

KNOX COUNTY
CONVENTION & VISITORS BUREAU

FINANCIAL STATEMENTS
DECEMBER 31, 1999

James E. Lavelle, Jr.

Certified Public Accountant



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Knox County Convention & Visitors Bureau

We have reviewed the Independent Auditor's Report of the Knox County Convention & Visitors Bureau, Knox County, prepared by James E. Lavelle, Jr. for the audit period January 1, 1998 through December 31, 1999. 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.


JIM PETRO
Auditor of State

August 2, 2000

James E. Lavelle, Jr.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Knox County Convention & Visitors Bureau
Mount Vernon, Ohio

I have audited the accompanying financial statements of Knox County Convention & Visitors Bureau, as of December 31, 1999 and for the two years then ended. These financial statements are the responsibility of Knox County Convention & Visitors Bureau's management. My responsibility is to express an opinion on these financial statements based on my audit.

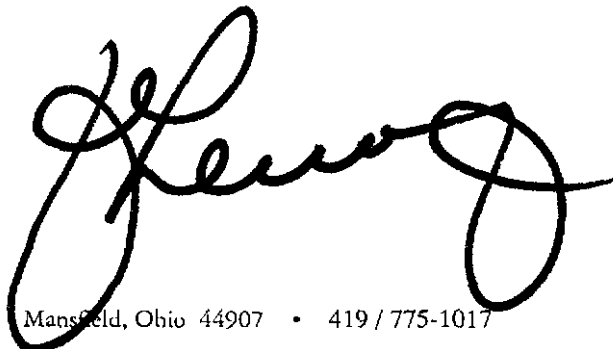
I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable 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. I believe that my audit provides a reasonable basis for my opinion.

As described in NOTE 2, the Organization prepares its financial statements on a cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Knox County Convention & Visitors Bureau as of December 31, 1999 and the changes in its net assets for the two years then ended on the basis of accounting described in NOTE 2.

In accordance with Government Auditing Standards, I have also issued my report dated March 10, 2000 on my consideration of Knox County Convention & Visitors Bureau's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

March 10, 2000



KNOX COUNTY CONVENTION & VISITORS BUREAU
STATEMENT OF FINANCIAL POSITION - CASH BASIS
DECEMBER 31, 1999

ASSETS

CASH 20,450

20,450

LIABILITIES AND NET ASSETS

PAYROLL TAXES 586

OTHER 199

785

NET ASSETS

UNRESTRICTED 19,665

20,450

SEE ACCOMPANYING NOTES

KNOX COUNTY CONVENTION & VISITORS BUREAU
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
SUPPORT AND REVENUE		
BED TAX	86,789	71,824
EVENTS	30,301	39,378
OTHER	12,381	10,919
	<u>129,471</u>	<u>122,121</u>
EXPENSES		
PERSONNEL	47,844	43,941
BROCHURES	858	697
CO-OP ADVERTISING		1,450
DUES AND SUBSCRIPTIONS	1,502	1,476
EDUCATION	1,103	1,427
EQUIPMENT	4,645	4,069
RENT	4,800	3,464
INSURANCE	190	615
MARKETING DEVELOPMENT	2,317	484
OFFICE EXPENSES	4,500	2,873
TELEPHONE	3,381	3,730
PRODUCTS	998	1,714
PROFESSIONAL FEES		1,150
PROGRAM EXPENSES	30,181	38,299
PROMOTIONAL ADVERTISING	6,505	7,992
PROMOTIONAL EVENTS	4,332	3,966
REIMBURSABLE EXPENSES	7,431	2,555
TRAVEL	1,697	1,032
OTHER	3,610	927
	<u>125,894</u>	<u>121,861</u>
CHANGE IN NET ASSETS	3,577	260
NET ASSETS BEGINNING	<u>16,088</u>	<u>15,828</u>
NET ASSETS ENDING	<u>19,665</u>	<u>16,088</u>

