

**MARIETTA/WASHINGTON COUNTY
CONVENTION AND VISITOR'S BUREAU, INC.**

**FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**



**Auditor of State
Betty Montgomery**

Board of Directors
Marietta/Washington County Convention and Visitor's Bureau, Inc.
316 Third Street
Marietta, Ohio 45750

We have reviewed the Independent Auditor's Report of the Marietta/Washington County Convention and Visitor's Bureau, Inc., Washington County, prepared by Salvatore Consiglio, CPA, Inc., 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 Marietta/Washington County Convention and Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

November 2, 2004

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**MARIETTA/WASHINGTON COUNTY CONVENTION
AND VISITOR'S BUREAU, INC.**

**FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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Board of Directors
Marietta/Washington County Convention and Visitor's Bureau, Inc.
Marietta, OH 45750

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statements of financial position of the Marietta/Washington County Convention and Visitor's Bureau, Inc. (a non-profit organization) (the Bureau) as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Bureau's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards 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 I 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 audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marietta/Washington County Convention and Visitor's Bureau, Inc. 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 principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2004, on my consideration of the Marietta/Washington County Convention and Visitor's Bureau, Inc.'s internal control 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 performed in accordance with *Government Auditing Standards* generally accepted in the United States of America and should be read in conjunction with this report in considering the results of my audits.

Salvatore Consiglio, CPA, Inc.
June 24, 2004

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2003 AND 2002

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
CURRENT ASSETS:		
Cash	\$37,601	\$88,330
Prepaid Expenses	860	7,042
Accounts Receivable – other	11,030	4,762
Membership Receivable	1,184	800
	<hr/>	<hr/>
Total Current Assets	50,675	100,934
FIXED ASSETS:		
Building	52,406	52,406
Outdoor Sign	1,150	1,150
Office Furniture and Equipment	18,311	17,811
Computer Equipment	32,759	30,380
Silhouettes	6,000	6,000
Total Fixed Assets	<hr/> 110,626	<hr/> 107,747
Less: Accumulated Depreciation	<hr/> (50,601)	<hr/> (43,256)
Net Fixed Assets	<hr/> 60,025	<hr/> 64,491
Total Assets	<hr/> <hr/> \$110,700	<hr/> <hr/> \$165,425

TOTAL LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts Payable	\$3,900	\$840
Accrued Membership	2,593	25,163
Accrued Payroll	0	2,940
Withheld Payroll Taxes	1,955	3,039
Deferred Membership Fees	18,264	13,815
Line of Credit – Bank One	12,000	20,000
Capital Lease Obligation – Current Portion	0	0
Long-Term Debt – Current Portion	3,222	2,825
	<hr/>	<hr/>
Total Current Liabilities	41,934	68,622
NONCURRENT LIABILITIES:		
Capital Lease Obligation – Net of Current Portion	2,188	5,645
	<hr/>	<hr/>
Total Liabilities	\$44,122	\$74,267

The accompanying notes are an integral part of these financial statements

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENT OF FINANCIAL POSITION (Continued)
AS OF DECEMBER 31, 2003 AND 2002

