

TRUMBULL COUNTY TOURISM BUREAU

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2009

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA
Auditor of State

Board of Directors
Trumbull County Tourism Bureau
321 Mahoning Avenue NW
Warren, Ohio 44483

We have reviewed the *Independent Auditor's Report* of the Trumbull County Tourism Bureau, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. 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 Trumbull County Tourism Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 20, 2010

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**TRUMBULL COUNTY TOURISM BUREAU
FOR THE YEAR ENDED
DECEMBER 31, 2009**

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INDEPENDENT AUDITOR'S REPORT

Trumbull County Tourism Bureau
321 Mahoning Avenue, NW
Warren, Ohio 44483

To Board of Directors:

We have audited the accompanying statement of assets, liabilities, and net assets of the Trumbull County Tourism Bureau (the Bureau), as of December 31, 2009 and the related statement of support and revenue, expenses and change in net assets, and statement of cash flows for the year then ended. 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 statement. 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 B, the Bureau, prepares its financial statements on the modified cash basis, 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 respective modified cash basis financial position of the Bureau, as of December 31, 2009, and the respective changes in modified cash basis net assets and its cash flows for the year then ended in conformity with the basis of accounting described in Note B.

INDEPENDENT AUDITOR'S REPORT (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2010 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.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

March 18, 2010

TRUMBULL COUNTY TOURISM BUREAU, INC.

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
For the Year Ended December 31, 2009

ASSETS	
Cash and Cash Equivalents	\$184,453
Special Deposits	<u>33</u>
Total Assets	<u>\$184,486</u>
LIABILITIES	
Payroll Taxes and Withholdings	\$326
NET ASSETS	
Unrestricted	<u>184,160</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$184,486</u>

The accompanying notes are an integral part of the financial statements.

TRUMBULL COUNTY TOURISM BUREAU, INC.

**STATEMENT OF SUPPORT AND REVENUE, EXPENSES
AND CHANGE IN NET ASSETS - MODIFIED CASH BASIS**

For the Year Ended December 31, 2009

PUBLIC SUPPORT AND REVENUE	
County contract revenue received	\$225,352
Membership dues collected	5,000
Fundraising receipts	<u>4,789</u>
Total Public Support and Revenue	<u>235,141</u>
EXPENSES	
Personnel expenses	88,826
Administrative expenses	31,928
Marketing, advertising and promotion expenses	100,799
Grant distributions	36,601
Public relation expenses	<u>2,697</u>
Total Expenses	<u>260,851</u>
OPERATING LOSS	(25,710)
NON-OPERATING REVENUE	
Interest	495
CHANGE IN NET ASSETS	(25,215)
NET ASSETS - Beginning of year	<u>209,375</u>
NET ASSETS - End of year	<u><u>\$184,160</u></u>

The accompanying notes are an integral part of the financial statements.

TRUMBULL COUNTY TOURISM BUREAU, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from county contract	\$225,352
Receipts from membership	5,000
Receipts from fundraising	4,789
Payments to suppliers	(172,025)
Payments to employees	<u>(92,930)</u>
Net Cash (Used) by Operating Activities	(29,814)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>495</u>
Net Cash Provided by Investing Activities	495
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (29,319)
 CASH AND CASH EQUIVALENTS - as of January 1, 2009	 <u>213,805</u>
 CASH AND CASH EQUIVALENTS - as of December 31, 2009	 <u><u>\$184,486</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) BY OPERATING ACTIVITIES:	
Operating Loss	(\$25,710)
 ADJUSTMENT TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
(Decrease) in payroll taxes payable	<u>(4,104)</u>
 TOTAL ADJUSTMENTS	 <u>(4,104)</u>
 NET CASH (USED) BY OPERATING ACTIVITIES	 <u><u>(\$29,814)</u></u>

The accompanying notes are an integral part of the financial statements.

