Scioto County, Ohio (the Bureau), as of and for the years ended December 31, 2001 and 2000. This financial statement is the responsibility of the Bureau's management. Our responsibility is to express an opinion on this financial statement 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 Bureau prepares its financial statement 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 statement referred to above presents fairly, in all material respects, the cash balance of the Portsmouth Area Convention and Visitors Bureau, Scioto County, as of December 31, 2001 and 2000, 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 June 17, 2002, on our consideration of the Bureau'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 management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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Jim Petro
Auditor of State

June 17, 2002

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU
SCIOTO COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
Cash Receipts:		
Hotel/Motel Taxes	\$65,224	\$64,596
Grant	1,600	
Miscellaneous	3,574	1,197
Interest	1,816	1,343
	<hr/>	<hr/>
Total Cash Receipts	72,214	67,136
	<hr/>	<hr/>
Cash Disbursements:		
Salaries	12,597	13,276
Payroll Taxes	5,036	4,833
Contractual	3,750	3,750
Travel and Directors	538	299
Office Equipment and Supplies	473	1,298
Postage	2,456	2,093
Utilities	640	594
Advertising	15,878	16,232
Membership Dues	250	300
Insurance	1,321	1,105
Rent	3,900	3,600
Accounting and Auditing	3,000	108
Miscellaneous	163	3,807
	<hr/>	<hr/>
Total Cash Disbursements	50,002	51,295
	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	22,212	15,841
	<hr/>	<hr/>
Cash Balance, January 1	49,454	33,613
	<hr/>	<hr/>
Cash Balance, December 31	<u><u>\$71,666</u></u>	<u><u>\$49,454</u></u>

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

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**PORTSMOUTH AREA CONVENTION AND VISITORS CENTER
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Portsmouth Area Convention and Visitors Bureau, Scioto County (the Bureau), is a not-for-profit corporation established as an independent entity. The Bureau is directed by not less than 11 nor more than 25 trustees, representative of the area, of which 51% of the trustees shall be appointed by the Portsmouth City Council members, plus the executive director. The Bureau promotes visitors activity as well as attracts tourists and conventions to the area. The Bureau endeavors to improve the overall community self-image, improve the business climate, provide public information and promote, support and coordinate events that will develop community and cultural interests to these ends and to these purposes. The Bureau is partially supported by a lodging tax assessed by the City of Portsmouth and Clay, Nile, and Porter Townships.

The Bureau's management believes this financial statement presents all activities for which the Bureau is financially accountable.

B. Basis of Accounting

This financial statement follows 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.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The Bureau invests all available funds in an interest bearing money market savings account and an interest bearing checking account.

D. Budgetary Process

The Bureau is not subject to the provisions of Ohio Revised Code Chapter 5705. However, the Constitution and By-Laws of the Bureau require the Board of Trustees to annually adopt a budget for fiscal control over expenditures. No Committee may exceed its appropriation without the consent of the Board of Trustees. The Bureau adopts its budget for the period October 1 through September 30.

E. 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.

**PORTSMOUTH AREA CONVENTION AND VISITORS CENTER
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH

The Bureau maintains a cash pool. The carrying amount of cash at December 31 was as follows:

	2001	2000
Demand deposits	\$ 71,666	\$ 49,454

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending September 30, 2001 and 2000 follows:

	2001	2000
Budgeted Receipts	\$ 68,850	\$ 68,850
Actual Receipts	73,707	67,316
Variance	\$ 4,857	\$ (1,534)

	2001	2000
Appropriations	\$ 68,850	\$ 68,850
Actual Expenditures	53,298	48,558
Variance	\$ 15,552	\$ 20,292

4. LODGING TAX

The Bureau receives lodging taxes imposed by various local governments as follows: two-thirds of the three percent excise tax collected by the City of Portsmouth; one-fourth of the four percent excise tax collected by Clay and Porter Townships, and two-fifths of the five percent excise tax collected by Nile Township.

5. SOCIAL SECURITY

All of the employees of the Bureau are covered by Social Security. The Bureau's liability is 6.2 percent of wages paid.

6. INCOME TAXES

The Bureau is exempt from federal income taxes under Internal Revenue Code Section 501(c)(6) and, accordingly, has not made any provision for federal income taxes.

7. RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Executive protection and employment practices liability

**PORTSMOUTH AREA CONVENTION AND VISITORS CENTER
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001 AND 2000
(Continued)**

8. RELATED PARTIES

The Bureau engaged in two instances of related party transactions during the audit period. The Bureau purchased liability and executive protection insurance through a Trustee. The Bureau also purchased advertising for an event that employs a Trustee. Neither case of related parties was disclosed in the minutes. In neither case did the minutes reflect that the interested Trustee abstained from voting on the matter.

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

Portsmouth Area Convention and Visitors Bureau
Scioto County
324 Chillicothe Street
P.O. Box 509
Portsmouth, Ohio 45662

To the Board of Trustees:

We have audited the accompanying financial statement of the Portsmouth Area Convention and Visitors Bureau, Scioto County, Ohio (the Bureau), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon June 17, 2002. 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 Bureau's financial statement is 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Bureau in a separate letter dated June 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. 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 a material weakness. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Bureau in a separate letter dated June 17, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 17, 2002



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PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU

SCIOTO 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 8, 2002**