

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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Long, Cook & Samsa, Inc.
CERTIFIED PUBLIC ACCOUNTANTS



Mary Taylor, CPA

Auditor of State

Board of Directors
Knox County Convention and Visitors Bureau
1075 Main St.
Mount Vernon, OH 43050

We have reviewed the *Independent Auditors' Report* of the Knox County Convention and Visitors Bureau, Knox County, prepared by Long, Cook & Samsa, Inc., for the audit period January 1, 2004 to 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 Knox County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 8, 2007

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KNOX COUNTY CONVENTION & VISITORS BUREAU
KNOX COUNTY

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Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

INDEPENDENT AUDITORS' REPORT

Knox County Convention & Visitors Bureau
Knox County
107 South Main Street
Mt. Vernon, Ohio 43050

To the Board of Directors:

We have audited the accompanying Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances of the Knox County Convention & Visitors Bureau, Knox County, Ohio, (the Bureau) as of and for the years ended December 31, 2005 and 2004. 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.

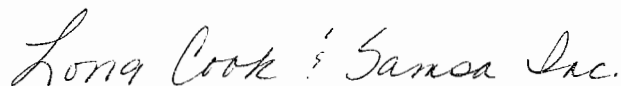
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United State of America (GAAP).

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements and cash balances arising from the cash transactions of the Bureau, as of December 31, 2005 and 2004 and for the years ended on the basis of accounting described in Note 1.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Knox County Conventions and Visitors Bureau as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2007, 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 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 not to provide an opinion of 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.


Long, Cook & Samsa, Inc.

October 15, 2007

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, 2005 AND 2004

	2005	2004
Cash Receipts:		
Intergovernmental	\$ 123,093	\$ 108,797
Fundraisers	12,759	510
Calendar of events	255	205
Interest income	168	196
	136,275	109,708
Cash Disbursements:		
Salaries and benefits	63,630	60,755
Advertising	14,617	8,682
Products	8,654	-
Equipment	5,374	4,012
Rent	5,070	5,000
Promotional events	4,738	4,040
Marketing development	4,012	2,364
Telephone	3,594	3,571
Freight	3,024	361
Office relocation	2,803	-
Office expenses	2,623	1,371
Utilities	1,888	1,662
Insurance	1,788	1,742
Maintenance	1,669	494
Dues and subscriptions	1,451	1,518
Postage & Miscellaneous	1,138	963
Travel	1,044	1,014
Education	959	705
Public relations	953	392
Professional fees	950	1,701
Brochures	166	193
Meetings	145	-
	130,290	100,540
Total cash receipts over cash disbursements	5,985	9,168
Fund cash balances, January 1	36,646	27,478
Fund cash balances, December 31	\$ 42,631	\$ 36,646

See accompanying notes and accountants' report.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 2005 or 2004.

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 15th 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, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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. The primary source of cash receipts is from the Knox County Commissioners collection of a county bed tax. Cash is comprised of the following at December 31:

	<u>2005</u>	<u>2004</u>
Cash in operations checking	\$40,170	\$33,499
Cash in project checking	2,109	2,959
Petty cash	352	188
Total deposits	<u>\$42,631</u>	<u>\$36,646</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, of which \$3,134 and \$3,054 was paid for the years ending December 31, 2005 and 2004, respectively.

4. LEASE

The Bureau leases office space at an annual rate of \$4,800, payable in monthly installments of \$400. The Bureau has four options to extend the term of the lease at the same rental amount for a period of one (1) year beginning January 1, 2006, for each option. Office rent for the years ending December 31, 2005 and 2004, was \$4,800 for each year. The Bureau also rents parking space on a month to month basis, amounting to \$270 in 2005 and \$200 in 2004.

5. RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Commercial inland marine; and
- Directors and Officers

6. 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 AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Knox County Convention & Visitors Bureau
Knox County
107 South Main Street
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, 2005 and 2004, and have issued our report thereon dated October 15, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financials statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to management of the Bureau in a separate letter dated October 15, 2007.

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

Long, Cook & Samsa, Inc.

Long, Cook & Samsa, Inc.

October 15, 2007



Mary Taylor, CPA
Auditor of State

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 27, 2007**