

INDEPENDENT AUDITORS' REPORT
**LICKING COUNTY CONVENTION
AND
VISITORS' BUREAU**

August 31, 2004



**Auditor of State
Betty Montgomery**

Board of Directors
Licking County Convention and Visitors Bureau
50 West Locust Street
Newark, Ohio 43058-0702

We have reviewed the Independent Auditor's Report of the Licking County Convention and Visitors Bureau, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period September 1, 2003 through August 31, 2004. 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 Licking County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 20, 2004

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Independent Auditors' Report

Board of Directors
Licking County Convention and Visitors' Bureau

We have audited the accompanying financial statement of the Licking County Convention and Visitors' Bureau (the Bureau) as of and for the year ended August 31, 2004, as listed in the table of contents. 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 the 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 A, the Bureau prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of the State of Ohio, 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 Licking County Convention and Visitors' Bureau, as of August 31, 2004 and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2004 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, 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 read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the 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.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
October 25, 2004

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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Licking County Convention and Visitors' Bureau

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
CASH BALANCES - GENERAL FUND**

For the year ended August 31, 2004

	2004
Cash receipts	
Hotel/motel excise tax	\$ 264,766
Interest income	1,261
Miscellaneous income	169
Snowglobe promotion	2,129
Total receipts	268,325
Cash disbursements	
Salaries and fringe benefits	65,293
Administrative fee	40,000
Advertising and promotion	76,797
Brochures, artwork and printing	69,137
Capital outlays	756
Memberships	2,520
Miscellaneous	4,910
Postage	13,436
Professional fees	4,544
Snowglobe costs	627
Supplies	9,344
Telephone	3,219
Training seminars and meetings	4,543
Travel	857
Travel shows and specialty tours	7,597
Total disbursements	303,580
Total cash receipts (under) cash disbursements	(35,255)
Cash balance, at September 1, 2003	137,826
Cash transferred to Licking County Auditor (see Note F)	(52,572)
Cash balance, at August 31, 2004	\$ 49,999

The accompanying notes are an integral part of this statement

Licking County Convention and Visitors' Bureau

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE A - ACCOUNTING POLICIES

The Licking County Convention and Visitors Bureau is a division of the Newark and Licking County Chamber of Commerce (the Chamber), which is a not-for-profit Ohio corporation. When performing Bureau functions, the Chamber does business as Licking County Convention and Visitors' Bureau. The Chamber has registered that name with the Ohio Secretary of State as a fictitious name of the Chamber. The Chamber receives funds by way of an agreement with the Board of County Commissioners of Licking County, Ohio, which are provided by an excise tax levied on transactions between hotels and motels in Licking County and their transient guests. The Chamber uses those tax revenues to advertise, market, and promote the Licking County region.

A summary of the major accounting policies followed by the Bureau in the preparation of the accompanying financial statements is set forth below:

The Bureau is governed by the Newark and Licking County Chamber of Commerce's Board. The Board will receive input from the Licking County Convention and Visitors' Bureau Advisory Board. The group is selected by both the Chamber and the Licking County Commissioners, and provides program input to the Chamber's Board and offers policy and project suggestions. This Board meets quarterly, and more often, if needed.

Basis of Accounting

The Bureau's management believes these financial statements present all activities for which the Bureau is financially accountable.

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of the State of Ohio, 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.

Income Taxes

The Bureau is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

Fund Accounting

The Bureau uses fund accounting to segregate cash that is restricted as to use. The Bureau classifies its funds as a General Fund, which is the general operating fund, and it is used to account for all financial resources of the Bureau.

Licking County Convention and Visitors' Bureau

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE A - ACCOUNTING POLICIES – CONTINUED

Cash and Certificates of Deposit

Certificates of deposit are included in the fund cash balance. Accordingly, purchases of certificates of deposits are not recorded as disbursements, and redemptions of certificate of deposits are not recorded as receipts.