SEE ACCOMPANYING NOTES

Knox County Convention & Visitors Bureau
Notes to the Financial Statements
December 31, 1999

NOTE 1 - ORGANIZATION

The Knox County Convention & Visitors Bureau (CVB) was formed to promote the Knox County area and its facilities and attractions.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

The accompanying financial statements have been prepared on an cash basis of accounting. Revenue is recognized when received and expenses are recorded when paid. The cash basis of accounting is a basis other than generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting standards (SFAS) No. 117, Financial statements for Not-for-Profit Organizations. Under SFAS No. 117, the CVB 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.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributed Services

The CVB receives a significant amount of volunteer support from its members and the community. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under SFAS No. 116.

Income Taxes

The CVB was formed as a nonprofit corporation in Ohio but has not received tax exempt status from the Internal Revenue Service. Any potential tax liability is unknown at this time.

Contributions

The CVB adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made" in 1997. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

NOTE 3 - CONCENTRATION OF RISK

The CVB receives a significant amount of its support in the form of bed tax. A reduction of that tax could have a significant impact on the operations of the CVB.

James E. Lavelle, Jr.

Certified Public Accountant

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

Board of Directors
Knox County Convention & Visitors Bureau
Mount Vernon, Ohio

I have audited the financial statements of Knox County Convention & Visitors Bureau as of and for the two years ended December 31, 1999, and have issued my report thereon dated March 10, 2000. I conducted my audit in accordance with generally accepted auditing standards 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 Organization's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

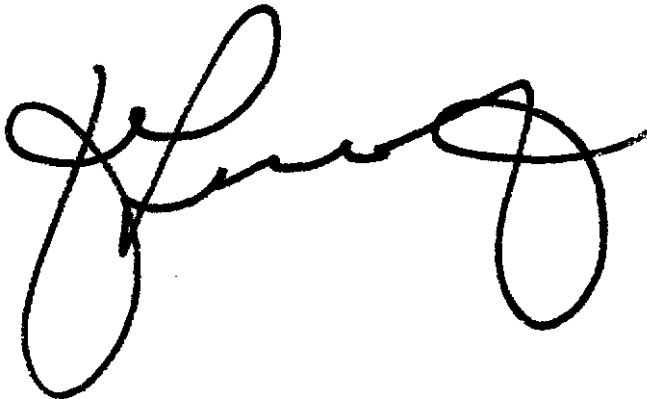
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Organization's internal control over financial reporting in order to determine my auditing procedure for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1.

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 misstatement in amounts 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. My consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described in the accompanying schedule of findings and questioned costs are material weaknesses. I also noted other matters involving the internal control over financial reporting which I have reported to management in a separate letter dated August 10, 2000.

This report is intended for the information of the audit committee, management and funding sources. However, this report is a matter of public record and its distribution is not limited.

March 10, 2000

A handwritten signature in black ink, appearing to be 'J. L. ...', written in a cursive style.

Schedule of Findings and Questioned Costs
Knox County Convention & Visitors Bureau
December 31, 1999

PRIOR YEAR FINDINGS

Internal Control

Recommendation were made in the prior year:

- to develop and implement written manuals for personnel, fiscal, and operations,
- to establish personnel files for staff,
- to consider employee dishonesty bond and directors and officers insurance.

There has been no action taken on these recommendations.

CURRENT YEAR FINDINGS

99-1 Prior Year Audit Findings

Condition: Findings and recommendations made in the prior year's audit report have not been adequately addressed. Findings and recommendations have been made regarding the development of a fiscal, personnel, and operations manuals; the establishment of personnel files; and the consideration of employee dishonesty bond and D&O insurance.

Criteria: The board and management is required to address prior year audit findings.

Effect: Continued disregard of the audit findings and recommendations will further weaken internal controls and will jeopardize relationships with funding sources and others

Recommendation: The board should take an active role in insuring that the audit findings and recommendations are promptly addressed.



STATE OF OHIO
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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
OCTOBER 10, 2000