

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY  
Regular Audit  
December 31, 2007 and 2006**





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Portsmouth Area Convention  
and Visitors Bureau  
342 Second Street  
Portsmouth, Ohio 45662

We have reviewed the *Independent Accountants' Report* of the Portsmouth Area Convention and Visitors Bureau, Scioto County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Portsmouth Area 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

September 11, 2008

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**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

July 18, 2008

Portsmouth Area  
Convention and Visitors Bureau  
Scioto County  
342 Second Street.  
Portsmouth, Ohio 45662

To the Board of Directors:

We have audited the accompanying financial statements of **Portsmouth Area Convention & Visitors Bureau, Scioto County, Ohio**, (the Bureau) as of and 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.

Except as described in paragraph six, 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Bureau has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. There practices differ from accounting principles generally accepted in the Unites States of America (GAAP). Although we cannot reasonably determine the effects of the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Bureau to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. While the Bureau does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation. The Auditor of State permits, but does not require the Bureau to reformat their statements. The Bureau has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Bureau as of December 31, 2007 and 2006 or their changes in financial position for the year then ended.

The Bureau did not provide adequate supporting documentation for Program Revenues to enable us to determine the completeness, occurrence, allocation, and rights and obligations of Program Revenues recorded in the 2007 and 2006 financial statements, nor were we able to satisfy ourselves as to those receipts through alternative procedures. These Program Revenues represent 18% and 32% of the total revenues in 2007 and 2006, respectively.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary, had we been able to obtain the information and documentation to support the completeness, occurrence, allocation, and rights and obligations of Program Revenues, the financial statements referred to above present fairly, in all material respects, the cash balances of the Portsmouth Area Convention and Visitors Bureau, Scioto County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Bureau to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Bureau has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

|                                                     | 2007             | 2006             |
|-----------------------------------------------------|------------------|------------------|
| <b>Cash Receipts:</b>                               |                  |                  |
| Motel Revenue                                       | \$ 83,929        | \$ 69,243        |
| Program Revenue                                     | 18,535           | 31,690           |
| Interest                                            | 227              | 115              |
|                                                     | 102,691          | 101,048          |
| <b>Cash Disbursements:</b>                          |                  |                  |
| Accounting                                          | 6,319            | 3,657            |
| Advertising                                         | 2,615            | 900              |
| Bank Service Charges                                | -                | 115              |
| Travel and Directors Expense                        | 4,862            | 6,280            |
| Payroll Taxes, Workers Compensation                 | 2,049            | 1,966            |
| Insurance - Director's Health                       | 4,573            | 771              |
| Insurance - Liability                               | 102              | 1,240            |
| Membership/Subsription                              | 1,086            | 584              |
| Miss Ohio Expenses                                  | 29,970           | 11,431           |
| Office Supplies                                     | 996              | 4,763            |
| Postage and Shipping                                | 356              | 2,402            |
| Rent                                                | 3,600            | 4,000            |
| Contractual Salary                                  | 2,700            | 3,375            |
| Director's Salary                                   | 23,500           | 21,658           |
| Gift Shop Expense                                   | -                | 573              |
| Tour Bus Reimbursement                              | -                | 68               |
| Outside Services                                    | -                | 135              |
| Computer Expenses                                   | 665              | 4,889            |
| Telephone                                           | 1,591            | 1,095            |
| Visitor's Guide Expense                             | 2,715            | 16,644           |
| Contributions Tour Project                          | 3,060            | 500              |
| Other                                               | -                | 18               |
|                                                     | 90,759           | 87,064           |
| Total Cash Receipts Over/(Under) Cash Disbursements | 11,932           | 13,984           |
| Cash Balance, January 1                             | 20,095           | 6,111            |
| <b>Cash Balance, December 31</b>                    | <b>\$ 32,027</b> | <b>\$ 20,095</b> |

*The notes to the financial statement are an integral part of this statement.*



**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Portsmouth Area Convention & Visitors Bureau, Scioto County (the Bureau), is a not-for-profit corporation established as an independent entity. The Bureau is directed by not less than 11 nor more than 25 Trustees, representative of the area, of which 51% of the trustees shall be appointed by the Portsmouth City Council Members, plus the Executive Director. The Bureau promotes visitors activity as well as attracts tourists and conventions to the area. The Bureau endeavors to improve the overall community self-image, improve the business climate, provide information and promote, support and coordinate events that will develop community and cultural and community interests to these ends and to these purposes. The Bureau is partially supported by a lodging tax assessed in the City of Portsmouth, and Clay, Nile, and Porter Townships.