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
NET ASSETS:		
Temporarily Restricted	\$0	\$0
Unrestricted	66,578	91,158
	<hr/>	<hr/>
Total Net Assets	66,578	91,158
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$110,700	\$165,425
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES:				
Bed Tax Revenue	\$227,814	\$0	\$0	\$227,814
Membership	38,448	0	0	38,448
Washington County Commissioners	10,000	0	0	10,000
Fundraisers and Sales	12,589	0	0	12,589
Special Projects & Grant Revenue	10,530	0	0	10,530
Net Assets Released from Restriction Satisfaction of Purpose	0	0	0	0
Total Revenues	<u>299,381</u>	<u>0</u>	<u>0</u>	<u>299,381</u>
OPERATING EXPENSES:				
Salaries and Wages	104,954	0	0	104,954
Taxes – Payroll	9,778	0	0	9,778
Contract Labor	450	0	0	450
Depreciation	7,346	0	0	7,346
Training	65	0	0	65
Employee Insurance	9,756	0	0	9,756
Office Supplies and Expense	14,954	0	0	14,954
Shipping	3,192	0	0	3,192
Postage	22,415	0	0	22,415
Telephone	9,232	0	0	9,232
Repairs and Maintenance	1,344	0	0	1,344
Rent	7,800	0	0	7,800
Accounting and Legal Fees	830	0	0	830
Subscriptions	266	0	0	266
Insurance	3,594	0	0	3,594
Advertising	103,406	0	0	103,406
Special Project Expenses	7,326	0	0	7,326
Travel and Entertainment	4,452	0	0	4,452
Promotional	1,745	0	0	1,745
Conventions and Trade Shows	5,198	0	0	5,198
Personal Property Tax	505	0	0	505
Dues and Organizations Expense	5,302	0	0	5,302
Total Operating Expenses	<u>323,910</u>	<u>0</u>	<u>0</u>	<u>323,910</u>
Income (Loss) from Operations	<u>(\$24,529)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$24,529)</u>

The accompanying notes are an integral part of these financial statements

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF ACTIVITIES (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OTHER INCOME (EXPENSE):				
Interest Expense	(\$2,067)	\$0	\$0	(\$2,067)
Interest Income	574	0	0	574
Miscellaneous Income	1,442	0	0	1,442
	<hr/>			
Total Other Income (Expense)	(51)	0	0	(51)
	<hr/>			
Net Increase (Decrease) in Net Assets	(24,580)	0	0	(24,580)
	<hr/>			
Net assets, beginning of year	91,158	0	0	91,158
Prior Period Adjustment	0	0	0	0
	<hr/>			
Net assets, end of year	\$66,578	\$0	\$0	\$66,578
	<hr/>			

The accompanying notes are an integral part of these financial statements

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2002

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
REVENUES:				
Bed Tax Revenue	\$236,831	\$0	\$0	\$236,831
Membership	25,458	0	0	25,458
Washington County Commissioners	7,000	0	0	7,000
Fundraisers and Merchandise Sales	812	0	0	812
Special Projects and Grant Revenue	6,185	0	0	6,185
Net Assets Released from Restriction Satisfaction of Purpose	8,172	(8,172)	0	0
	<hr/>			
Total Revenues	284,458	(8,172)	0	276,286
<hr/>				
OPERATING EXPENSES:				
Salaries and Wages	84,157	0	0	84,157
Taxes – Payroll	7,246	0	0	7,246
Employee – Other	1,964	0	0	1,964
Contract Labor	100	0	0	100
Depreciation	6,194	0	0	6,194
Employee Insurance	4,705	0	0	4,705
Office Supplies and Expense	10,327	0	0	10,327
Shipping	3,483	0	0	3,483
Postage	14,719	0	0	14,719
Bad Debt Expense	300	0	0	300
Telephone	5,972	0	0	5,972
Repairs and Maintenance	1,664	0	0	1,664
Rent	7,800	0	0	7,800
Accounting and Legal Fees	4,294	0	0	4,294
Subscriptions	312	0	0	312
Insurance	4,227	0	0	4,227
Advertising	68,435	0	0	68,435
Special Project Expenses	6,870	0	0	6,870
Visitor’s Guide	10,245	0	0	10,245
Travel and Entertainment	4,038	0	0	4,038
Promotional	176	0	0	176
Conventions and Trade Shows	4,186	0	0	4,186
Personal Property Tax	439	0	0	439
Dues and Organizations Expense	2,689	0	0	2,689
	<hr/>			
Total Operating Expenses	254,542	0	0	254,542
	<hr/>			
Income (Loss) from Operations	\$29,916	(\$8,172)	\$0	\$21,744

The accompanying notes are an integral part of these financial statements

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF ACTIVITIES (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2002

