



Mary Taylor, CPA
Auditor of State

DAYTON/MONTGOMERY COUNTY CONVENTION AND VISITORS BUREAU, INC.
MONTGOMERY COUNTY

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Mary Taylor, CPA

Auditor of State

Dayton/Montgomery County Convention and Visitors Bureau, Inc.
Montgomery County
1 Chamber Plaza, Suite A
Dayton, Ohio 45402-2400

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

August 30, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Dayton/Montgomery County Convention and Visitors Bureau, Inc.
Montgomery County
1 Chamber Plaza, Suite A
Dayton, Ohio 45402-2400

To the Board of Trustees:

We have audited the accompanying financial statement of Dayton/Montgomery County Convention and Visitors Bureau, Inc., Montgomery County, (the Bureau) as of and for the years ended December 31, 2006 and 2005. The financial statement is the responsibility of the Bureau's management. Our responsibility is to express an opinion on this financial statement 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 our audit provides a reasonable basis for our opinion.

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

Instead of the fund the accompanying statement presents, GAAP requires presenting entity wide statements. 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 requirements. The Auditor of State permits, but does not require governments 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 second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended December 31, 2006 and 2005 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, 2006 and December 31, 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above present fairly, in all material respects, the fund cash balance of Dayton/Montgomery County Convention and Visitors Bureau, Inc., Montgomery County, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 30, 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. 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.

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

Mary Taylor, CPA
Auditor of State

August 30, 2007

**DAYTON/MONTGOMERY COUNTY CONVENTION AND VISITORS BUREAU, INC.
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

| | General | |
|---------------------------------------|-------------------------|-------------------------|
| | 2006 | 2005 |
| Cash Receipts | | |
| County Hotel/Motel Tax | \$1,452,454 | \$1,419,666 |
| Information Booths | 16,579 | 16,992 |
| Earnings on Investments | 12,091 | 8,283 |
| Miscellaneous | 74,990 | 33,269 |
| Total Cash Receipts | <u>1,556,114</u> | <u>1,478,210</u> |
| Cash Disbursements | | |
| Administration: | | |
| Salaries & Benefits | 884,275 | 814,349 |
| Training | 9,747 | 13,033 |
| Travel Reimbursements | 87,194 | 87,452 |
| Operations: | | |
| Rent | 95,928 | 76,780 |
| Utilities | 19,160 | 20,415 |
| Office | 40,246 | 33,745 |
| Purchased Services | 7,261 | 9,032 |
| Equipment Lease | 10,504 | 3,740 |
| Capital Outlay | 6,121 | 38,739 |
| Miscellaneous | 49,496 | 51,307 |
| Marketing: | | |
| Advertising | 34,202 | 33,491 |
| Printing | 59,392 | 54,163 |
| Promotions | 152,186 | 85,946 |
| Meetings | 2,055 | 2,363 |
| Outside Service | 44,524 | 79,025 |
| Dues and Memberships | 27,586 | 21,532 |
| Total Cash Disbursements | <u>1,529,877</u> | <u>1,425,112</u> |
| Total Receipts Over Disbursements | 26,237 | 53,098 |
| Fund Cash Balance, January 1 | <u>853,095</u> | <u>799,997</u> |
| Fund Cash Balance, December 31 | <u><u>\$879,332</u></u> | <u><u>\$853,095</u></u> |

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

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**DAYTON/MONTGOMERY COUNTY CONVENTION AND VISITORS BUREAU, INC.
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Dayton/Montgomery County Convention and Visitors Bureau, Inc (the Bureau) is a nonprofit corporation whose primary purpose is to promote the City of Dayton and Montgomery County as a desirable destination for conventions, meetings, conferences, trade shows, and travel and tourism. Promotion is done through the extension of services, advice, and assistance to related organizations, businesses, and venues, as well as collaborative marketing effects which highlight the attributes of the City of Dayton and Montgomery County locally, regionally, nationally, and internationally.

