



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

Portsmouth Area Convention
and Visitors Bureau
Scioto County
341 Front Street
Portsmouth, Ohio 45662

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 20, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Portsmouth Area Convention
And Visitors Bureau
Scioto County
341 Front Street
Portsmouth, Ohio 45661

To the Board:

We have audited the accompanying financial statement of Portsmouth Area Convention and Visitors Bureau, Scioto County, Ohio (the Bureau) as of and for the years ended December 31, 2005 and 2004. 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.

Except as described in the following paragraph, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 our audit provides a reasonable basis for our opinion.

We were unable to obtain the necessary assurances concerning the accuracy of the recorded disbursements and the completeness of the recorded receipts for the years ended December 31, 2005 and 2004. It was not practical to perform alternative procedures.

As described more fully in Note 1, the Bureau has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Bureau to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. While the Bureau does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Bureau has elected not to reformat its statement. Since the Bureau does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended December 31, 2005 and 2004 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Bureau as of December 31, 2005 and 2004 for the years then ended.

Also, in our opinion, because of the effects of the matters discussed in the fourth preceding paragraph, the financial statement referred to above does not present fairly, in all material respects, the cash balances of Portsmouth Area Convention and Visitors Bureau, Scioto County, as of December 31, 2005 and 2004, or its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Bureau to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Bureau has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2007 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

June 20, 2007

**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, 2005 AND 2004**

	2005	2004
Cash Receipts:		
Motel Revenue	\$71,425	\$67,831
Program Revenue	31,651	38,191
Gift Shop Revenue	532	-
Insurance	-	1,200
Miscellaneous Revenue	748	275
Interest	201	387
	<u>104,557</u>	<u>107,884</u>
Cash Disbursements:		
Accounting	2,012	608
Advertising	5,587	6,020
Bank Service Charges	65	20
Travel	10,732	8,144
Payroll Taxes, Workers Compensation	9,190	8,683
Insurance - Director's Health	2,839	5,055
Insurance - Liability	2,290	665
Membership/Subscription	1,107	1,342
Miss Ohio Expenses	28,835	25,625
Office Supplies	4,226	4,106
Postage and Shipping	3,148	2,914
Rent	4,500	3,600
Contractual Salary	5,483	5,000
Director's Salary	20,247	20,482
Gift Shop Expense	1,586	-
Tour Bus Reimbursement	380	333
Contingency Funds	16,063	3,599
Band Competition	2,450	2,371
Trade Show Expense	772	-
Money Market Special Funds	-	11,702
River Days	-	60
Special Funds	-	7,989
Visitor's Guide Expense	-	14,500
Utilities	2,657	2,495
	<u>124,169</u>	<u>135,313</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(19,612)</u>	<u>(27,429)</u>
Cash Balance, January 1 (Restated - See Note 8)	<u>25,723</u>	<u>53,152</u>
Cash Balance, December 31	<u>\$6,111</u>	<u>\$25,723</u>

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

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2005 AND 2004**

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 in 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 5705, since property taxes are not utilized to finance its operations. However, the Constitution & By-Laws of the Bureau requires that the Board shall annually adopt a budget that will be the appropriation measure of the Bureau. No committee may exceed its appropriation without the consent of the Board of Trustees.

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 statement.

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH

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

	2004	2005
Demand deposits	\$25,723	\$6,111

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

December 31, 2005 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$74,500	\$104,557	\$30,057

December 31, 2005 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriations	Actual Expenditures	Variance
\$74,900	\$124,169	(\$49,269)

December 31, 2004 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$77,000	\$107,884	\$30,884

December 31, 2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriations	Actual Expenditures	Variance
\$77,000	\$135,313	(\$58,313)

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

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2005 AND 2004
(Continued)**

5. RETIREMENT SYSTEM

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.