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OTHER INCOME (EXPENSE):				
Interest Expense	(\$2,148)	\$0	\$0	(\$2,148)
Interest Income	1,097	0	0	1,097
Miscellaneous Income	0	0	0	0
Gain on Sale of Asset	603	0	0	603
	<hr/>			
Total Other Income (Expense)	(448)	0	0	(448)
	<hr/>			
Net Increase (Decrease) in Net Assets	29,468	(8,172)	0	21,296
Net assets, beginning of year	63,862	8,172	0	72,034
Prior Period Adjustment	(2,172)	0	0	(2,172)
	<hr/>			
Net assets, end of year	\$91,158	\$0	\$0	\$91,158
	<hr/>			

The accompanying notes are an integral part of these financial statements

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Members and Other Sources	\$300,829	\$277,543
Cash Paid to Suppliers and Employees	(336,127)	(247,726)
Interest Received	574	1,097
Interest Paid	(2,067)	(2,148)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	(36,791)	28,766
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Purchase of Fixed Assets	(2,879)	(52,406)
	<hr/>	<hr/>
Net Cash Used by Investing Activities	(2,879)	(52,406)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Line of Credit	0	40,000
Repayment of Line of Credit	(8,000)	(20,000)
Payment of Capital Lease Obligations	(3,059)	(2,474)
	<hr/>	<hr/>
Net Cash Provided from Financing Activities	(11,059)	17,526
	<hr/>	<hr/>
Net Increase in Cash	(50,729)	(6,114)
CASH AND CASH EQUIVALENTS, beginning of year	88,330	94,444
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, end of year	\$37,601	\$88,330
	<hr/>	<hr/>
RECONCILIATION OF EXCESS REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Revenue in Excess of Expenses	(\$24,580)	\$21,296
Adjustments to Reconcile Excess Revenues over Expenses Activities:		
Depreciation	7,346	6,194
(Increase) Decrease in Assets:		
Receivables	(6,652)	(4,633)
Prepaid Expenses	6,182	(3,422)
Increase (Decrease) in Liabilities:		
Accounts Payable	3,058	(6,048)
Payroll and Withholdings	(4,024)	1,564
Deferred Membership Fees	(18,121)	13,815
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	(\$36,791)	\$28,766

The accompanying notes are an integral part of these financial statements

**MARIETTA/WASHINGTON COUNTY CONVENTION
AND VISITOR'S BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting principles and practices of Marietta/Washington County Convention and Visitor's Bureau, Inc. (the Bureau) are set forth to facilitate the understanding of data presented in the financial statements.

Nature of Activities

Marietta/Washington County Convention and Visitor's Bureau, Inc. was organized to enhance and promote the Marietta area as a meeting place for conventions and conferences and as an attraction for tourists.

Statements of Cash Flows

For purposes of the statements of cash flows, the Bureau considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Property and Equipment

Expenditures for property and equipment and for renewals and betterments which extend the originally estimated economic lives of assets are capitalized at cost. Expenditures for maintenance and repairs are charged to expense. Items which are sold, retired or otherwise disposed are removed from the asset accounts, and any gains or losses are reflected in income. Depreciation expense was \$7,346 and \$6,194, respectively for the years ended December 31, 2003 and 2002.

The estimated useful lives and the depreciation methods are as follows:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Building	40 years	Straight Line
Signs	10 years	Straight Line
Office Equipment	5-7 years	Straight Line
Computer Equipment	5 years	Straight Line
Silhouettes	7 years	Straight Line

Income Taxes

The Bureau is exempt from Federal income taxes under Section 501(C)(6) of the Internal Revenue Code.

Estimates

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

**MARIETTA/WASHINGTON COUNTY CONVENTION
AND VISITOR'S BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues and Expenses as net assets released from restrictions.

Advertising Costs

Advertising costs are charged to operations in the year incurred and totaled \$103,406 and \$68,435 for 2003 and 2002, respectively.

NOTE 2: RELIANCE ON BED TAX REVENUE

The Bureau receives a significant amount of its support from permissive lodging excise tax. The excise tax is collected by the City of Marietta. The loss of this revenue would have an adverse effect on the Organization's financial condition.