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

Repurchase agreements are valued at cost.

Investments are not reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Bureau uses fund accounting to segregate cash and investments that are restricted as to use. The Bureau classifies its fund into the following type:

General Fund

The General Fund is the general operating fund. It is used to account for all Bureaus' financial resources.

E. Budgetary Process

The Bureau is not a "subdivision" or a "taxing authority" as defined by Ohio Revised Code Section 5705.01. Thus, requirements of the Ohio Revised Code are not applicable to the Bureau regarding the budgetary process.

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.

**DAYTON/MONTGOMERY COUNTY CONVENTION AND VISITORS BUREAU, INC.
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the basis of accounting used by the Bureau.

H. Marketing and Advertising Expense

The Bureau regularly incurs various marketing and advertising expenses to promote the Dayton/Montgomery County area, these costs are expensed when incurred.

I. Income Taxes

The Bureau is exempt from federal taxes under Section 501 (c) (6) of the Internal Revenue Code. Therefore, no provision for income taxes is included in the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Bureau maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

| | 2006 | 2005 |
|--------------------------------|-------------|-------------|
| Demand deposits | \$689,511 | \$673,857 |
| Repurchase agreement | 189,821 | 179,238 |
| Total deposits and investments | \$879,332 | \$853,095 |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool, or (3) Collateralized with securities held by the pledging financial institution or agent but not in the Bureau's name.

Investment: The Bureau invests in overnight repurchase agreements. The Bureau's investments are categorized to give an indication of the level of risk assumed by the Bureau at fiscal year end. At fiscal year end, the Bureau's investments were categorized as category 3. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Bureau's name.

3. PENSION PLAN

In 1995, the Bureau began participation in a defined contribution 401(a) plan currently with Merrill Lynch. The plan provides benefits to substantially all employees who have completed one year of service and attained age 21. Under the plan, the Bureau contributes 10% of each eligible employee's compensation for the year up to \$94,200 and 15.7% of each eligible employee's compensation above \$94,200. Employees become 20% vested in the Bureau's contributions and related earnings after two years of service and become fully vested after six years of service. Employees may also elect to make pre-tax contributions up to 50% of their total earnings.

**DAYTON/MONTGOMERY COUNTY CONVENTION AND VISITORS BUREAU, INC.
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. RISK MANAGEMENT

The Bureau has obtained commercial comprehensive property and general liability insurance.

5. CONCENTRATION OF CREDIT RISK

The majority of the Bureau's revenue is obtained from a 3% lodging tax maintained by the Board of County Commissioners of Montgomery County (the Board). Each month, the Bureau receives the lodging tax proceeds less a 30% deduction to assist the Board in maintaining Courthouse Square and Memorial Hall and a pro-rated deduction of a \$100,000 annual payment related to a previous renovation of the Dayton Convention and Exhibition Center. Administrative fees are deducted prior to the deduction split.

The Bureau maintains all cash and cash equivalents in accounts with Chase Bank, NA and National City Bank. The Bureau has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with its cash and cash equivalents.

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Mary Taylor, CPA

Auditor of State

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

Dayton/Montgomery County Convention and Visitors Bureau, Inc.
Montgomery County
1 Chamber Plaza, Suite A
Dayton, Ohio 45402-2400

To the Board of Trustees:

We have audited the financial statement of the Dayton/Montgomery County Convention and Visitors Bureau, Inc., Montgomery County, (the Bureau) as of and for the years ended December 2006 and 2005, and have issued our report thereon dated August 30, 2007, wherein we noted the Bureau followed accounting practices the Auditor of State prescribes 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 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Accordingly, we have not opined 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 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.

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

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 we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the finance committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

August 30, 2007



Mary Taylor, CPA
Auditor of State

DAYTON/MONTGOMERY CONVENTION AND VISITORS BUREAU

MONTGOMERY 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 8, 2007**