

**MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND  
CASH BALANCES  
DECEMBER 31, 1999 AND 1998  
TOGETHER WITH  
AUDITORS' REPORT**



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

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**JIM PETRO, AUDITOR OF STATE**

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398

To Board of Directors of  
Middletown Convention and Visitors Bureau, Inc.  
Middletown, Ohio

We have reviewed the Independent Auditor's Report of the Middletown Convention and Visitors Bureau, Inc., Butler County, prepared by Stephenson and Warner, Inc. for the audit period January 1, 1998 to December 31, 1999. 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 Middletown Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

August 31, 2000

**MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.**

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**STEPHENSON AND WARNER, INC.**  
*Certified Public Accountants*

1502 Peck Blvd., Hamilton, Ohio 45011  
(513) 868-8600  
FAX (513) 868-8620

5995 Fairfield Rd., Oxford, Ohio 45056  
(513) 523-6664

**Members of:**

A.I.C.P.A.  
O.S.C.P.A.

**Independent Auditors' Report**

To Board of Directors of  
Middletown Convention and Visitors Bureau, Inc.  
Middletown, Ohio

We have audited the accompanying statements of cash receipts and disbursements and cash balances arising from cash transactions of Middletown Convention and Visitors Bureau, Inc. for the years ended December 31, 1999 and 1998. 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 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. 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 the 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, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements and cash balances arising from cash transactions of Middletown Convention and Visitors Bureau, Inc. for the years ended December 31, 1999 and 1998, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2000 on our consideration of Middletown Convention and Visitors Bureau, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

**STEPHENSON AND WARNER, INC.**  
Certified Public Accountants

August 3, 2000

**MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS AND CASH BALANCES**  
**FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
Cash receipts		
Motel tax	\$ 113,999	\$ 106,039
Interest	321	756
Miscellaneous	-	279
Ohio Department of Development grant	-	<u>50,000</u>
Total cash receipts	<u>114,320</u>	<u>157,074</u>
 Cash disbursements		
Salaries	34,781	36,840
Outside services	14,000	3,317
Printing	10,340	5,274
Advertising and promotions	9,197	13,343
Trade show	8,053	1,166
Retirement benefit	5,736	-
Health insurance	4,405	3,545
Dues and memberships	4,242	2,178
Travel and meetings	3,915	7,747
Temporary staff	3,259	-
Payroll taxes	3,222	2,988
Postage	3,119	975
Accounting	2,975	1,545
Rent	2,820	2,820
Telephone	2,571	3,167
Management fees	2,496	2,496
Furniture and fixture purchases	2,400	3,163
Office supplies	1,478	1,379
Miscellaneous	858	265
Bank charges	323	63
Professional development	-	1,020
Education	-	895
Maintenance and repairs	-	105
Feasibility study	-	<u>38,500</u>
Total cash disbursements	<u>120,190</u>	<u>132,791</u>
 Increase (decrease) in cash	 (5,870)	 24,283
Beginning cash balance	<u>41,619</u>	<u>17,336</u>
Ending cash balance	<u>\$ 35,749</u>	<u>\$ 41,619</u>

**The accompanying notes to these financial statements are  
an integral part of these statements.**

**MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 1999 AND 1998**

**Nature of Operations** – The Middletown Convention and Visitors Bureau, Inc., the Organization, is a not-for-profit corporation formed under the laws of the State of Ohio. The purpose of the Organization is to promote and publicize the City of Middletown, Ohio, to attract tourists into the City for their consumption of goods and services provided by the City’s hospitality industry and the general business community.

**Note 1 – Significant Accounting Policies**

**Basis of Accounting** – The Organization was required by the Auditor of State of Ohio to present the Statement of Cash Receipts and Disbursements and Cash Balances on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting records cash receipts and cash disbursements. Cash receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying Statement of Cash Receipts and Disbursements and Cash Balances is not intended to present the financial position and results of operations in conformity with generally accepted accounting principles.

**Income Taxes** – The Organization is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code.

**Note 2 – Cash**

The balances were:

	<u>1999</u>	<u>1998</u>
Checking account Fifth Third Bank	\$ 24,058	\$ 8,240
Grant account Fifth Third Bank	-	123
Savings account Fifth Third Bank	<u>11,691</u>	<u>33,256</u>
	<u>\$ 35,749</u>	<u>\$ 41,619</u>

**Note 3 – Cash Receipts**

The Organization’s primary source of cash receipts is from the City of Middletown Motel/Hotel Bed Tax. The Organization entered into an agreement with the City of Middletown in October 1993 to provide convention and visitor promotions for the City. The term of the agreement is October 1st to September 30<sup>th</sup> and automatically renews itself for one year provided that neither party has given written notice to the other of its desire to terminate the agreement.

The City agrees to pay the Organization an amount of money equal to the following percentages of the City’s annual receipt from its Motel/Hotel Bed Tax imposed under the provisions of Ordinance 091-63 less cost of collection and intergovernmental obligations.

1. 90% of the first \$75,000.00 plus
2. 80% of the next \$25,000.00 plus
3. 65% of the amount in excess of \$100,000.00

**Note 4 – Lease Obligations**

The Organization leases office space located at 1504 Central Avenue in Middletown, Ohio. The lease period is April 2000 to April 2003. The monthly lease amount is \$500 per month. The future minimal lease payments are \$5,205 (2000), \$6,000 (2001), and \$6,000 (2002) and \$1,500 (2003).

The Organization previously leased office space located in the Manchester Inn from Manchester Enterprises. The Organization moved to the location described above in April 2000.

**Note 5 – Concentration of Receipts**

The Organization receives nearly all of its support from the City of Middletown Motel/Hotel Bed Tax.

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**Report on Compliance and on Internal Control Over Financial Reporting  
Based on An Audit of Financial Statements Performed In Accordance  
With *Government Auditing Standards***

To Board of Directors of  
Middletown Convention and Visitors Bureau, Inc.  
Middletown, Ohio

We have audited the statement of cash receipts and disbursements of Middletown Convention and Visitors Bureau, Inc. as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 3, 2000. We conducted our audits 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 Middletown Convention and Visitors Bureau, Inc.'s statements of cash receipts and disbursements is 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 as 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 Middletown Convention and Visitors Bureau, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the statements of cash receipts and disbursements 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. However, we noted other matters involving the internal control over financial reporting and other management considerations that we have reported to management of Middletown Convention and Visitor's Bureau, Inc. in a separate letter dated August 3, 2000.



**STEPHENSON AND WARNER, INC.**  
*Certified Public Accountants*

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

**STEPHENSON AND WARNER, INC.**  
Certified Public Accountants

August 3, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.**

**BUTLER 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 26, 2000**