NOTE 3: RENT

The Bureau leases its facilities from a local unrelated non-profit organization. The lease is month to month and rent expense was \$7,800 and \$7,800 in 2003 and 2002, respectively.

NOTE 4: CAPITAL LEASE OBLIGATIONS

The Bureau leased a copy machine in May 2000 under capital lease terms. The capitalized cost of the equipment is \$13,695. Monthly lease payments are \$314 for 63 months with imputed interest of 14.9%. Amortization is expensed over the useful life of the asset and is included in amounts reported as depreciation.

Future minimum lease payments are as follows:

	Year Ending December 31		
	2004		\$3,774
	2005		2,516
			6,290
Total Minimum Lease Payments			(880)
Less: Imputed Interest			\$5,410
Capital Lease Obligation			
Current Portion			\$3,222
Long-Term Portion			2,188
			\$5,410

**MARIETTA/WASHINGTON COUNTY CONVENTION
AND VISITOR'S BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 5: NON-CASH INVESTING AND FINANCIAL ACTIVITIES

During 2003 and 2002, the Bureau purchased equipment as follows:

	<u>2003</u>	<u>2002</u>
Building	\$0	\$52,406
Purchase of Equipment	2,879	0
Financed with Line of Credit	0	(40,000)
Financed with capital lease obligation	0	0
Cash paid for equipment	\$2,879	\$12,406

NOTE 6: LINE OF CREDIT FINANCING

In June 2002, the Bureau obtained a line of credit loan from Bank One of \$40,000. On March 19, 2003 the note was renewed to a \$20,000 promissory note. Payment of accrued interest or \$100, whichever is greater, is payable monthly, by the 20th of the month. The interest rate on the note is subject to change from time to time based on changes in the Prime Rate. The annual interest rate is computed on a 365/360 basis. As of December 31, 2003, the interest rate charged was 4%. The outstanding balances during the fiscal years are:

December 31, 2003	\$12,000
December 31, 2002	\$20,000

NOTE 7: PRIOR PERIOD ADJUSTMENT

The beginning net asset balance for fiscal year ending 12/31/02 did not reconcile with prior year ending net asset balance. No explanation was provided for the variance of \$2,172. This amount was considered to be immaterial to the financial statements. An audit adjustment was necessary to reconcile with prior year audit report.



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

Board of Directors
Marietta/Washington County Convention & Visitor's Bureau
Marietta, Ohio 45750

I have audited the financial statements of the Marietta/Washington County Convention & Visitor's Bureau (a non-profit organization) as of and for the year ended December 31, 2003 and 2002, and have issued my report thereon dated June 24, 2004. 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 *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Marietta/Washington County Convention & Visitor's Bureau's financial statements are free of material misstatement, I have 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 Marietta/Washington County Convention & Visitor's Bureau's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I have consider being reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Marietta/Washington County Convention & Visitor's Bureau's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items GAS-2003-1 through GAS-2003-7.

A material weakness is a condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My 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, I believe none of the reportable conditions described above are a material weakness.

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

A handwritten signature in black ink that reads "Salvatore Consiglio". The signature is written in a cursive style and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.
June 24, 200404

**MARIETTA/WASHINGTON COUNTY CONVENTION
AND VISITOR'S BUREAU, INC.**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003

FINDING NUMBER	GAS-2003 -1
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Accounting Records not Converted to GAAP

Audit procedures performed over the accounting records revealed several errors:

- Prior year accruals posted were not eliminated;
- Current year accruals were not calculated or recorded in the accounting records;
- Depreciation expenses were not recorded;
- The descriptions on some of the accounts on the chart of account were not correct.
- Beginning Net Asset (FYE 12/31/2002) does not reconcile with prior year audit report.

This caused significant difficulties in performing the audit. The financial statements needed to be adjusted in order to properly perform the audit.

