



**FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.**  
**FINANCIAL STATEMENTS**  
**Years Ended December 31, 2001 and 2000**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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The Board of Directors  
Fairfield County Visitors & Convention Bureau, Inc.  
109 N. Broad Street, P.O. Box 2450  
Lancaster, Ohio 43130

We have reviewed the Independent Auditor's Report of the Fairfield County Visitors & Convention Bureau, Inc., prepared by Jones, Cochenour & Co., 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 Fairfield County Visitors & Convention Bureau, Inc. 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

September 17, 2002

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Fairfield County Visitors & Convention Bureau, Inc.  
Lancaster, Ohio

We have audited the accompanying statements of financial position of Fairfield County Visitors & Convention Bureau, Inc. as of December 31, 2001 and 2000, and the related statements of financial activities and cash flows for the years 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 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 *Government Auditing Standards*, issued by 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fairfield County Visitors & Convention Bureau, Inc. as of December 31, 2001 and 2000, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 9, 2002 on our consideration of Fairfield County Visitors & Convention Bureau, Inc.'s control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and agreements. 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 audit.

Jones, Cochenour & Co.  
August 9, 2002

**FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2001 and 2000**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 266,387	\$ 213,329
Accounts receivable	74,714	67,354
Prepaid expenses	1,941	1,209
Property and equipment-net	77	582
<b>TOTAL ASSETS</b>	<b>\$ 343,119</b>	<b>\$ 282,474</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 2,471	\$ 29,714
Accrued payroll taxes	2,633	1,983
<b>TOTAL LIABILITIES</b>	<b>5,104</b>	<b>31,697</b>
 <b>NET ASSETS</b>		
Unrestricted	338,015	250,777
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 343,119</b>	<b>\$ 282,474</b>

See notes to the financial statements

**FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.**  
**STATEMENTS OF FINANCIAL ACTIVITIES**  
**Years Ended December 31, 2001 and 2000**

	<u>2001</u>	<u>2000</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE</b>		
Fairfield County	\$ 194,181	\$ 163,363
City of Lancaster	121,178	123,129
Bicentennial income	25	122,779
Interest income	5,569	7,519
Miscellaneous income	<u>888</u>	<u>1,716</u>
<b>TOTAL REVENUE</b>	<b>321,841</b>	<b>418,506</b>
<b>EXPENSE</b>		
Salaries	68,664	66,023
Payroll taxes	6,011	5,365
Employees benefits	727	1,569
Tourism development	50,656	72,589
Bicentennial expense	460	118,213
Initiatives	20,717	18,984
Outback co-op	12,804	1,000
Promotions/advertising	15,361	27,623
Rent	22,791	19,958
Travel	1,571	1,862
Insurance	3,634	3,722
Telephone	4,070	2,886
Legal and accounting	2,552	6,834
Office supplies	1,757	1,658
Copies	2,611	1,751
Postage	13,559	17,380
Dues	2,024	1,085
Meeting\luncheons	93	394
Bank service charges	-	20
Operating supplies	4,036	351
Depreciation	<u>505</u>	<u>1,093</u>
<b>TOTAL EXPENSES</b>	<b><u>234,603</u></b>	<b><u>370,360</u></b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>87,238</b>	<b>48,146</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>250,777</u></b>	<b><u>202,631</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u><u>\$ 338,015</u></u></b>	<b><u><u>\$ 250,777</u></u></b>

See notes to the financial statements

**FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2001 and 2000**

	<b>2001</b>	<b>2000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 87,238	\$ 48,146
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	505	1,093
(Increase) decrease in operating assets		
Accounts receivable	(7,360)	(505)
Prepaid expenses	(732)	1,560
Increase (decrease) in operating liabilities		
Accounts payable	(27,243)	28,432
Accrued payroll taxes	650	1,268
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>53,058</b>	<b>79,994</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>213,329</b>	<b>133,335</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 266,387</b>	<b>\$ 213,329</b>

See notes to the financial statements

**FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2001 and 2000**

**1. ORGANIZATION**

Fairfield County Visitors & Convention Bureau, Inc. (the "Bureau") was organized in 1985 to promote travel and tourism in Lancaster and the Fairfield County area through an agreement between the County of Fairfield, City of Lancaster, State of Ohio, and the Lancaster Fairfield County Chamber of Commerce.

The Bureau is supported by the Bed Tax received by Fairfield County through the County Commissioners. Effective July 1, 1994, the City of Lancaster distributes the Bed Tax at the same rate as the County. A pass-through donation is received from the Fairfield County Commissioners to be used for advertising for the Lancaster Festival.

The Bureau is governed by a Board of Directors comprised of twelve (12) members. Appointments are made to the Board of Directors as follows: three (3) are appointed by the County Commissioners, three (3) are appointed by the Chamber of Commerce, three (3) are appointed by the Hotel/Motel Association, and three (3) are appointed by the Board of Directors.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting**

The books of the Bureau are maintained on an accrual basis. Under this method, revenues are recognized when earned and expenses are recognized when incurred. Accordingly, the accompanying financial statements are intended to present financial position and results of operation in accordance with generally accepted accounting principles.

