

**KNOX COUNTY CONVENTION & VISITORS BUREAU  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**Long, Cook & Samsa, Inc.**

**CERTIFIED PUBLIC ACCOUNTANTS**





**Auditor of State  
Betty Montgomery**

Board of Directors  
Knox County Convention & Visitors Bureau  
8 West Vine St.  
Mount Vernon, OH 43050

We have reviewed the Independent Auditor's Report of the Knox County Convention & Visitors Bureau, Knox County, prepared by Long Cook & Samsa, 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 Knox County Convention & Visitors Bureau is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

October 6, 2004

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**KNOX COUNTY CONVENTION & VISITORS BUREAU  
KNOX COUNTY**

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# Long Cook & Samsa, Inc.

*Certified Public Accountants/Consultants*

## INDEPENDENT ACCOUNTANTS' REPORT

Knox County  
Convention & Visitors Bureau  
Knox County  
8 West Vine St.  
Mt. Vernon, Ohio 43050

To the Board of Directors:

We have audited the accompanying financial statements of the Knox County Convention & Visitors Bureau, Knox County, Ohio, (the Bureau) as of and for the years ended December 31, 2003 and 2002. 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 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 statements 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 statements referred to above present fairly, in all material respects, the fund cash balances of the Bureau 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 July 19, 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.

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

**Long, Cook & Samsa, Inc.**

July 19, 2004

**KNOX COUNTY CONVENTION & VISITORS BUREAU  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
<b>Cash Receipts:</b>		
Intergovernmental	\$ 96,567	\$ 97,678
Fundraisers	3,166	9,296
Grants		3,300
Calendar of events	230	260
Interest income	167	454
Meeting	4,358	
Other		388
	<b>104,488</b>	<b>111,376</b>
<b>Cash Disbursements:</b>		
Current:		
Salaries and benefits	61,014	56,504
Advertising	6,505	7,339
Rental expense	4,670	6,000
Products	2,643	8,153
Promotional events	4,427	3,810
Equipment	3,916	7,713
Office relocation expense	5,582	
Telephone	2,977	3,142
Marketing development	2,977	2,125
Meeting expense	3,658	413
Office expenses	1,390	1,678
Dues and subscriptions	1,063	1,440
Miscellaneous expense	1,191	1,103
Postage	1,112	1,201
Professional fees	750	1,811
Insurance	644	1,766
Education	961	754
Utilities	1,079	
Brochures	521	727
Travel	410	794
Public relations	660	252
Maintenance	673	
Freight	313	93
	<b>109,136</b>	<b>106,818</b>
Total cash receipts over/(under) cash disbursements	(4,648)	4,558
Fund cash balances, January 1	31,897	27,339
<b>Fund cash balances, December 31</b>	<b>\$27,249</b>	<b>\$31,897</b>

See accompanying notes and accountants' report

**KNOX COUNTY CONVENTION & VISITORS BUREAU  
KNOX COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Knox County Convention & Visitors Bureau, Knox County, Ohio (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.

**B. Basis of Accounting**

These financial statements follow 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Bureau maintains its cash balances in two demand deposit accounts at local commercial banks and maintains a petty cash fund. Demand deposits are collateralized by the Federal Depository Insurance Corporation. There were no investments in 2003 or 2002.

**D. Fund Accounting**

The Bureau uses only one fund classification, a General Fund. The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**E. 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 15<sup>th</sup> of each year.

**F. 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.



**KNOX COUNTY CONVENTION & VISITORS BUREAU  
KNOX COUNTY**

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

**G. Income Taxes**

The Bureau is a not-for-profit organization that is exempt from income taxes under Section 501 (C)(6) of the Internal Revenue Code.

**2. CASH**

The Bureau maintains two cash checking accounts; one operations account and one project account. Cash is comprised of the following at December 31:

	<u>2003</u>	<u>2002</u>
Cash in operations checking	\$22,791	\$23,877
Cash in project checking	4,455	7,959
Petty cash	3	61
Total deposits	<u>\$27,249</u>	<u>\$31,897</u>

**3. RETIREMENT SYSTEMS**

The Bureau's employees contribute the required 6.2 percent of their gross wages to Social Security. The Bureau's liability is also 6.2 percent of gross salaries.

**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

**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.

# Long Cook & Samsa, Inc.

*Certified Public Accountants/Consultants*

## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Knox County Convention & Visitors Bureau  
Knox County  
8 West Vine St.  
Mt. Vernon, Ohio 43050

To the Board of Directors:

We have audited the financial statements of the Knox County Convention & Visitors Bureau, Knox County, Ohio, (the Bureau) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 19, 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 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 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 certain 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 July 19, 2004.

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

**Long, Cook & Samsa, Inc.**

July 19, 2004



**Auditor of State  
Betty Montgomery**

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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  
NOVEMBER 4, 2004**