

Ross-Chillicothe Convention and Visitors Bureau

Ross County, Ohio

Regular Audit

January 1, 2006 through December 31, 2007

Years Audited Under GAGAS: 2007 and 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com



Mary Taylor, CPA
Auditor of State

Board of Trustees
Ross-Chillicothe Convention and Visitors Bureau
45 East Main Street
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 January 1, 2006 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 12, 2008

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Ross-Chillicothe Convention and Visitors Bureau
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For the Years Ended December 31, 2007 and 2006

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

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

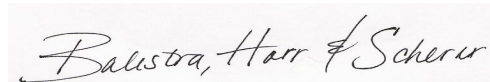
We have audited the accompanying statements of cash receipts and disbursements of the Ross-Chillicothe Convention and Visitors Bureau (the Bureau), for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express 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 discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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, 2007 and 2006, and the 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 June 27, 2008 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.
June 27, 2008

Ross-Chillicothe Convention and Visitors Bureau
Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Receipts		
County Motel Tax	\$191,822	\$186,567
Interest	961	1,172
Donations	25,000	32,935
Reimbursed Income	5,524	0
City Lodging Tax	0	25,000
Fundraising	100	0
Rent	0	5,700
Miscellaneous	236	5,167
Total Cash Receipts	<u>223,643</u>	<u>256,541</u>
Cash Disbursements		
Director's Salary	32,903	31,050
Tourism Assistant's Salary	5,779	0
Administrative Assistant's Salary	22,964	23,883
Payroll Taxes	3,934	4,765
Employee Health Insurance	6,317	4,927
Telephone	3,027	3,856
Rent	6,000	11,900
Insurance	3,787	2,464
Office Supplies	3,353	2,361
Reimbursed	5,933	0
Dues and Memberships	1,775	1,785
Accounting	4,521	9,653
Hired Auto	0	33
Brochures - Tecumseh	10,000	10,000
Postage	5,200	5,206
Promotion and Projects	0	9,461
Advertising	82,604	66,665
IRA	1,398	1,188
Printed Material	418	627
Meals and Entertainment	2,015	918
Registration and Booth	8,801	8,031
Travel and Lodging Expense	6,018	4,525
Bank Service and Credit Card	284	0
Miscellaneous	666	519
Fundraising	50	0
Bureau Projects	12,584	5,339
Sponsorship	0	500
Interest	61	0
Equipment	4,195	2,588
Total Cash Disbursements	<u>234,587</u>	<u>212,244</u>
Total Cash Receipts Over/(Under) Total Cash Disbursements	(10,944)	44,297
Unrestricted Cash Balance - Beginning of Year	<u>96,750</u>	<u>52,453</u>
Unrestricted Cash Balance - End of Year	<u><u>\$85,806</u></u>	<u><u>\$96,750</u></u>

See accompanying notes to the financial statements.

Ross-Chillicothe Convention and Visitors Bureau
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Management of the Bureau believes 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 2007 or 2006.

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 \$82,604 and \$66,665 for December 31, 2007 and 2006, respectively.

2 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.

Ross-Chillicothe Convention and Visitors Bureau

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

2 Hotel/Motel Tax (Continued)

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, 2007, 2005 and 2004, the City remitted no contributions to the Bureau. However, a payment of \$25,000 was made to the Bureau during 2006.

3 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. Beginning in February 2006, the monthly lease amount was changed to \$500. The Bureau also rents 25 East Main Street for \$950 per month. The lease ran through June 2006. This property was subleased for \$950 per month. The rental agreement and the related sublease agreement were not renewed upon expiration.

4 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, 2007 and 2006, the Bureau had no unsecured funds on deposit.

5 Economic Dependency

The Bureau receives the majority of its funding from local governments by means of a hotel/motel tax, which was 86 percent and 73 percent of funds received for the years ended December 31, 2007 and 2006, respectively.

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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 Directors
Ross-Chillicothe Convention and Visitors Bureau, Inc.
45 East Main Street
Chillicothe, Ohio 43725 Ohio 45601

We have audited the accompanying financial statements of the Ross-Chillicothe Convention and Visitors Bureau, Inc. (the Bureau), for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 27, 2008, wherein we noted the Bureau prepares its financial statements on the cash basis of accounting rather 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

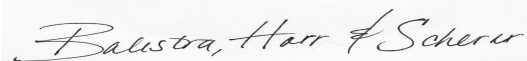
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash accounting basis such that there is more than a remote likelihood that a misstatement of the Bureau's financial statements that is more than inconsequential will not be prevented or detected by the Bureau's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in the internal control over financial reporting. This item has been identified as 2007-1.

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 financial statements will not be prevented or detected by the Bureau'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 do not believe that the significant deficiency described above is a material weakness.

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 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*.

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.



Balestra, Harr & Scherer, CPAs, Inc.
June 27, 2008

Ross-Chillicothe Convention and Visitors Bureau, Inc.

Schedule of Findings and Responses

For the Years Ended December 31, 2007 and 2006

Finding Number 2007-1

Significant Deficiency

Financial statement misstatements were identified during the audit that should have been prevented or detected by the Bureau's internal controls over financial reporting. The following misstatements were identified:

- The Bureau intended to present cash basis financial statements for audit, however, several accruals were included in the financial statements and audit adjustments were proposed to properly reflect cash-basis activity.

The accompanying financial statements were adjusted to reflect the correction of these immaterial misstatements. The Bureau should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported, and are prepared in accordance with the appropriate accounting basis.

Client Response:

The issue stated above has been noted and will be corrected effective June 2008 with the financial statements reflecting a cash-basis instead of accruals. The Ross-Chillicothe Convention and Visitors Bureau, Inc. will have 2008 financial statements prepared prior to this audit converted to reflect cash-basis as well.



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 25, 2008**