The Bureau's management believes this financial statement presents all activities for which the Bureau is financially accountable.

**B. Basis of Accounting**

This financial statement follows 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.

**C. Cash and Investments**

The Bureau invests all available funds in an interest bearing money market savings account and an interest bearing checking account.

**D. Budget Process**

The Bureau is not subject to the provisions of Ohio Revised Code 5705, since property taxes are not utilized to finance its operations. However, the Constitution & By-Laws of the Bureau requires that the Board shall annually adopt a budget that will be the appropriation measure of the Bureau. No committee may exceed its appropriation without the consent of the Board of Trustees.

**E. 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 statement.

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. EQUITY IN POOLED CASH**

The Bureau maintains a cash pool. The carrying value of as December 31 was as follows:

|                 |           |           |
|-----------------|-----------|-----------|
|                 |           |           |
| Demand deposits | \$ 32,027 | \$ 20,095 |

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years then ending December 31, 2007 and 2006 follows:

| 2007 Budgeted vs. Actual Receipts |                    |           |
|-----------------------------------|--------------------|-----------|
| Budgeted<br>Receipts              | Actual<br>Receipts | Variance  |
| \$ 76,500                         | \$ 102,691         | \$ 26,191 |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures |                           |             |
|-------------------------------------------------------|---------------------------|-------------|
| Appropriation<br>Authority                            | Budgetary<br>Expenditures | Variance    |
| \$ 77,900                                             | \$ 90,759                 | \$ (12,859) |

| 2006 Budgeted vs. Actual Receipts |                    |           |
|-----------------------------------|--------------------|-----------|
| Budgeted<br>Receipts              | Actual<br>Receipts | Variance  |
| \$ 73,000                         | \$ 101,048         | \$ 28,048 |

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                           |             |
|-------------------------------------------------------|---------------------------|-------------|
| Appropriation<br>Authority                            | Budgetary<br>Expenditures | Variance    |
| \$ 74,966                                             | \$ 87,064                 | \$ (12,098) |

**4. LODGING TAX**

The Bureau receives lodging taxes imposed by various local governments as follows: two-thirds of the three percent excise tax collected by the City of Portsmouth; one-fourth of the three percent excise tax collected by Clay and Porter Townships; and one-fifth of the five percent excise tax collected by Nile Township.

**5. RETIREMENT SYSTEM**

All employees of the Bureau are covered by the Social Security System.

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. INCOME TAXES**

The Bureau is exempt from federal income taxes under Internal Revenue Code Section 501(c)(6) and, accordingly, has not made any provisions for federal income taxes.

**7. RISK MANAGEMENT**

Commercial Insurance

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Executive protection and employment practices liability

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

July 18, 2008

Portsmouth Area  
Convention and Visitors Bureau  
Scioto County  
342 Second Street.  
Portsmouth, Ohio 45662

To the Board of Directors:

We have audited the financial statement of **Portsmouth Area Convention & Visitors Bureau, Scioto County, Ohio** (the Bureau) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 18, 2008, wherein we qualified our opinion because we were unable to satisfy ourselves to the completeness, occurrence, allocation, and rights and obligations of the Program Revenues. Also, we noted the Bureau follows accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. Except as discussed above, 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*.

**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 audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Bureau's internal control over financial reporting.

Our consideration of the 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 considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Bureau's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Bureau's internal control will not prevent or detect a material financial statement misstatement.

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 material weaknesses. We identified deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above, as items 2007-001 through 2007-004.

In a separate letter to the Bureau's management dated July 18, 2008 we reported other matters related to internal control we deemed immaterial.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standard*.

In a separate letter to the Bureau's management dated July 18, 2008 we reported other instances of noncompliance we deemed immaterial.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

|                                                                                                          |
|----------------------------------------------------------------------------------------------------------|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|----------------------------------------------------------------------------------------------------------|

**FINDING NUMBER 2007-001**

**Significant Deficiency/Material Weakness**

**Executive Committee Minutes/Record of Proceedings**

The minutes serve as the official actions taken by the legislative authority of the Bureau. There were no minutes provided by the Bureau in regards to the Executive Committee or by the Board.

