

**WARREN COUNTY
CONVENTION & VISITORS BUREAU**

General Purpose Financial Statements

Years ended December 31, 1999 and 1998

with

Report of Independent Auditors



Warren County Convention & Visitors Bureau

General Purpose Financial Statements

Years Ended December 31, 1999 and 1998

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STATE OF OHIO
OFFICE OF THE AUDITOR
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Board of Trustees
Warren County Convention & Visitors Bureau

We have reviewed the Independent Auditor's Report of the Warren County Convention & Visitors Bureau, Warren County, prepared by Berge & Company LTD for the audit period January 1, 1998 through 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 Warren County Convention & Visitors Bureau is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 28, 2000

Report of Independent Auditors

The Board of Trustees
Warren County Convention & Visitors Bureau
Lebanon, Ohio

We have audited the accompanying statements of financial position – modified cash basis of the Warren County Convention & Visitors Bureau as of December 31, 1999 and 1998, the related statements of activities – modified cash basis and the statements of cash flows – modified cash basis for the years then ended. 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, 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 financial position of the Warren County Convention & Visitors Bureau, as of December 31, 1999 and 1998, its activities and changes in net assets and its cash flows for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2000 on our consideration of the Warren County Convention & Visitors Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Beige & Company LTD

June 15, 2000

Warren County Convention & Visitors Bureau
Statements of Financial Position – Modified Cash Basis

December 31, 1999 and 1998

Assets	<u>1999</u>	<u>1998</u>
Cash	\$ 202,652	\$ 138,045
Certificates of deposit	116,290	61,839
Furniture and equipment, net	<u>22,103</u>	<u>20,885</u>
	<u>\$ 341,045</u>	<u>\$ 220,769</u>
Liabilities and Net Assets		
Capital lease obligations	\$ 9,272	\$ 2,271
Net assets	<u>331,773</u>	<u>218,498</u>
	<u>\$ 341,045</u>	<u>\$ 220,769</u>

See accompanying notes.

Warren County Convention & Visitors Bureau

Statements of Activities – Modified Cash Basis

Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Revenue:		
Lodgers' tax	\$ 665,340	\$ 593,372
Interest income	<u>8,461</u>	<u>4,926</u>
Total revenue	673,801	598,298
Expenses:		
Information distribution	38,666	42,143
Sales and public relations	96,515	138,027
Advertising	124,504	103,640
Administration and operations	80,128	72,031
Personnel	144,974	140,720
Tourism information centers	57,391	48,533
Research and development	<u>18,348</u>	<u>14,500</u>
Total expenses	<u>560,526</u>	<u>559,594</u>
Increase in net assets	113,275	38,704
Net assets, beginning of year	<u>218,498</u>	<u>179,794</u>
Net assets, end of year	<u>\$ 331,773</u>	<u>\$ 218,498</u>

See accompanying notes.

Warren County Convention & Visitors Bureau
Statements of Cash Flows – Modified Cash Basis
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Increase in net assets	\$ 113,275	\$ 38,704
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Loss on disposal of equipment	1,814	
Depreciation and amortization	<u>6,933</u>	<u>7,423</u>
Net cash provided by operating activities	122,022	46,127
Cash flows from investing activities:		
Purchase of certificates of deposit	(54,451)	(61,839)
Acquisition of furniture and equipment	<u>(11,000)</u>	<u>(13,947)</u>
Net cash used in investing activities	(65,451)	(75,786)
Cash flows from financing activities:		
Borrowings under capital lease obligations	11,000	
Repayment of capital lease obligations	<u>(2,964)</u>	<u>(2,517)</u>
Net cash provided by (used in) financing activities	<u>8,036</u>	<u>(2,517)</u>
Net increase (decrease) in cash	64,607	(32,176)
Cash, beginning of year	<u>138,045</u>	<u>170,221</u>
Cash, end of year	<u>\$ 202,652</u>	<u>\$ 138,045</u>

See accompanying notes.

Warren County Convention & Visitors Bureau

Notes to Financial Statements

December 31, 1999 and 1998

1. Significant accounting policies and nature of the Organization's operations

Nature of operations

Warren County Convention & Visitors Bureau, (the Organization), is a not-for-profit organization, incorporated in the State of Ohio. The Organization promotes tourism and provides education on current events and heritage of Warren County, Ohio. The Organization receives substantial all its revenue from the lodgers' tax which is allocated by Warren County.

Basis of presentation

The financial statements are prepared and presented using the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis differs from generally accepted accounting principles since revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. In addition, expenditures for furniture and equipment are capitalized and depreciated over the estimated useful life of the related assets.

Use of estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Furniture and equipment

Furniture and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets.

2. Cash

The majority of the Organization's cash is held in a money market account at a bank and earned interest at 3% annually during 1999 and 1998. Transfers are automatically made from this account to its demand deposit account as checks are cleared by the bank. All cash on deposit at the bank is covered by FDIC insurance up to \$100,000 per account. At December 31, 1999, \$113,532 was on deposit in excess of FDIC Insurance coverage.

Warren County Convention & Visitors Bureau

Notes to Financial Statements

December 31, 1999 and 1998

3. Investments

Investments at December 31, 1999 and 1998 are comprised of Certificates of Deposit with the Organization's bank. These Certificates of Deposit have thirty-day maturities and bear interest of 3.92% at December 31, 1999. All investments are covered by FDIC insurance.

4. Furniture and equipment

Furniture and equipment is comprised of the following at December 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Computer equipment	\$ 9,845	\$ 25,035
Office equipment	27,303	25,299
Office furniture	<u>2,021</u>	<u>3,192</u>
	39,169	53,526
less accumulated depreciation	<u>(17,066)</u>	<u>(32,641)</u>
Furniture and equipment, net	<u>\$ 22,103</u>	<u>\$ 20,885</u>

5. Capital lease

The Organization is obligated under a capital lease for certain office equipment. At December 31, 1999 and 1998, the carrying value of this equipment amounted to \$9,573 and \$3,598, respectively. Future minimum payments under the capital lease are as follows:

2000	\$ 3,580
2001	3,580
2002	3,580
2003	<u>895</u>
	11,635
less interest portion	<u>(2,363)</u>
	<u>\$ 9,272</u>

6. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

Warren County Convention & Visitors Bureau

Notes to Financial Statements

December 31, 1999 and 1998

7. Related party transaction

The Organization rents its office facilities under a lease agreement, expiring March 1, 2001, from a Company that is partially owned by an individual who was a member of the Board of Trustees until mid 1999. Rent expenses for 1999 and 1998 amounted to \$19,100 and \$19,400, respectively.

Supplemental Report

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 Trustees
Warren County Convention & Visitors Bureau
Lebanon, Ohio

We have audited the statements of financial position – modified cash basis of the Warren County Convention & Visitors Bureau as of December 31, 1999 and 1998, the statements of activities – modified cash basis and the statements of cash flows – modified cash basis for the years then ended, and have issued our report thereon dated June 15, 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 the Warren County Convention & Visitors Bureau'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 audits 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 audits, we considered the Warren County Convention & Visitors Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 for the information of the Board of Trustees and management and is not intended to be and should not be used by anyone other than those specified parties.

Berge + Company LTD

June 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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WARREN COUNTY CONVENTION AND VISITORS BUREAU

WARREN 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.

By: Susan Babbitt

Date: JULY 18, 2000