

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 and 2008



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Knox County Convention & Visitors Bureau, prepared by Dale Saylor and Associates, for the audit period January 1, 2008 through December 31, 2009. 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 & Visitors Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 28, 2010

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

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Dale Saylor & Associates

Certified Public Accountants

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Dublin, Ohio 43017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Knox County Convention & Visitors Bureau

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, 2009 and 2008. 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 statements of cash receipts and disbursements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of cash receipts and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statements of cash receipts and disbursements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the statements of cash receipts and disbursements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Bureau for the years ended December 31, 2009 and 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2010, 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 & Associates

Dublin, Ohio
June 16, 2010

**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, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH RECEIPTS		
Bed tax	\$ 119,443	\$ 130,388
Calendar of events	1,180	4,995
Fundraisers	58	930
Interest income	1,047	1,146
Other income	<u>-</u>	<u>9,407</u>
TOTAL CASH RECEIPTS	121,728	146,866
CASH DISBURSEMENTS		
Copies	414	1,611
Dues and subscriptions	1,463	1,411
Education	94	952
Equipment	2,077	6,654
Insurance	2,692	1,902
Maintenance	1,300	2,293
Marketing	30,600	37,531
Meetings	448	7,527
Office supplies	1,157	1,226
Postage & miscellaneous	827	4,642
Professional fees	300	4,535
Public relations	1,498	1,235
Rent	5,250	5,160
Salaries and benefits	67,054	69,828
Telephone	3,882	3,623
Travel	1,463	1,026
Utilities	<u>849</u>	<u>295</u>
TOTAL CASH DISBURSEMENTS	<u>121,368</u>	<u>151,451</u>
TOTAL CASH RECEIPTS OVER DISBURSEMENTS	360	(4,585)
CASH BALANCES, BEGINNING	<u>48,243</u>	<u>52,828</u>
CASH BALANCES, ENDING	\$ <u>48,603</u>	\$ <u>48,243</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, 2009 AND 2008**

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 2009 and 2008, the Bureau's funds were in checking accounts, a savings account, three certificates of deposit, and petty cash funds.

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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Bureau to concentrations of credit risk consist primarily of cash balances. The Bureau maintains its cash balances in a financial institution located in Mount Vernon, Ohio. Accounts are insured by the Federal Deposit Insurance Corporation from January 1, 2008 to October 2, 2008 up to \$100,000 and from October 3, 2008 to December 31, 2009 up to \$250,000. At December 31, 2009 and 2008 there were no uninsured cash balances.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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>2009</u>	<u>2008</u>
Cash in checking	\$ 19,654	\$ 20,330
Cash in savings	142	143
Certificates of deposit	28,596	27,549
Petty cash	<u>211</u>	<u>221</u>
Total Deposits	\$ <u>48,603</u>	\$ <u>48,243</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, 2007, to extend the term of the lease at this rental amount. The Bureau has extended the option for the years 2007 through 2010. Office rent for the years ending December 31, 2009 and 2008, was \$4,800 each year. The Bureau also rents parking space on a month to month basis amounting to \$450 in 2009 and \$360 in 2008.

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
- Loss of business income

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

We have audited the statements of cash receipts and disbursements of the Knox County Convention & Visitors Bureau (the Bureau), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 16, 2010. 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Bureau's statements of cash receipts and disbursements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's statements of cash receipts and disbursements 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 the statements of cash receipts and disbursements 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*.

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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

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

Nale Sawyer + Associates

Dublin, Ohio
June 16, 2010



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 10, 2010**