

PICKAWAY COUNTY VISITORS BUREAU

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

* * * * *

December 31, 2003 and 2002

BALESTRA, HARR & SCHERER, CPAs, Inc.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com



**Auditor of State
Betty Montgomery**

Board of Trustees
Pickaway County Visitors Bureau

We have reviewed the Independent Auditor's Report of the Pickaway County Visitors Bureau, Pickaway 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 Pickaway County Visitors Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 12, 2004

This Page is Intentionally Left Blank.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	2
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets.....	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8

This Page is Intentionally Left Blank.

BALESTRA, HARR & SCHERER, CPAs, Inc.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

To the Board of Trustees
Pickaway County Visitors Bureau
Circleville, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Pickaway County Visitors Bureau as of December 31, 2003 and 2002 and the related statements of activities and changes in net assets and cash flows for the years then ended. 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 audits.

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. 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 financial statements referred to above present fairly, in all material respects, the financial position of Pickaway County Visitors Bureau as of December 31, 2003 and 2002, and the results of its activities 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 a report dated June 25, 2004 on our consideration of the Pickaway County Visitors 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.

Balestra, Harr & Scherer, CPAs, Inc.

June 25, 2004

PICKAWAY COUNTY VISITORS BUREAU

STATEMENTS OF FINANCIAL POSITION

December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 82,338	\$ 90,416
Bed taxes receivable	9,316	14,598
Inventory	20	2,103
TOTAL CURRENT ASSETS	91,674	107,117
PROPERTY AND EQUIPMENT		
Office equipment	6,353	6,353
Less accumulated depreciation	<u>(5,114)</u>	<u>(4,268)</u>
NET PROPERTY AND EQUIPMENT	<u>1,239</u>	<u>2,085</u>
TOTAL ASSETS	<u>\$ 92,913</u>	<u>\$ 109,202</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 50	\$ 221
Accrued payroll and related liabilities	<u>1,492</u>	<u>995</u>
TOTAL CURRENT LIABILITIES	<u>1,542</u>	<u>1,216</u>
NET ASSETS	91,371	107,986
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 92,913</u>	<u>\$ 109,202</u>

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

PICKAWAY COUNTY VISITORS BUREAU

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenue:		
Lodging excise tax	\$ 62,194	\$ 66,509
Interest income	334	1,609
Other	3,070	5,035
TOTAL REVENUE	<u>65,598</u>	<u>73,153</u>
Expenses:		
Salaries and wages	32,095	29,034
Employment taxes	2,377	3,023
Other employee benefits	1,803	2,341
Travel	2,003	2,385
Advertising	18,158	14,395
Marketing	4,268	2,577
Postage	1,216	1,405
Professional development	530	115
Professional services	507	2,995
Administrative support	5,500	5,100
Copier	405	602
Dues	3,212	3,045
Rent	2,200	2,400
Telephone	1,337	1,448
Depreciation	846	846
Office supplies	707	667
Office maintenance	790	650
Website	3,313	3,936
Miscellaneous	946	936
TOTAL EXPENSES	<u>82,213</u>	<u>77,900</u>
INCREASE IN NET ASSETS	(16,615)	(4,747)
Net assets, beginning of year	107,986	112,733
Net assets, end of year	<u>\$ 91,371</u>	<u>\$ 107,986</u>

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

PICKAWAY COUNTY VISITORS BUREAU

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from lodging excise tax	\$ 67,476	\$ 65,804
Cash paid for employee salaries and benefits	(35,778)	(34,395)
Cash payments to suppliers for goods and services	(43,180)	(36,410)
Cash received from other sources	3,404	7,568
Net cash provided (used) by operating activities	<u>(8,078)</u>	<u>2,567</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investment	<u>-</u>	<u>47,000</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>47,000</u>
Net increase (decrease) in cash and cash equivalents	(8,078)	49,567
Cash and cash equivalents at beginning of year	90,416	40,849
Cash and cash equivalents at end of year	<u>\$ 82,338</u>	<u>\$ 90,416</u>
RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in Net Assets	\$ (16,615)	\$ (4,747)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	846	846
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	-	2,708
Decrease (increase) in bed taxes receivable	5,282	(705)
Decrease (increase) in accrued interest receivable	-	924
Decrease (increase) in inventories	2,083	3,608
Increase (decrease) in accounts payable	(171)	(70)
Increase (decrease) in accrued payroll and related liabilities	497	3
Total adjustments	8,537	7,314
Net cash provided (used) by operating activities	<u>\$ (8,078)</u>	<u>\$ 2,567</u>