**Provision for Federal Income Tax**

The Bureau was incorporated as a nonprofit entity and is exempt under federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

**Property and Equipment**

Property and equipment is stated at cost. The cost of property and equipment is depreciated over the estimated useful life of the related asset using the straight-line method of depreciation. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset and the related depreciation account are relieved, and any gain or loss is included in operations.

**Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Accounts Receivable**

This represents amounts due from Fairfield County and the City of Lancaster for room taxes collected in the final quarter of the calendar year.

**FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2001 and 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Prepaid Expenses**

The Bureau incurs advertising costs, the benefits of which are not realized until subsequent years. The following are the prepaid expenses:

	<u>2001</u>	<u>2000</u>
Prepaid advertising	\$ 606	\$ -
Prepaid dues	-	728
Prepaid insurance	<u>1,335</u>	<u>481</u>
	<u>\$ 1,941</u>	<u>\$ 1,209</u>

**3. PROPERTY AND EQUIPMENT**

Property and equipment consist of:

	<u>2001</u>	<u>2000</u>
Equipment	\$ 7,835	\$ 7,835
Computer software	<u>972</u>	<u>972</u>
	8,807	8,807
Less: accumulated depreciation and amortization	<u>(8,730)</u>	<u>(8,225)</u>
	<u>\$ 77</u>	<u>\$ 582</u>

**4. RELATED PARTY TRANSACTIONS**

The Lancaster Fairfield County Chamber of Commerce was reimbursed by the Bureau for rent and various other operating expenses at market prices. The total reimbursement for the years ended December 31, 2001 and 2000, was \$33,713 and \$27,780, respectively.

**5. RETIREMENT PLAN**

The Bureau sponsors a defined contribution plan covering substantially all of its employees. Annual contributions are based on 3% of covered employees' contributions. The employer's expense was \$727 and \$1,569 in 2001 and 2000, respectively.

**6. CONCENTRATION OF CREDIT RISK**

The Bureau has cash equivalents in a repo checking account which exceeds the \$100,000 FDIC limit. At December 31, 2001 and 2000, the amount not insured in this account was \$143,433 and \$82,853, respectively.

**7. CONCENTRATION OF REVENUE**

Revenue from the bed tax amounted to approximately 99% and 99% of total revenue for the Bureau for the years ended December 31, 2001 and 2000, respectively. The Bureau operates in Lancaster, Ohio and is dependent upon the economy of central Ohio.

**8. SUBSEQUENT EVENT – LAND CONTRACT**

On February 5, 2002 the Bureau entered into a contract for the purchase of a building in Lancaster, Ohio. The terms of the note include the purchase price of \$195,000 in installments of \$3,051 per month at an annual rate of 4% not exceeding 6 years.



**INDEPENDENT AUDITORS' 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 Directors  
Fairfield County Visitors & Convention Bureau, Inc.  
Lancaster, Ohio

We have audited the financial statements of Fairfield County Visitors & Convention Bureau, Inc. as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 9, 2002. We conducted our audit in accordance with generally accepted auditing standards 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 Fairfield County Visitors & Convention Bureau, Inc.'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 audit 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 audit, we considered Fairfield County Visitors & Convention Bureau, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Fairfield County Visitors & Convention Bureau, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of reportable conditions as items 2001-1117-001 and 2001-1117-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable conditions are not material weaknesses. We also noted another matter involving the internal control over financial reporting that we have reported to management of Fairfield County Visitors & Convention Bureau, Inc. in a separate letter dated August 9, 2002.

**This report is intended solely for the information and use of the Board of Directors, management, Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.**

**Jones, Cochenour & Co.  
August 9, 2002**

Schedule of Findings and Questioned Costs  
OMB Circular A-133 §.505  
Fairfield County Visitors & Convention Bureau, Inc.  
December 31, 2001

Finding Number	2001-1117-001
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**REPORTABLE CONDITION – RECORD RETENTION**

We noted during our audit that the Bureau was unable to provide documentation for several disbursement transactions when asked to provide it. In some instances duplicate documentation had to be requested from the vendor as the Executive Director was unable to locate the records. This could lead to improper payments for the entity obligations. From an internal control and financial statement standpoint we strongly recommend supporting documentation be attached to a payment voucher and filed in a manner approved by the Board to allow for periodic review of expenditures by the Board.

Finding Number	2001-1117-002
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**REPORTABLE CONDITION – SEGREGATION OF DUTIES**

Due to the limited size of the Bureau's office a significant portion of the accounting duties are performed by one person. Under desirable internal controls, the origination and completion of single transactions are never under the control of the same individual. Each transaction should pass through two or more individuals with the result that the work of one is under the constant review of the other. Involving board members in the accounting function can effectively segregate accounting duties. We recommend, at a minimum, cash disbursements be prepared by personnel who do not approve and sign checks, and cash receipts forms be agreed to canceled bank deposit slips by someone who does have custody of receipts.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**FAIRFIELD COUNTY VISITORS AND CONVENTION BUREAU, INC.**

**FAIRFIELD 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  
OCTOBER 10, 2002**