Property and Equipment

Acquisitions of property and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

Budgetary Process

The Bureau is not required to follow budgetary procedures as prescribed by the Ohio Revised Code; however, the Bureau uses internal budgets for planning purposes that it adopts annually.

A summary of 2004 budgetary activity appears in Note C.

NOTE B – EQUITY IN CASH AND CERTIFICATES OF DEPOSITS

The carrying amount of cash at August 31, 2004 follows:

Demand deposit	\$29, 899
Certificates of deposit	20,000
Cash on hand	<u>100</u>
	<u>\$49,999</u>

Deposits are insured by the Federal Depository Insurance Corporation.

NOTE C – BUDGETARY ACTIVITY

Budgetary activity for the year ending August 31, 2004 follows:

	2004 Budgeted vs. Actual Receipts		
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	<u>\$286,700</u>	<u>\$268,325</u>	<u>\$(18,375)</u>

Licking County Convention and Visitors' Bureau

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE C – BUDGETARY ACTIVITY - CONTINUED

<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	<u>\$286,700</u>	<u>\$356,152</u>	<u>\$(69,452)</u>

Actual expenditures include a transfer of cash assets of \$52,572 to the Licking County Auditor.

NOTE D – COMMISSIONS AND CONTINGENCIES

The Bureau receives a substantial amount of support from excise tax levied on hotels and motels in Licking County. A significant reduction in the level of this support, if this were to occur, may have an effect of the Bureau's programs and activities.

NOTE E - RELATED PARTY TRANSACTIONS

The Licking County Convention and Visitors' Bureau was administered through The Newark and Licking County Chamber of Commerce (the Chamber) through August 31, 2004. The Bureau paid the Chamber \$3,333 per month which included all administrative and other related expenses. The following fees and reimbursements were paid to the Chamber for the year ended August 31, 2004:

Salaries and fringe benefits	\$ 65,293
Printing	4,596
Administrative fee	40,000
Postage	<u>5,445</u>
	<u>\$115,334</u>

Licking County Convention and Visitors' Bureau

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE F – CANCELLATION OF ADMINISTRATIVE CONTRACT

The Licking County Commissioners administrative agreement with the Chamber originally expired on August 31, 1992. The agreement provided that, after September 1, 1992, the agreement shall automatically be renewed for successive three year terms, unless either party notifies the other in writing at least six months prior to the scheduled commencement of a new three year term.

During January 2004, the Licking County Commissioners gave notice to the Chamber that they would not renew the contract. Therefore, the contract expired on August 31, 2004.

The Licking County Commissioners have decided to direct the hotel/motel excise tax assessment to another newly formed non-profit organization who will conduct the advertising, marketing, and promotion of the Licking County region.

Since substantially all of the Bureau's funding sources originate with the hotel/motel excise tax assessment, the Bureau will cease operations on August 31, 2004.

During the year ended August 31, 2004, the Bureau transferred cash assets of \$52,572 to the Licking County Auditor. In addition, noncash assets of furniture and fixtures, computers, office equipment, numerous promotional guides, coupon books, visitor maps, promotional items, and trinkets were also transferred to the Licking County Auditor on August 30, 2004.

The Bureau has \$49,999 in cash assets on August 31, 2004. Some of these cash assets will be used to wind up operations of the Bureau. It is anticipated that the majority of the remaining funds will be transferred to the Licking County Auditor during the fall of 2004 after all obligations of the Bureau have been met.



Report On Compliance And Internal Control Required By Government Auditing Standards

Board of Trustees
Licking County Convention and Visitors' Bureau

We have audited the accompanying financial statement of Licking County Convention and Visitors' Bureau (the Bureau) as of and for the year ended August 31, 2004, and have issued our report thereon dated October 25, 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.

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 reportable 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.

Compliance and Other Matters

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 grant agreements, 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*.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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This report is intended for the information of the Board of Trustees, management, the Auditor of State and the Licking County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
October 25, 2004



**Auditor of State
Betty Montgomery**

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LICKING COUNTY CONVENTION AND VISITORS BUREAU

LICKING 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, 2004**