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

PICKAWAY COUNTY VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NATURE OF ACTIVITY

For the fiscal year ended December 31, 2000, the Pickaway County Visitors Bureau (the Bureau) was a component unit of the Circleville-Pickaway County Chamber of Commerce (the Chamber), a not-for-profit organization. Effective January 1, 2001, the Bureau was formed as a separate not-for-profit organization in accordance with Section 501(c)(4) of the Internal Revenue Code. The Bureau was formed to promote and foster tourism, meetings and conventions, within Pickaway County in south central Ohio.

The Bureau is governed by a Board of Trustees made up of no less than seven (7), but no more than fourteen (14) members. The Board shall be made up of the following:

- 1) One designate of the Chamber of Commerce;
- 2) One designate of the Pickaway County Township Trustee's and Clerk's Association;
- 3) One designate of the County's largest city (Circleville);
- 4) One designate of the Pickaway County Commissioners;
- 5) Two representatives of the Pickaway County Lodging Industry;
- 6) One representative of the Pickaway County Festivals ; and
- 7) The remainder to be elected at the Board's discretion.

The Chamber provides administrative support, various supplies, and other services to the Bureau for which the Bureau reimburses the Chamber. The Bureau paid the Chamber \$5,500 in 2003 and \$5,100 in 2002 for services, supplies and rent.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements for the fiscal years ended December 31, 2003 and 2002 were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Pickaway County Visitors Bureau presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a Statement of Cash Flows. Since the Bureau's scope of operations is narrow, it only has one class of net assets (unrestricted).

Cash and Cash Equivalents – Short-term, highly liquid debt instruments that are readily convertible to known amounts of cash and have original maturities of three months or less are considered to be cash equivalents. As of December 31, 2003 and 2002, \$71,985 and \$75,022 respectively of the cash and cash equivalents was insured by the Securities Investor Protection Corporation and the remainder was fully insured under the FDIC.

Bed Taxes Receivable – Bed taxes receivable represents taxes due at December 31, 2003 and 2002 from various government entities, but not collected until 2004 and 2003, respectively. The Bureau considers the receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

PICKAWAY COUNTY VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2003 and 2002

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes – As noted previously, during 2000 the Bureau was a component unit of the Circleville-Pickaway Chamber of Commerce, which is exempt from federal income taxes under Section 501 (c)(6) of the Internal Revenue Code. During fiscal year 2001, the Bureau obtained exemption from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Thus, no provision or accrual for income taxes is included in these financial statements.

Revenue – Revenue is recorded when earned. The primary source of revenue is derived from contractual agreements between Monroe Township, Circleville Township, Pickaway Township, the City of Circleville and the Bureau. According to the agreements, the Bureau is the designated agency to receive the 3% lodging excise tax collected by the townships and the city. Of this 3%, the Bureau receives 1.5%.

Inventory - Inventory is stated at the lower of cost or market determined by the first-in, first-out method. Inventory consists of visitor guides.

Prepaid Expenses – Expenses that benefit periods beyond the current fiscal years are recorded as assets and subsequently recorded as expenses when the goods or services are provided.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

PROPERTY AND EQUIPMENT

Acquisitions of equipment are not expensed, but rather, are recorded as assets in the accompanying financial statements. They are reported at cost and depreciated by the straight-line method over their estimated useful lives, which are five (5) years.

BALESTRA, HARR & SCHERER, CPAs, Inc.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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

To the Board of Trustees
Pickaway County Visitors Bureau
Circleville, Ohio

We have audited the financial statements of the Pickaway County Visitors Bureau, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 25, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Pickaway County Visitors 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 Pickaway County Visitors 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 over financial reporting 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Bureau in a separate letter dated June 25, 2004.

Pickaway County Visitors Bureau
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Page 2

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

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

June 25, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

PICKAWAY COUNTY VISITORS BUREAU

PICKAWAY 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 31, 2004**