Therefore there were no record or proceedings regarding approval of the Director's Salary, salary increases and mileage and other personnel matters, as well as, approval of contracts, reports, or donations accepted by the Board.

We recommend the Secretary and the Board Committee take detailed minutes that would permit the public to understand and appreciate the rationale behind the relevant public body's decisions. The Board and Committee should approve all pertinent actions pertaining to the Bureau and reflect the approval in the minutes.

**Management's Response** – We did not receive a response to this finding from management.

**FINDING NUMBER 2007-002**

**Significant Deficiency/Material Weakness**

**Bed Tax Confirmable Receipts**

The Bureau should have official documentation of the amount of local bed taxes the City and the three townships collect and what percentage of that amount the Bureau should be receiving.

The Bureau had no official documentation as to how much of the local bed taxes the Bureau was to receive from Clay, Nile, and Porter Townships and the City of Portsmouth. They also had no documentation to determine that the Bureau received their fair share of the bed taxes from these entities.

Without proper documentation from these entities there is no way that the Bureau can determine that the amount received was the correct amount.

The Bureau should request in writing that Nile, Porter, and Clay Township and the City of Portsmouth attach a copy of the information provided to them by the various hotels/motels showing the calculation of the taxes. The Bureau should also request that these entities send this information on a monthly basis as it is paid to them. We further recommend this information be attached to the duplicate receipt.

**Management's Response** – We did not receive a response to this finding from management.

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

|                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|----------------------------------------------------------------------------------------------------------------------|

**FINDING NUMBER 2007-003**

**Significant Deficiency/Material Weakness**

**Duplicate Receipts**

The Bureau should write pre-numbered duplicate receipts for all the monies received and all documentation for such receipts should be maintained.

Pre-numbered duplicate receipts were not written for monies received. Also, donations from various sources were not accepted by the Board and documented in the minutes.

Failure to issue and retain dated, pre-numbered duplicate receipts for each receipt transaction increases the possibility of misappropriation of funds and eliminates the source documentation necessary to verify the completeness and accuracy of receipts and bank deposits.

We recommend the Bureau prepare pre-numbered duplicate receipts for all monies received and that supporting documentation be attached to each receipt. The duplicate receipt should be pre-numbered and written to each person, company, township, etc. that make payments to the Bureau. The first copy should be given to the person giving the money, if they so wish and the other permanent copy be maintained for the audit. We also recommend that donations be documented in the minutes and accepted by the Board when received.

**Management's Response** – We did not receive a response to this finding from management.

**FINDING NUMBER 2007-004**

**Significant Deficiency/Material Weakness**

**Posting Receipts and Expenditures**

All receipts and disbursements should be posted to the accounting records. These should be posted at the time they are received or the purchase made.

During our testing, we noted an adjustment to reduce revenue for expenditures withdrawn from the Money Market account not recorded in the cash journal.

This resulted in understated revenue and expenditures for the year, requiring an adjustment to increase the hotel motel revenue and the Miss Ohio Expense line items in the amount of \$4,977.

We recommend receipts and disbursements be entered into the cashbook at the time the transaction takes place.

**Management's Response** – We did not receive a response to this finding from management.

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

| Finding Number | Finding Summary                             | Fully Corrected? | Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No longer Valid, <i>Explain</i> |
|----------------|---------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 2005-001       | ORC § 149.351(A) –<br>Destruction of Record | Partially        | In Management Letter                                                                                                            |
| 2005-002       | Committee Minutes Records                   | No               | Repeated as part of 2007-001                                                                                                    |
| 2005-003       | Records of Board Approvals                  | No               | Repeated as part of 2007-001                                                                                                    |
| 2005-004       | Monthly Bank<br>Reconciliations             | Corrected        |                                                                                                                                 |
| 2005-005       | Posting Receipts and<br>Disbursements       | No               | Repeated as 2007-003                                                                                                            |
| 2005-006       | Pre-numbered Receipts                       | No               | Repeated as 2007-004                                                                                                            |
| 2005-007       | Approved Payroll                            | Corrected        |                                                                                                                                 |
| 2005-008       | Bed Tax Confirmable<br>Receipts             | Partially        | Repeated as 2007-002                                                                                                            |





**Mary Taylor, CPA**  
Auditor of State

**PORTSMOUTH AREA CONVENTION AND VISITORS BUREAU**  
**SCIOTO 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 23, 2008**