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

Commercial Insurance

The Bureau has obtained commercial insurance for the following risks:

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

8. RESTATEMENT OF BEGINNING BALANCES

The January 1, 2004 balances were restated due to errors noted as follows:

Fund Type	12/31/03 Balance	Restated 1/1/04 Balance	Restatement
General	\$ 49,360	\$ 53,152	\$ 3,792

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Portsmouth Area Convention
and Visitors Bureau
Scioto County
341 Front Street
Portsmouth, Ohio 45662

To the Board:

We have audited the financial statement of Portsmouth Area Convention and Visitors Bureau, Scioto County, Ohio (the Bureau), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 20, 2007, wherein we noted the Bureau follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted there was a lack of adequate documentation to support the accuracy of the recorded disbursements and the completeness of the recorded receipts for the years ended December 31, 2005 and 2004. Except as discussed in the preceding sentence, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statement and not to opine 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 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 the Bureau's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-001 through 2005-008.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. We consider all of the reportable conditions described above to be material weaknesses. In a separate letter to the Bureau's management dated June 20, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Bureau's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2005-001. In a separate letter to the Bureau's management dated June 20, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 20, 2007

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 149.351(A) requires that all records which are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under section 149.38 to 149.42 of the Ohio Revised Code.

During 2005, \$23,403 (33%) and during 2004, \$32,289.54 (41%) of expenditures tested had no supporting documentation. Expenditures using the debit card had no invoices/receipts, other invoices/receipts had no detail and some invoices/receipts for items purchased were illegible for such things as food, office supplies, gas, etc. Also, there was nothing on the gas receipts to indicate who made these purchases or for what vehicle, there were local hotel bills in the Director's name that had no indication of the reason why the Board would be paying for this lodging. There were rental car receipts with no explanation why the rental was needed since the Board was paying the Director a car allowance. There were payments made to local eateries that were not itemized with no indication why purchases were made or whose meal was paid for. There was a purchase made from the Portsmouth Brewing Company for \$287.50 that said it was to be reimbursed by the Jaycees but there was no receipt from the Jaycees for the amount. Due to lack of supporting documentation, it could not be determined whether expenditures of \$722.84 in 2005 and \$213.93 in 2004 were for a proper public purpose.

This could cause monies to be disbursed for goods and services that were not actually the Bureau's or were not for proper public purpose.

We recommend that no monies be paid for good or services without proper itemized documentation. Gasoline receipts should indicate who made the purchase and what vehicle the gasoline was put into. This could be done by listing the license plate number on the receipt. All food purchases should have an itemized receipt attached to them with documentation as to the reason for the purchase and the names of those persons eating. All documentation should be legible.

FINDING NUMBER 2005-002

Material Weakness - Executive Committee Minutes

The Executive Committee should keep an accurate record of the proceedings of Executive Committee meetings since the Board relies on this committee to make certain decisions concerning the Convention and Visitors Bureau.

There were no records of proceedings maintained for the Executive Committee.

Therefore there was no record of approval of such things as the Director's Salary, salary increases, and mileage/car allowance.

We recommend that the Executive Committee elect a member to maintain formal records of the proceedings of this and all committees. These minutes should be signed by the elected secretary and the Board President and should be filed with the regular minutes of the Board. The Executive Board decisions and records of proceedings should also be presented for approval to the Board of the Convention and Visitors Bureau.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2005-003

Material Weakness - Records of Proceedings

The Board Secretary shall keep an accurate record of the proceedings of the Board meetings, and of all its accounts and transactions.

There was no mention of personnel matters or contract approvals in the records of proceedings. Donations made by various companies and individuals were not accepted by the Board and documented in the minutes. The minutes were not signed by the Secretary or the Board President to indicate authenticity. The Board minutes do not document the vote of each member. There was mention of several reports such as the Treasurer's and the Director's Reports that were not attached to the minutes nor were they presented for audit. There was no official Board approval of items approved by the Executive Board during regular Board meetings.

We recommend that all official actions of the Board, such as approval of personnel items and contracts be included in the minute record. Also, each action should document the vote of each member. We further recommend that the Treasurer's and Director's reports be attached to the minutes since they are official reports of the Bureau. Also, all Executive Committee actions should also be approved by the whole Board and included in the records of proceedings. At a minimum the Executive Committee minutes should be included for approval by the Board. We also recommend that donations be documented in the minutes and accepted by the Board when received.

FINDING NUMBER 2005-004

Material Weakness - Bank Reconciliations

The Treasurer or Director should reconcile the bank statements to the accounting records each month. Bank statements were not regularly reconciled to the accounting records in 2004 and the bank reconciliations during 2005 did not always match the Quicken Transaction Detail Report.

