

Ross-Chillicothe Convention and Visitors Bureau

Ross County, Ohio

Regular Audit

August 1, 2003 through December 31, 2005

Years Audited Under GAGAS: 2005, 2004 and Five Month Period

August 1, 2003 through December 31, 2003

**BALESTRA, HARR & SCHERER, CPAs, INC.**

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Ross-Chillicothe Convention and Visitors Bureau  
45 East Main Street P. O. Box 353  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Ross-Chillicothe Convention and Visitors Bureau, Ross County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period August 1, 2003 through December 31, 2005. 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 Ross-Chillicothe 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

September 20, 2006

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**Ross-Chillicothe Convention and Visitors Bureau**

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*For the Years Ended December 31, 2005 and 2004 and the Five-Month Period August 1, 2003 through  
December 31, 2003*

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## Independent Auditor's Report

Board of Trustees  
Ross-Chillicothe Convention and Visitors Bureau  
45 East Main Street, PO Box 353  
Chillicothe, Ohio 45601

We have audited the accompanying statements of cash receipts and disbursements of the Ross-Chillicothe Convention and Visitors Bureau (the Bureau), for the years ended December 31, 2005 and 2004 and the five-month period August 1, 2003 through December 31, 2003. 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 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 described in Note 2, during 2003, the Bureau changed its accounting methods from a basis in accordance with accounting principles generally accepted in the United States of America to the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Bureau, as of December 31, 2005, 2004, and the five-month period August 1, 2003 through December 31, 2003, and the cash receipts and disbursements for the years ended December 31, 2005 and 2004 and the five-month period August 1, 2003 through December 31, 2003 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2006 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 and 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 considered in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.  
August 1, 2006

**Ross-Chillicothe Convention and Visitors Bureau**  
*Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
For the Years Ended December 31, 2005 and 2004 and the Five-Month Period  
August 1, 2003 through December 31, 2003

	2005	2004	2003
<b>Cash Receipts</b>			
County Motel Tax	\$171,308	\$164,351	\$97,524
Interest	122	382	725
Donations	30,240	2	0
Visitors Guide	0	78	216
Advertising Co-Op	0	245	1,588
Special Events	252	4,062	0
Rent	6,650	0	0
Miscellaneous	12,792	1,405	3,039
<b>Total Cash Receipts</b>	<b>221,364</b>	<b>170,525</b>	<b>103,092</b>
<b>Cash Disbursements</b>			
Director's Salary	30,933	29,241	15,833
Marketing Director's Salary	0	14,049	11,588
Administrative Assistant's Salary	22,968	21,622	7,495
Tour Manager's Salary	12,637	10,417	0
Payroll Taxes	6,190	19,466	1,967
Employee Health Insurance	5,995	9,998	2,796
Utilities	2,199	4,954	1,325
Telephone	4,388	7,174	3,144
Rent	15,960	11,745	4,880
Insurance	4,351	2,417	3,710
Office Supplies	1,428	3,006	736
Repairs and Maintenance	896	1,141	680
Small Equipment	2,000	188	2,598
Dues and Memberships	450	2,750	1,065
Accounting	3,935	8,249	1,736
Visitors Guide	2,606	63	8,589
Brochures - Tecumseh	10,000	2,731	10,000
Postage	6,139	6,055	2,024
Promotion and Projects	6,766	2,713	6,442
Advertising	40,020	25,695	24,877
Tours	1,976	16	4,059
Printed Material	7,734	3,420	0
Meals and Entertainment	1,709	1,274	75
Registration and Booth	3,804	5,076	6,135
Travel Expense	2,739	575	84
Lodging	867	1,552	244
Vehicle Lease	4,857	4,584	1,875
Miscellaneous	2,101	718	784
Security	135	585	241
Bureau Projects	7,034	4,221	2,035
Sponsorship	2,704	7,031	1,690
Retirement	1,865	1,295	580
Interest	158	158	79
Moving Expense	786	0	0
<b>Total Cash Disbursements</b>	<b>218,330</b>	<b>214,179</b>	<b>129,366</b>
<b>Total Cash Receipts Over/(Under) Total Cash Disbursements</b>	<b>3,034</b>	<b>(43,654)</b>	<b>(26,274)</b>
<b>Cash Balance - Beginning of Year (Restated - Note 2)</b>	<b>49,419</b>	<b>93,073</b>	<b>119,347</b>
<b>Cash Balance - End of Year</b>	<b>\$52,453</b>	<b>\$49,419</b>	<b>\$93,073</b>

See accompanying notes to the financial statements.



**Ross-Chillicothe Convention and Visitors Bureau**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2005 and 2004 and the Five-Month Period*  
*August 1, 2003 through December 31, 2003*

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**1 Summary of Significant Accounting Policies**

The following is a summary of significant accounting policies incorporated by the Ross-Chillicothe Convention and Visitors Bureau, Inc. (the Bureau).

Nature of Business Activities

The Bureau was created to promote, develop, and encourage interest in tourist attractions in Ross County and to promote Chillicothe as a location for meetings and conventions of various organizations.

Basis of Accounting

These financial statements follow the cash basis of accounting, 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.