Recommendation:

The Bureau must make sure that accounting records and financial statements are accurate and timely prepared. Year end conversion to generally accepted accounting principles must be performed timely and reflected in the accounting records.

FINDING NUMBER	GAS-2003 -2
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Written Policies and Procedures

The Bureau does not have any written policies and procedures manuals. Written policies and procedures manuals are a helpful reference tools for staff. It will assure consistent treatment of transactions from year to year and also can be very helpful in training new personnel.

Recommendation:

The Bureau should establish written policies and procedural manuals.

FINDING NUMBER	GAS-2003 -3
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Bank Reconciliations

Monthly bank reconciliations are not performed as of the end of the month. The bank accounts are reconciled as of the date the actual reconciliation is performed. Therefore making it very difficult to ascertain that the cash balance at the end of the fiscal years is in agreement with the bank balances. In addition, the bank reconciliation is only printed in summary form. Therefore, the Bureau was not able to provide detail documentation of which checks were outstanding as of the end of the fiscal year. The information provided revealed that there were 34 checks in both 2003 and 2002 fiscal years that did not cleared the bank. The total of the checks equaled \$37,169 and \$32,827 in 2003 and 2002 respectfully.

**MARIETTA/WASHINGTON COUNTY CONVENTION
AND VISITOR'S BUREAU, INC.**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003

This made it very difficult and required additional audit procedures to ascertain that the cash balances reported in the financial statements are fairly stated.

Recommendation:

In order to assure that assets are properly safeguarded and that a proper system of internal controls is in place over cash, I recommend that the bank reconciliation be performed as of the end of each month. The reconciliation performed must be documented in sufficient detail.

FINDING NUMBER	GAS-2003 -4
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Numerical Sequence of Checks

As part of audit procedures, I performed a review of the check register to ascertain that all checks issued were properly accounted for. This revealed that checks were not always issued in numerical order.

Not properly controlling the numerical order of checks can leave the Bureau vulnerable to misuse or unauthorized use of funds.

Recommendation:

Blank checks should be control at all time and numerical sequence must be maintained and accounted for at all times.

FINDING NUMBER	GAS-2003 -5
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Property Management

A proper property management system requires that a minimum once a year a physical inventory is performed to ascertain that assets are properly safeguarded and used for authorized purpose. No information was provided during the audit to ascertain that a physical inventory had been performed.

Recommendation:

Management must maintain a proper property management system.

**MARIETTA/WASHINGTON COUNTY CONVENTION
AND VISITOR'S BUREAU, INC.**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003

FINDING NUMBER	GAS-2003 -6
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Depreciation Schedule

A review of the depreciation schedule revealed several obsolete items (i.e. old version of accounting software program, old computers no longer owned). This can result in misleading financial statements.

Recommendation:

The depreciation schedule must be reviewed and updated. The schedule must be reconciled with the physical inventory to be performed at a minimum once a year.

FINDING NUMBER	GAS-2003 -7
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Payroll Taxes

Audit procedures over payroll revealed several errors:

- a. Agency paid Federal Unemployment Tax (FUTA). The Bureau, as a not-for-profit agency, is exempt from FUTA.
- b. The Ohio Department of Job and Family Services corresponded with the Bureau regarding errors noted in the reconciliation of the State Unemployment Taxes filed with the FUTA tax returns.
- c. The year end payroll reconciliation with the State was not filed correctly; form IT-941 and IT-3 not filed.
- d. The 2nd half 2003 Workers Compensation wages was over stated by \$3,000. This resulted in overpayment of tax by \$20.
- e. The quarterly IRS forms 941 were not filed correctly for the third party sick pay. This resulted in the FICA and Medicare tax reported not matching with the taxes reported on the W-2 forms.

The above errors can result in additional penalties and interest assessed by the various payroll agencies.

Recommendation:

Due care must be exercise in preparing and filling payroll taxes.



**Auditor of State
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**MARIETTA/WASHINGTON COUNTY
CONVENTION & VISITOR'S BUREAU, INC.**

WASHINGTON 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 16, 2004**