TRUMBULL COUNTY TOURSIM BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE A – REPORTING ENTITY

Trumbull County Tourism Bureau, Inc. (the Bureau) is a nonprofit corporation which was formed December 2005 by the Trumbull County Commissioners, State of Ohio. The primary purpose of the Bureau is to encourage the economic development of Trumbull County, Ohio by promoting tourism and establishing Trumbull County as an attractive and successful destination center in the northeastern Ohio area and such other activities and duties as authorized by the applicable sections of the Ohio Revised Code which apply to the Bureau. The Bureau's Board consists of ten members. One of the members is a County Commissioner, appointed by the President of the County Commissioners. The other nine members are elected by the membership. A substantial portion of the Bureau's revenues are derived from the hotel tax.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying financial statements have been prepared on the modified cash basis of accounting. Except for modification having substantial support, revenues are recorded in the Bureau's financial records and reported in the financial statements when cash is received rather than when earned and expenses are recorded when cash is paid rather than when a liability is incurred. The exception to this is for payroll taxes and withholdings which the Bureau has recognized an expense at the time incurred and a liability.

Revenues:

A substantial portion of the Bureau's revenue comes from a contract with Trumbull County, Ohio from a share of the hotel tax, commonly known as "bed tax", collected by Trumbull County. The Bureau's share of the tax is determined annually by Trumbull County. A significant reduction in the level of this support, if this were to occur, may have an effect on the continuance of the services provided by the Bureau. The contract requires the Bureau to provide services of approximate equal value to the amounts received under the contract.

The Bureau also receives annual dues from members who choose to join. The current annual membership fee is \$50. Membership dues are recognized as revenue when received.

Cash and Cash Equivalents:

Cash and cash equivalents include cash in banks and investments with original maturity dates of three months or less.

TRUMBULL COUNTY TOURSIM BUREAU, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Marketing:

The Bureau expenses the costs of advertising and marketing when paid. Advertising and marketing expense for the year ended December 31, 2009 was \$100,799.

Grant Distributions:

The Bureau receives requests to fund and sponsor various activities throughout Trumbull County. All requests require the Board of Directors approval. Grant distributions are expensed when paid rather than when activities occur.

Use of Estimates:

The preparation of statements on the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts. Actual results could differ from those estimates.

NOTE C – CONCENTRATION OF CUSTODIAL CREDIT RISK

The Bureau maintains its cash balances in one financial institution located in Warren Ohio. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009 the carrying amount of all the Bureau's deposits was \$184,286. The Bureau maintains a \$200 petty cash fund. All of the Bureau's bank balance of \$192,139 was covered by the Federal Deposit Insurance Corporation.

NOTE D – LEASE

The Bureau occupies office space under an operating lease agreement with the City of Warren. The terms of the lease call for \$200 monthly rent payments, including electric utilities beginning March 1, 2006 and ending February 28, 2010.

NOTE E – RISK MANAGEMENT

The Bureau has obtained commercial insurance through private carriers for general liability. There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

TRUMBULL COUNTY TOURSIM BUREAU, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE F – RELATED PARTY TRANSACTIONS

During 2009, the Bureau distributed a grant to the Trumbull Soil & Water Conservation District in the amount of \$4,000.00. The Administrative Assistant to the Executive Director of the Trumbull Soil & Water Conservation District was the Bureau's Board Secretary during 2009.

Also, during 2009, the Bureau hired the Saratoga Restaurant, owned and operated by the Bureau's Board Treasurer, to cater its June and November membership meetings at a cost of \$1,025.00.

**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**

Trumbull County Tourism Bureau
321 Mahoning Avenue, NW
Warren, Ohio 44483

To Board of Directors:

We have audited the financial statements of the Trumbull County Tourism Bureau (the Bureau), as of December 31, 2009, and have issued our report thereon dated March 18, 2010 wherein we noted the Bureau followed the modified cash basis of accounting, a comprehensive accounting basis other 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 statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Bureau's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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* (continued)

Compliance and Other Matters

As part of reasonably assuring 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.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

March 18, 2010



Mary Taylor, CPA
Auditor of State

TRUMBULL COUNTY TOURISM BUREAU

TRUMBULL 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
MAY 6, 2010**