Because these reconciliations were not completed and not matched to the Quicken Transaction Detail Report the errors found during the audit were not detected or corrected. This resulted in additional time and cost for the audit.

There were numerous errors such as items not posted, postings for the incorrect amounts, items posted twice and items posted as receipts instead of expenditures. There were items posted for the debit card that never cleared the bank or were for amounts other than what appeared on the bank statements.

We recommend that monthly bank reconciliations be prepared and that the Quicken Transaction Detail Report be reconciled to the bank balances. We further recommend that all variances be investigated and corrected. We also recommend that the bank reconciliations be presented to the Board each month for their review and signatory approval.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2005-005

Material Weakness - Posting of Receipts and Disbursements

All receipts and disbursements should be posted to the accounting records. These should be posted at the time they are received or the purchase made.

During our testing, we noted \$2,599 of the receipts for 2005 and \$240 of the receipts for 2004 were not posted to the cashbook. In 2005, \$1,645 of the disbursements and \$1,208 of the Visa/Debit card purchases were not posted to the cashbook and in 2004, \$355 of the disbursements and \$69 of the Visa/Debit card purchases were not posted to the cashbook. We also found that at times the receipts and disbursements were posted well past the dates the transactions actually took place and that they were posted for amounts other than the exact amount of the transactions.

This could result in receipts and disbursements being misstated. This would also make reconciliation to the bank very difficult.

We recommend that receipts and disbursements be entered into the cashbook at the time the transaction takes place. We further recommend that the cashbook be reconciled to the bank each month and any variances be investigated and resolved.

FINDING NUMBER 2005-006

Material Weakness – Receipts

The Bureau should write pre-numbered duplicate receipts for all monies received and all documentation for such receipts should be maintained.

During our test of the Convention Bureau's receipts it was determined that there was no documentation for \$22,014 of the receipts for 2005 and \$13,682 of the receipts for 2004 and there were no duplicate receipts maintained. Donations made by various companies and individuals were not accepted by the Board and documented in the minutes.

Without proper documentation, the Bureau is unable to determine that the amount posted is the actual amount received.

We recommend that the Bureau prepare pre-numbered duplicate receipts for all monies received and that supporting documentation be attached to each receipt. The duplicate receipt should be pre-numbered and written to each person, company, township, etc. that make payments to the Bureau. The first copy should be given to the person giving the money, if they so wish and the other permanent copy be maintained for audit. We also recommend that donations be documented in the minutes and accepted by the Board when received.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2005-007

Material Weakness – Payroll

The Board should approve the amounts to be paid for salaries.

During our test of payroll we found that the Director's salary was not formally approved by the Board and that a 5 % raise was given to the CPA by the Director with no official notification from the Board that the raise was approved. There was no documentation presented to indicate what the gross salary and benefits were to be for 2004 or 2005.

This could allow for the employee's salary to be calculated at something other than the amount approved by the Board.

We recommend that all salary and benefits for any employee of the Bureau be formally approved by the Board in the records of proceedings and this documentation be maintained for audit. We further recommend that at the time a raise is given to employees that there be official documentation sent to the CPA from the Board and that this be done by someone other than the person receiving the raise.

FINDING NUMBER 2005-008

Material Weakness - Bed Tax - Confirmable Receipts

The Bureau should have official documentation of the amount of local bed taxes the City and the three townships collect and what percentage of that amount the Bureau should be receiving.

The Bureau had no official documentation as to how much of the local bed taxes the Bureau was to receive from Clay, Nile and Porter Townships and the City of Portsmouth. They also had no documentation to determine that Bureau received their fair share of the bed taxes from these entities. It was also noted that these payments were not always received timely from these entities.

Without proper documentation from these entities there is no way that the Bureau can determine that the amount received was properly calculated.

The Bureau should request in writing that Nile, Porter and Clay Township and the City of Portsmouth attach a copy of the information provided to them by the various hotel/motels showing the calculation of the taxes. The Bureau should also request that these entities send this information on a monthly basis as it is paid to them. We further recommend that the Bureau obtain the official documentation noting the percentage to be paid to them by these entities from the County Commissioner or who ever set these amounts.

Officials' Responses: We did not receive a response from Officials to the findings reported above.



Mary Taylor, CPA
Auditor of State

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
JULY 31, 2007**