

Gallia County Convention & Visitors Bureau
Gallia County, Ohio
Regular Audit
For the Years Ended December 31, 2003 and 2002

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**Auditor of State
Betty Montgomery**

Board of Trustees
Gallia County Convention & Visitors Bureau

We have reviewed the Independent Auditor's Report of the Gallia County Convention & Visitors Bureau, Gallia County, prepared by Balestra, Harr & Scherer, CPAs, 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 Gallia County Convention & Visitors Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 7, 2005

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**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Statement of Financial Position - As of December 31, 2003 and 2002.....	3
Statement of Support Revenue, Expenses, and Changes in Net Assets - For the Years Ended December 31, 2003 and 2002	4
Statement of Functional Expenses - For the Years Ended December 31, 2003 and 2002	5
Statement of Cash Flows - For the Years Ended December 31, 2003 and 2002	6
Notes to the General Purpose Financial Statements	7
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit Performed in Accordance With <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings	12

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Gallia County Convention and Visitors Bureau
Gallia County
61 State Street
Gallipolis, Ohio 45638

To the Board of Trustees:

We have audited the accompanying general purpose financial statements of the Gallia County Convention and Visitors Bureau, Gallia County, Ohio (the Bureau), as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Gallia County Convention and Visitors Bureau, Gallia County, 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 principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2004, 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.



Balestra, Harr & Scherer, CPAs, Inc.

September 28, 2004

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**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

**STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Assets:		
Current:		
Cash and Cash Equivalents	\$ 33,787	\$ 45,052
Accounts Receivable, Lodging Tax	24,862	31,709
Inventory	681	895
	59,330	77,656
Total Current Assets		
Noncurrent:		
Fixed Assets (net of accumulated depreciation of \$27,557 and \$22,308, respectively)	182,570	156,648
	182,570	156,648
Total Noncurrent Assets		
	\$ 241,900	\$ 234,304
Total Assets		
Liabilities and Net Assets:		
Current Liabilities:		
Accrued Expenses	\$ 842	\$ 876
	842	876
Total Current Liabilities		
Noncurrent Liabilities:		
Real Estate Mortgage	109,105	114,759
	109,105	114,759
Total Noncurrent Liabilities		
	109,947	115,635
Total Liabilities		
	131,953	118,669
Net Assets		
	\$ 241,900	\$ 234,304
Total Liabilities and Net Assets		

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

**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

**STATEMENT OF SUPPORT REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Changes in Unrestricted Net Assets:		
Revenues and Gains:		
Hotel Lodging Tax	\$ 96,318	\$ 99,453
Interest Income	1,143	1,799
Miscellaneous	6,537	5,627
	<hr/>	<hr/>
Total Revenue and Gains	103,998	106,879
	<hr/>	<hr/>
Functional Expenses	109,714	110,168
	<hr/>	<hr/>
Increase in Unrestricted Net Assets	(5,716)	(3,289)
	<hr/>	<hr/>
Temporarily Restricted Assets:		
Grant from City of Gallipolis	19,000	0
	<hr/>	<hr/>
Change in Net Assets	13,284	(3,289)
Net Assets at Beginning of Year	118,669	121,958
	<hr/>	<hr/>
Net Assets at End of Year	<u>\$ 131,953</u>	<u>\$ 118,669</u>

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

**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Functional Expenses:		
Administrative	\$ 47,706	\$ 48,309
Program	31,417	15,001
Office	8,329	13,552
Facility	16,798	22,160
Other	<u>215</u>	<u>3,298</u>
Total Expenses Before Depreciation	104,465	102,320
Depreciation	<u>5,249</u>	<u>7,848</u>
Total Functional Expenses	<u><u>\$ 109,714</u></u>	<u><u>\$ 110,168</u></u>

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

**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

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

	<u>2003</u>	<u>2002</u>
Cash Flows from Operating Activities:		
Increase in Unrestricted Net Assets	\$ 13,284	\$ (3,289)
Adjustments to Reconcile Increase in Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,249	7,848
Loss on Assets	-	11,314
Increase/(Decrease) in Accrued Expense	(34)	(228)
(Increase)/Decrease in Inventory	214	68
(Increase)/Decrease in Accounts Receivable	6,847	(4,827)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	25,560	10,886
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Mortgage Principal	(5,654)	(1,241)
Acquisition of Fixed Assets	(31,171)	(6,477)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	(36,825)	(7,718)
	<hr/>	<hr/>
Net Increase/(Decrease) in Cash	(11,265)	3,168
Cash at Beginning of Year	45,052	41,884
	<hr/>	<hr/>
Cash at End of Year	\$ 33,787	\$ 45,052
	<hr/> <hr/>	<hr/> <hr/>

**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Gallia County Convention and Visitors Center, Gallia County (the Bureau), was organized and incorporated in 1986, to attract, initiate, promote and support events that will develop cultural interest and tourist attractions in Gallia County and the City of Gallipolis. The Bureau has been recognized by the State of Ohio as a tax exempt organization and by the Internal Revenue Service as a Section 501(c)(4) not-for-profit organization, exempt from federal income taxes.