Cash Deposits

The Bureau maintains its cash balances in demand deposit and savings accounts at local commercial banks. There were no investments in 2005, 2004 or the five-month period August 1, 2003 through December 31, 2003.

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Federal Income Tax

No provision is made for federal income tax because the Bureau is tax exempt under Section 501(c)(6) of the Internal Revenue Code.

Advertising

The Bureau expenses advertising costs as they are incurred. Advertising consists of printed ads in regional publications. Advertising costs were \$40,020 and \$25,695 for December 31, 2005 and 2004, respectively, and \$24,877 for the five-month period August 1, 2003 through December 31, 2003.

**2 Change in Accounting Principles**

Change in Fiscal Year

The Bureau previously reported on a fiscal year spanning a twelve-month period ending July 31. During 2004, the Bureau's Board decided that a change to a calendar year would be more appropriate for the organization. Therefore, the Bureau's financial information contained in this report includes the five-month period August 1, 2003 through December 31, 2003 and calendar years 2004 and 2005.

**Ross-Chillicothe Convention and Visitors Bureau**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2005 and 2004 and the Five-Month Period*  
*August 1, 2003 through December 31, 2003*

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**2 Change in Accounting Principles (Continued)**

Restatement of Net Assets/Fund Cash Balance

During 2003, the Bureau changed its basis of accounting from Generally Accepted Accounting Principles (GAAP) to the basis of accounting described in Note 1. This change resulted in the restatement in previously reported net assets. This restatement had the following effect on net assets/cash balance:

Net Assets, July 31, 2003	\$170,830
Restatement	<u>(51,483)</u>
Cash Balance, August 1, 2003	<u>\$119,347</u>

**3 Hotel/Motel Tax**

The Bureau receives a substantial amount of their support from the Hotel/Motel Tax. This tax is six percent levied on all hotel and motel sales in Ross County. This tax is equally divided between Ross County and the City of Chillicothe. The portion of the tax collected by the County has been disbursed to the Bureau in accordance with Section 5739.09 of the Ohio Revised Code. This tax is collected quarterly by Ross County. In September 2000, the Bureau and Ross County entered into a formal agreement for the disbursement of the County's portion of collected Hotel/Motel Tax to the Bureau on a quarterly basis for the five year period from September 5, 2000 through September 4, 2005. This agreement was renewed in 2005 for the five year period from September 5, 2005 through September 4, 2010.

During July 1994, the City of Chillicothe passed legislation that would grant 33 percent of the City's portion of the Hotel/Motel Tax to the Bureau to be used to fund a Sales Director position. The City grant required an annual renewal. This grant was approved February 13, 1995. The agreement between the City and the Bureau stated that the grant would be paid quarterly, based on actual receipts collected no later than sixty days after the end of the quarter. However, in fiscal year ending July 31, 2003, the City approved legislation for only one payment of \$25,000 to the Bureau. During the years ended December 31, 2005 and 2004, the City remitted no contributions to the Bureau. However, a payment of \$25,000 was made to the Bureau during 2006.

**4 Rents/Leases**

The Bureau's business office is located at 45 East Main Street, Chillicothe, Ohio. The Bureau rents this space for a monthly fee of \$700. The lease is on a month to month basis. The Bureau also rents 25 East Main Street for \$950 per month. The lease runs through June 2006. This property is being subleased for \$950 per month.

**5 Concentration of Credit Risk**

Financial instruments that potentially subject the Bureau to concentrations of credit risk consist principally of temporary cash investments.

Concentration of Credit Risks Arising from Cash Deposits in Excess of Insured Limits

At any one time, the Bureau may have cash balances in excess of \$100,000 on deposit with a local bank. Only \$100,000 is insured through the FDIC. As of December 31, 2005, 2004, and the five-month period August 1, 2003 through December 31, 2003, the Bureau had no unsecured funds on deposit.

**6 Economic Dependency**

The Bureau receives the majority of its funding from local governments by means of a hotel/motel tax, which was 77 percent and 96 percent of funds received for the years ended December 31, 2005 and 2004, respectively, and 95 percent of funds received for the five-month period ended December 31, 2003.

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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Ross-Chillicothe Convention and Visitors Bureau  
45 East Main Street, PO Box 353  
Chillicothe, Ohio 45601

We have audited the financial statements of the Ross-Chillicothe Convention and Visitors Bureau (the Bureau), as of December 31, 2005, 2004, and the five-month period August 1, 2003 through December 31, 2003, and for the years ended December 31, 2005 and 2004 and for the five-month period August 1, 2003 through December 31, 2003, and have issued our report thereon dated August 1, 2006, wherein we noted the Bureau prepares its financial statements using accounting practices the Auditor of State prescribes or permits which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 an opinion 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 caused by error or fraud 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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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*.

Board of Trustees  
Ross-Chillicothe Convention and Visitors Bureau  
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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 dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.  
August 1, 2006



**Auditor of State  
Betty Montgomery**

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**ROSS-CHILLICOTHE CONVENTION AND VISITORS BUREAU**

**ROSS 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 3, 2006**