

**SPRINGFIELD • CLARK COUNTY CHAMBER OF COMMERCE
CONVENTION AND VISITORS BUREAU FUND**

**INDEPENDENT AUDITORS' REPORT
WITH
FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Springfield Clark County Chamber of Commerce
Convention and Visitors Bureau Fund

We have reviewed the Independent Auditor's Report of the Springfield Clark County Chamber of Commerce Convention and Visitors Bureau Fund, Clark County, prepared by Mesarvey, Russell & Co., LLC for the audit period September 1, 1999 through August 31, 2000. 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 Springfield Clark County Chamber of Commerce Convention and Visitors Bureau Fund is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

November 20, 2000

SPRINGFIELD • CLARK COUNTY CHAMBER OF COMMERCE
CONVENTION AND VISITORS BUREAU FUND

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Springfield • Clark County Chamber of Commerce
Convention and Visitors Bureau Fund
Springfield, Ohio

We have audited the statement of assets, liabilities and fund balances arising from the cash transactions of the Springfield • Clark County Chamber of Commerce - Convention and Visitors Bureau Fund as of August 31, 2000, and the related statements of revenues and expenses, changes in fund balances, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Chamber's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 audit provides a reasonable basis for our opinion.

As described in Note 1, the Springfield • Clark County Chamber of Commerce - Convention and Visitors Bureau Fund prepares its financial statements using a modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements present fairly in all material respects the assets, liabilities and fund balances arising from the cash transactions of the Springfield • Clark County Chamber of Commerce - Convention and Visitors Bureau Fund at August 31, 2000, and the revenues and expenses, changes in fund balances, and changes in cash balances for the year then ended in conformity with the basis of accounting described above and in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 27, 2000 on our consideration of the Springfield • Clark County Chamber of Commerce - Convention and Visitors Bureau Fund's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, and contracts and grants.

This report is intended solely for the information and use of the management, and is not intended to be and should not be used by anyone other than those specified parties.

Mesarvey, Russell & Co., LLC

Limited Liability Company
Independent Certified Public Accountants

September 27, 2000

SPRINGFIELD • CLARK COUNTY CHAMBER OF COMMERCE
CONVENTION AND VISITORS BUREAU FUND

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES

AUGUST 31, 2000

A S S E T S

GENERAL FUND

Cash	83 976		
Certificates of Deposit	<u>60 786</u>		
		144 762	
Prepaid expense - lease		<u>1 250</u>	146 012

EQUIPMENT FUND

Vehicle		15 738	
Office equipment and audio visual		49 954	
Leasehold improvements		<u>11 058</u>	
Cost basis		76 750	
Accumulated depreciation		<u>(41 193)</u>	
			<u>35 557</u>
			<u>181 569</u>

FUND BALANCES

GENERAL FUND

Fund balance			146 012
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EQUIPMENT FUND

Fund balance			<u>35 557</u>
			<u>181 569</u>

See accompanying notes.

SPRINGFIELD • CLARK COUNTY CHAMBER OF COMMERCE
CONVENTION AND VISITORS BUREAU FUND

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED AUGUST 31, 2000

REVENUES

City of Springfield accommodations tax	223 078	
Springfield Township accommodations tax	79 568	
Interest earned	<u>3 596</u>	
		306 242

ADMINISTRATIVE EXPENSES

Administrative fees	172 306	
Professional fees	5 486	
Vehicle lease	3 581	
Travel	1 645	
Bank charges	<u>94</u>	
		183 112

PROGRAM EXPENSES

Brochures	18 789	
Advertising	12 172	
Fireworks	3 750	
Promotions	2 797	
Trade shows	2 565	
Welcome Cedarville	2 316	
Welcome Bags	2 096	
Regional co-op	1 430	
Special convention expenses	1 347	
Interfaith hospitality	833	
Antique Program	720	
What's Happening Hotline	716	
Lagonda Car Show	593	
Cedarville Athletic	500	
Welcome Wittenberg	467	
Bureau newsletter	417	
Taste of Springfield	372	
Registration Assistance	330	
Bureau meetings	146	
Info racks	<u>123</u>	
Total expenses		<u>52 479</u>

EXCESS OF EXPENSES OVER REVENUE, Before depreciation 70 651

Equipment Fund: Depreciation 6 542

NET EXCESS OF EXPENSES OVER REVENUE 64 109

See accompanying notes.

**SPRINGFIELD • CLARK COUNTY CHAMBER OF COMMERCE
CONVENTION AND VISITORS BUREAU FUND**

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED AUGUST 31, 2000

GENERAL FUND

<u>BALANCE</u> , Beginning of year	100 361
Add: Excess of revenues over expenses before depreciation	70 651
Less: Transfer to Equipment Fund	(25 000)
<u>BALANCE</u> , End of year	<u>146 012</u>

EQUIPMENT FUND

<u>BALANCE</u> , Beginning of year	17 099
Add: Additions	25 000
Deduct: Depreciation	(6 542)
<u>BALANCE</u> , End of year	<u>35 557</u>

See accompanying notes.

