

**WARREN COUNTY
CONVENTION & VISITORS BUREAU**

General Purpose Financial Statements

Years ended December 31, 2001 and 2000

with

Report of Independent Auditors



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Trustees
Warren County Convention & Visitors Bureau
Lebanon, Ohio

We have reviewed the Independent Auditor's Report of the Warren County Convention & Visitors Bureau, Warren County, prepared by Berge & Company LTD, for the audit period January 1, 2000 through December 31, 2001. 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 Warren County Convention & Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 24, 2002

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Warren County Convention & Visitors Bureau

General Purpose Financial Statements

Years Ended December 31, 2001 and 2000

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Report of Independent Auditors

The Board of Trustees
Warren County Convention & Visitors Bureau
Lebanon, Ohio

We have audited the accompanying statements of financial position – modified cash basis of the Warren County Convention & Visitors Bureau as of December 31, 2001 and 2000, the related statements of activities – modified cash basis and the statements of cash flows – modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, Warren County Convention and Visitors Bureau prepares its financial statements on the modified 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 financial position of the Warren County Convention & Visitors Bureau, as of December 31, 2001 and 2000, its activities and changes in net assets and its cash flows 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 19, 2002 on our consideration of the Warren County Convention & Visitors Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 audits.

June 19, 2002



Warren County Convention & Visitors Bureau
Statements of Financial Position – Modified Cash Basis

December 31, 2001 and 2000

Assets	<u>2001</u>	<u>2000</u>
Cash	\$ 134,501	\$ 174,665
Investments	129,512	121,608
Furniture and equipment, net	<u>16,534</u>	<u>22,116</u>
	<u>\$ 280,547</u>	<u>\$ 318,389</u>
 Liabilities and Net Assets		
Capital lease obligations	\$ 4,077	\$ 6,858
Net assets	<u>276,470</u>	<u>311,531</u>
	<u>\$ 280,547</u>	<u>\$ 318,389</u>

See accompanying notes.

Warren County Convention & Visitors Bureau

Statements of Activities – Modified Cash Basis

Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Revenue:		
Lodgers' tax	\$ 631,828	\$ 677,010
Interest income	10,758	9,985
Advertising income	13,650	22,270
Other income	<u> </u>	<u>1,750</u>
Total revenue	656,236	711,015
Expenses:		
Information distribution	21,572	18,380
Sales and public relations	92,806	52,827
Advertising	175,843	293,602
Administration and operations	85,443	82,818
Personnel	225,512	216,215
Tourism information centers	83,911	62,340
Research and development	<u>6,210</u>	<u>5,075</u>
Total expenses	<u>691,297</u>	<u>731,257</u>
Decrease in net assets	(35,061)	(20,242)
Net assets, beginning of year	<u>311,531</u>	<u>331,773</u>
Net assets, end of year	<u>\$ 276,470</u>	<u>\$ 311,531</u>

Warren County Convention & Visitors Bureau
Statements of Cash Flows – Modified Cash Basis
Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (35,061)	\$ (20,242)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Loss on disposal of equipment		112
Depreciation and amortization	<u>6,542</u>	<u>7,928</u>
Net cash used in operating activities	(28,519)	(12,202)
Cash flows from investing activities:		
Purchase of certificates of deposit	(7,904)	(5,318)
Acquisition of furniture and equipment	<u>(960)</u>	<u>(8,053)</u>
Net cash used in investing activities	(8,864)	(13,371)
Cash flows from financing activities:		
Repayment of capital lease obligations	<u>(2,781)</u>	<u>(2,414)</u>
Net cash used in financing activities	<u>(2,781)</u>	<u>(2,414)</u>
Net decrease in cash	(40,164)	(27,987)
Cash, beginning of year	<u>174,665</u>	<u>202,652</u>
Cash, end of year	<u>\$ 134,501</u>	<u>\$ 174,665</u>

Warren County Convention & Visitors Bureau

Notes to Financial Statements

December 31, 2001 and 2000

1. Significant accounting policies and nature of the Organization's operations

Nature of operations

Warren County Convention & Visitors Bureau, (the Organization), is a not-for-profit organization, incorporated in the State of Ohio. The Organization promotes tourism and provides education on current events and heritage of Warren County, Ohio. The Organization receives substantial all its revenue from the lodgers' tax which is allocated by Warren County.

Income Taxes

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

Basis of presentation

The financial statements are prepared and presented using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis differs from generally accepted accounting principles since revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. In addition, expenditures for furniture and equipment are capitalized and depreciated over the estimated useful life of the related assets.

Use of estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Furniture and equipment

Furniture and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets.

2. Cash

The majority of the Organization's cash is held in a money market account at a bank and earned interest at market rates during 2001 and 2000. Transfers are automatically made from this account to its demand deposit account as checks are cleared by the bank. All cash on deposit at the bank is covered by FDIC insurance up to \$100,000 per account. At December 31, 2001, \$34,501 was on deposit in excess of FDIC insurance coverage.

Warren County Convention & Visitors Bureau

Notes to Financial Statements

December 31, 2001 and 2000

3. Investments

Investments at December 31, 2001 and 2000 are comprised of bank Certificates of Deposit. These Certificates of Deposit have 16 month maturities and bear interest of 2.078% at December 31, 2001. Since these Certificates of Deposit are with the same bank that holds the Organizations checking account, all balances are in excess of FDIC insurance coverage.

4. Furniture and equipment

Furniture and equipment is comprised of the following at December 31, 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Computer equipment	\$ 11,813	\$ 11,813
Office equipment	23,759	23,759
Office furniture	<u>9,068</u>	<u>8,108</u>
	44,640	43,680
less accumulated depreciation	<u>28,106</u>	<u>21,564</u>
Furniture and equipment, net	<u>\$ 16,534</u>	<u>\$ 22,116</u>

5. Capital lease

The Organization is obligated under a capital lease for certain office equipment. At December 31, 2001 and 2000, the carrying value of this equipment amounted to \$5,173 and \$7,373, respectively. Future minimum payments under the capital lease are as follows:

2002	\$ 3,580
2003	<u>895</u>
	4,475
less interest portion	<u>398</u>
	<u>\$ 4,077</u>

Warren County Convention & Visitors Bureau

Notes to Financial Statements

December 31, 2001 and 2000

6. Commitments

Commencing January 1, 2002, the Organization has committed to a ten year lease for new office space. The leased property is owned by Warren County. Under the terms of the lease, the Organization will pay \$1 annually for rent. In addition, the Organization is required to reimburse Warren County, over a period of ten years, for leasehold improvements made to the facility which are currently estimated to be \$131,400. The lease is renewable for an additional ten year period.

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Supplemental Report

Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

The Board of Trustees
Warren County Convention & Visitors Bureau
Lebanon, Ohio

We have audited the statements of financial position – modified cash basis of the Warren County Convention & Visitors Bureau as of December 31, 2001 and 2000, the statements of activities – modified cash basis and the statements of cash flows – modified cash basis for the years then ended, and have issued our report thereon dated June 19, 2002. We conducted our audits 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 Warren County Convention & Visitors 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 audits 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 audits, we considered the Warren County Convention & Visitors Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 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.

This report is intended for the information of the Board of Trustees, the Auditor of the State of Ohio, and management and is not intended to be and should not be used by anyone other than those specified parties.

June 19, 2002

Berge & Company LTD



STATE OF OHIO
OFFICE OF THE AUDITOR

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WARREN COUNTY CONVENTION AND VISITORS BUREAU

WARREN 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
AUGUST 13, 2002**