The Bureau operates under the direction of a Board of Trustees, which consists of not less than nine nor more than twelve members, with broad representation from Gallia County. The staff consists of an appointed Treasurer, who is responsible for the fiscal control of the resources of the Bureau, and an Executive Director, responsible for the day-to-day operations.

The Bureau's management believes the general purpose financial statements included in this report represent all activities over which the Bureau has the ability to exercise direct operating control.

B. Basis of Accounting

The general purpose financial statements of the Bureau have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to not-for-profit organizations. Under this basis, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. According, net assets of the Bureau and any changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Bureau and/or the passage of time. As of December 31, 2003 and 2002, temporarily restricted net assets were \$19,000 and \$0, respectively.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Bureau. Generally, the donors of these assets permit the Bureau to use all or part of the income earned or related investments for general specific purposes. As of December 31, 2003 and 2002, there were no permanently restricted net assets.

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

C. Cash and Cash Equivalents

Cash and cash equivalents include the operating accounts, savings accounts and certificates of deposit of the Bureau. For the purposes of the Statement of Cash Flows, the Bureau's certificates of deposit and savings accounts are valued at cost and reported as a cash equivalent on the Statement of Financial Position Both cash and certificates of deposit are considered cash for the purposes of the Statement of Cash Flows.

**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fixed Assets and Depreciation

Fixed assets acquired or constructed for the general use of the Bureau in providing services are recorded at cost. The Bureau provides for depreciation in amounts adequate to amortize costs over the estimated useful lives of assets. Certain assets are being depreciated under the Internal Revenue Service's Modified Accelerated Cost Recovery System (MACRS) for financial book and tax reporting purposes. The remaining assets are depreciated using the straight-line method. The lives of the assets under this method do not materially differ from the actual lives of the assets. All assets reported in the financial statements are at cost less accumulated depreciation. The estimated useful lives by major fixed asset class are as follows:

Equipment	5 - 7 Years
Furniture and Fixtures	7 Years
Leasehold Improvements	31.5 Years
Building	39 Years

E. Long-Term Obligations

Long-term debt is reported as a liability.

F. Accounts Receivable

The Bureau receives the three percent lodging excise tax imposed by Gallia County, less an administration fee retained by the County. This constitutes the accounts receivable balance at December 31, 2003 and 2002. The amount represents the fourth quarter payment from the Gallia County Auditor for lodging taxes collected.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

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

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$33,787</u>	<u>\$45,052</u>

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

**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. FIXED ASSETS

A summary of the fixed assets as of December 31 is as follows:

	<u>2003</u>	<u>2002</u>
Building	\$ 162,163	\$ 135,645
Equipment	17,700	17,700
Furniture and Fixtures	10,264	5,611
Land	<u>20,000</u>	<u>20,000</u>
 Total	 210,127	 178,956
 Less: accumulated depreciation	 <u>(27,557)</u>	 <u>(22,308)</u>
 Fixed Assets - Net	 <u>\$ 182,570</u>	 <u>\$ 156,648</u>

4. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Real Estate Mortgage	\$ 109,105	7.125%

The real estate mortgage relates to the purchase of a building and property and the related renovations to the property.

Amortization of the above debt, including interest of \$41,974, is scheduled as follows:

	<u>Real Estate Mortgage</u>
Year Ending December 31:	
2004	\$ 13,618
2005	13,618
2006	13,618
2007	13,618
2008	13,618
Subsequent	<u>82,989</u>
 Total	 <u>\$ 151,079</u>

5. SOCIAL SECURITY

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

**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Bureau has obtained commercial insurance for the following risks:

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

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**Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit
Performed in Accordance with *Government Auditing Standards***

Gallia County Convention and Visitors Bureau
Gallia County
61 State Street
Gallipolis, Ohio 45638

To the Board of Trustees:

We have audited the accompanying general purpose financial statements of the Gallia County Convention and Visitors Bureau, Gallia County, Ohio (the Bureau), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 28, 2004. 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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



Balestra, Harr & Scherer, CPAs, Inc.

September 28, 2004

**GALLIA COUNTY CONVENTION AND VISITORS BUREAU
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 and 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-60727-001	Finding for recovery Director was overpaid \$798.92	No	Not Repaid
2001-60727-002	Finding for recovery, Office Manager was overpaid \$985.24	Yes	Repaid under prior audit
2001-60727-003	Finding for recovery, Director was paid \$60 for leading a tour group.	Yes	Repaid under prior audit
2001-60727-004	Supporting documentation for expenditures	Yes	Fully Corrected



**Auditor of State
Betty Montgomery**

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GALLIA COUNTY CONVENTION AND VISITORS BUREAU

GALLIA 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
JUNE 28, 2005**