

**KNOX COUNTY CONVENTION & VISITORS BUREAU
KNOX COUNTY, OHIO**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 and 2006



Mary Taylor, CPA
Auditor of State

Board of Directors
Knox County Convention and Visitors Bureau
1075 Main Street
Mt. Vernon, Ohio 43050

We have reviewed the *Independent Auditors' Report* of the Knox County Convention and Visitors Bureau, Knox County, prepared by Dale Saylor and Associates, for the audit period January 1, 2006 through December 31, 2007. 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 Knox County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 11, 2008

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**KNOX COUNTY CONVENTION & VISITORS BUREAU
KNOX COUNTY, OHIO**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Knox County Convention & Visitors Bureau
107 South Main Street
Mount Vernon, Ohio 43050

We have audited the accompanying statements of cash receipts and disbursements of the Knox County Convention and Visitors Bureau (the Bureau), for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these 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 the 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 described in Note 1, the Bureau prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Bureau as of December 31, 2007 and 2006, and the 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 6, 2008, on our consideration of the Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Dale Saylor and Associates

Dublin, Ohio
June 6, 2008

**KNOX COUNTY CONVENTION AND VISITORS BUREAU
KNOX COUNTY, OHIO**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
CASH RECEIPTS		
Bed tax	\$ 127,796	\$ 131,772
Calendar of events	2,135	225
Fundraisers	105	630
Interest income	1,046	479
Other income	<u>2,061</u>	<u>-</u>
TOTAL CASH RECEIPTS	133,143	133,106
CASH DISBURSEMENTS		
Copies	889	788
Dues and subscriptions	1,376	1,446
Education	960	877
Equipment	5,036	4,042
Insurance	1,884	1,847
Maintenance	2,604	2,578
Marketing	28,209	32,673
Meetings	450	580
Office relocation	-	1,386
Office supplies	1,379	1,445
Postage & miscellaneous	741	146
Professional fees	1,809	-
Public relations	490	1,157
Rent	5,100	5,160
Salaries and benefits	72,445	67,352
Telephone	3,493	2,866
Travel	1,677	1,045
Utilities	<u>748</u>	<u>1,374</u>
TOTAL CASH DISBURSEMENTS	<u>129,290</u>	<u>126,762</u>
TOTAL CASH RECEIPTS OVER DISBURSEMENTS	3,853	6,344
CASH BALANCES, BEGINNING	<u>48,975</u>	<u>42,631</u>
CASH BALANCES, ENDING	\$ <u>52,828</u>	\$ <u>48,975</u>

The accompanying notes are an integral part of the financial statements.

**KNOX COUNTY CONVENTION AND VISITORS BUREAU
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The Knox County Convention and Visitors Bureau (the Bureau) is a non-governmental not-for-profit organization. The Board is directed by a 23 member Board of Directors. The Executive Committee, which consists of the Chairperson, Vice Chairperson, Secretary, and Treasurer, seek and nominate candidates for the 17 open board seats and the full board votes to accept/approve the nomination. The remaining six members are designated seats. The Bureau was formed to promote travel and tourism to and within Knox County.

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

Basis of Presentation

The accompanying financial statements have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Consequently, 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. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

During 2007 and 2006, the Bureau's funds were in checking accounts, a savings account, certificates of deposit, and a petty cash fund.

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 Bureau is required by the Knox County Commissioners to prepare and approve a budget before February 15th of each year.

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.

Income Taxes

The Bureau is a non-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

**KNOX COUNTY CONVENTION AND VISITORS BUREAU
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 2 - CASH

The Bureau maintains checking accounts, a savings account, and certificates of deposit. The primary source of cash receipts is from the Knox County Commissioners collection of a county bed tax. Cash is comprised of the following at December 31:

	<u>2007</u>	<u>2006</u>
Cash in checking	\$ 23,736	\$ 33,457
Cash in savings	2,457	-
Certificates of deposit, ranging from 9 months to 2-3 years	26,412	15,290
Petty cash	<u>223</u>	<u>228</u>
Total Deposits	\$ <u>52,828</u>	\$ <u>48,975</u>

Deposits are insured by the Federal Depository Insurance Corporation.

NOTE 3 - LEASE

The Bureau leases office space at an annual rate of \$4,800, payable in monthly installments of \$400. The Bureau has an option each year, for the four year period beginning January 1, 2006, to extend the term of the lease at this rental amount. The Bureau has extended the option for the years 2006 through 2008. Office rent for the years ending December 31, 2007 and 2006, was \$4,800 each year. The Bureau also rents parking space on a month to month basis amounting to \$300 in 2007 and \$360 in 2006.

NOTE 4 - RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Commercial inland marine; and
- Directors and Officers

NOTE 5 - CONCENTRATION OF RISK

The Bureau receives substantial revenue from the lodging excise tax which is levied by Knox County. A reduction of that tax could have a significant impact on the operations of the Bureau.

Dale Saylor & Associates

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Knox County Convention & Visitors Bureau
107 South Main Street
Mount Vernon, Ohio 43050

We have audited the financial statements of the cash receipts and disbursements of the Knox County Convention & Visitors Bureau (the Bureau), for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 6, 2008. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Bureau's financial statements that is more than inconsequential will not be prevented or detected by the Bureau's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Bureau's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS, Continued

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

Dale Saylor and Associates

Dublin, Ohio
June 6, 2008



Mary Taylor, CPA
Auditor of State

KNOX COUNTY CONVENTION AND VISITORS BUREAU

KNOX 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 21, 2008**