SPRINGFIELD • CLARK COUNTY CHAMBER OF COMMERCE
CONVENTION AND VISITORS BUREAU FUND

STATEMENT OF CHANGES IN CASH BALANCES

YEAR ENDED AUGUST 31, 2000

SOURCES OF CASH

Excess of revenues over expenses	64 109	
Add items not affecting cash:		
Depreciation	6 542	
Decrease in prepaid expenses	1 250	
Decrease in accounts receivables	<u>64</u>	
Cash used in operations		71 965

USES OF CASH

Purchase of equipment	(25 000)	
Purchase of certificate of deposit	<u>(32 325)</u>	
Cash used in operations		<u>(57 325)</u>

INCREASE IN CASH

14 640

CASH, Beginning

69 336

CASH, Ending

83 976

See accompanying notes.

SPRINGFIELD • CLARK COUNTY CHAMBER OF COMMERCE
CONVENTION AND VISITORS BUREAU FUND

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2000

Note 1. Summary of Significant Accounting Policies.

Accounting Method - The Fund uses the cash basis method of accounting modified to recognize certain accounts receivable and accounts payable. Accounts receivable and accounts payable represent project income and expenses. These financial statements include only activities and balances of the Convention and Visitors Bureau Fund of the Springfield • Clark County Chamber of Commerce.

Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Chamber, the accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from unrestricted funds designated for specific purposes by action of the Board of Directors. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

Fixed Assets - Fixed assets are accounted for as a separate equipment fund. Additions are added to the fund whereas retirements and depreciation are subtracted from the fund. Fixed assets are depreciated over their estimated useful lives years using the straight line method.

Tax Status - The Convention and Visitors Bureau is a separate activity of the Springfield • Clark County Chamber of Commerce, which is a non-profit organization and, as such, does not pay federal, state or local income taxes under Section 501 (c)(6) of the Internal Revenue Code.

Cash and Cash Equivalents - For purposes of reporting cash flows, all amounts maintained in the checking account and certificates of deposit with an original maturity of three months or less are considered cash and cash equivalents.

Funding - The Bureau has 10 year contracts with the City of Springfield and Springfield Township requiring the Bureau to promote the city and surrounding area for conventions and tourism. The agreement provides that the city and the township fund the promotion from an accommodation tax based upon budgets submitted by the Bureau. The provisions are so written that the funding is based upon the pro rata share of accommodation tax collections received by each party as compared to total accommodation tax collections received by the city and township. To the extent budgeted funds forwarded by either party to the Bureau exceed the actual tax collections, the Bureau is liable to return such funds. Effective March 1, 1990 for the City of Springfield and May 1, 1990 for Springfield Township, these agreements have been modified to the following funding provisions.

The City and Township's payments to the Chamber shall be one half of the 6% accommodation tax collected plus one half of any penalties collected. Any monies not expended by the Chamber in a fiscal year shall be held by the Chamber for allocation to the Bureau's expanding programs and special projects subject to reasonable budget approval by the Bureau's Board of Trustees. The existing contracts expire October 31, 1999, but were extended until August 31, 2000 by mutual agreement while a new contract was being negotiated. A new contract was entered into on August 9, 2000, effective September 1, 2000 which provides for payment to the Convention and Visitors Bureau to be 55% in total of the accommodation tax collected and shall remain in effect until August 31, 2004.

Note 2. Donated Services.

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services.

Note 3. Related Party Transactions.

The Bureau operates in conjunction with the Springfield • Clark County Chamber of Commerce. As such, the administrative fee of \$172,306 charged includes the Bureau's proportionate share of salaries, payroll taxes, rent, fees and other administrative costs. The Bureau pays one half of the operating costs of a vehicle owned by the Springfield • Clark County Chamber of Commerce.

Note 4. Leases.

The Bureau leases a vehicle under a four year lease with an option to purchase at the end of the lease for fair market value. A prepayment of \$5,000 was made and is being amortized over the life of the lease. Lease expense for the year ended August 31, 2000 was \$3,093. The remaining commitment under this lease is:

Year ending August 31, 2001	2 289
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Note 5. Subsequent Event.

Effective September 1, 2000, the Chamber will spin off the Convention and Visitors Bureau Fund into a completely separate legal entity. The application of nonprofit status has been approved by the Internal Revenue Service. As such, the Convention and Visitors Bureau will operate as a separate not for profit organization under code Section 501 (c)(6) of the Internal Revenue Service.

Note 6. Concentration of Credit Risk.

The Bureau maintains cash balances with various financial institutions throughout the year in excess of the amount insured by the Federal Depository Insurance Corporation. The financial institutions have strong credit ratings and management believes there is minimal risk concerning these deposits.

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Board of Directors
Springfield • Clark County Chamber of Commerce
Convention and Visitors Bureau Fund
Springfield, Ohio

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the Springfield • Clark County Chamber of Commerce - Convention and Visitors Bureau Fund (the Bureau) as of and for the year ended August 31, 2000, and have issued our report thereon dated September 27, 2000. 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 the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 the Bureau'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. 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 solely for the information and use of the management, and is not intended to be and should not be used by anyone other than those specified parties.

Mesarvey, Russell & Co., LLC
Limited Liability Company
Independent Certified Public Accountants

September 27, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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SPRINGFIELD CLARK COUNTY CONVENTION VISITORS BUREAU

CLARK 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
DECEMBER, 5 2000**