

Portsmouth Area Convention & Visitors Bureau
Scioto County, Ohio
Regular Audit
For the Years Ended December 31, 2003 and 2002

BALESTRA, HARR & SCHERER, CPAs, INC.
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**Auditor of State
Betty Montgomery**

Board of Trustees
Portsmouth Area Convention and Visitors Bureau
324 Chillicothe Street
Portsmouth, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the Portsmouth Area Convention and Visitors Bureau, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2002 to 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 Portsmouth Area Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 28, 2005

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

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Independent Auditors' Report

Portsmouth Area Convention and Visitors Bureau
Scioto County
324 Chillicothe Street
P.O. Box 509
Portsmouth, Ohio 45662

To the Board of Trustees:

We have audited the accompanying financial statement of the Portsmouth Area Convention and Visitors Bureau, Scioto County, Ohio (the Bureau), as of and for the years ended December 31, 2003 and 2002. 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.

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 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.

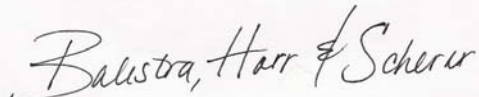
As discussed in Note 1, the Bureau prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Portsmouth Area Convention and Visitors Bureau, Scioto County, as of December 31, 2003 and 2002, and its 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 November 16, 2004, 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 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.

Portsmouth Area Convention and Visitors Bureau
Scioto County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

November 16, 2004

**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, 2003 AND 2002**

	2003	2002
Cash Receipts:		
Hotel/Motel Taxes	\$ 77,426	\$ 73,795
Program Revenues	48,331	6,002
Grant	-	-
Miscellaneous	4,297	5,830
Interest	659	1,366
	130,713	86,993
 Cash Disbursements:		
Salaries	19,368	19,432
Payroll Taxes	8,382	5,414
Employee Health Insurance	2,022	1,157
Contractual	5,000	5,417
Travel and Directors	6,947	3,970
Office Equipment and Supplies	23,199	18,655
Bank Service Charges	55	80
Postage	3,479	2,626
Utilities	2,462	902
Advertising	9,819	14,600
Membership Dues	1,158	1,076
Insurance	1,218	1,402
Rent	3,600	3,300
Accounting and Auditing	425	3,111
Program Expenses	40,084	18,071
Miscellaneous	6,436	7,145
	133,654	106,358
 Total Cash Receipts Over/(Under) Cash Disbursements	(2,941)	(19,365)
 Cash Balance, January 1	52,301	71,666
 Cash Balance, December 31	\$ 49,360	\$ 52,301

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. 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 by 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 Chapter 5705. However, the Constitution and By-Laws of the Bureau require the Board of Trustees to annually adopt a budget for fiscal control over expenditures. No Committee may exceed its appropriation without the consent of the Board of Trustees. The Bureau adopts its budtet for the period October 1 through September 30.

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 statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$ 49,360</u>	<u>\$ 52,301</u>

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

3. 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.

4. SOCIAL SECURITY

All of the employees of the Bureau are covered by Social Security. The Bureau's liability is 6.2 percent of wages paid.

5. 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.

6. RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

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

7. RELATED PARTIES

The Bureau engaged in two instances of related party transactions during the audit period. The Bureau purchased liability and executive protection insurance through a Trustee. The Bureau also purchased advertising for an event that employs a Trustee.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Portsmouth Area Convention and Visitors Bureau
Scioto County
324 Chillicothe Street
P.O. Box 509
Portsmouth, Ohio 45662

To the Board of Trustees:

We have audited the accompanying financial statement of the Portsmouth Area Convention and Visitors Bureau, Scioto County, Ohio (the Bureau), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon November 16, 2004. 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.

Compliance

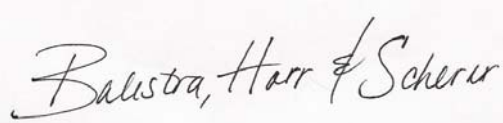
As part of obtaining reasonable assurance about whether the Bureau's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination 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 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 a material weakness. 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 November 16, 2004.

Portsmouth Area Convention and Visitors Bureau
Scioto County
Report on Compliance and on Internal Control Based on an Audit
Of Financial Statements Performed in Accordance With
Government Auditing Standards
Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

November 16, 2004



**Auditor of State
Betty Montgomery**

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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
DECEMBER 30, 2005**