

Westerville Visitors and Convention Bureau

Franklin County, Ohio

Regular Audit

January 1, 2002 through December 31, 2003

Fiscal Years Audited Under GAGAS: 2003 and 2002

**BALESTRA, HARR & SCHERER, CPAs, INC.**

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Westerville Visitors and Convention Bureau  
Westerville, Ohio

We have reviewed the Independent Auditor's Report of the Westerville Visitors and Convention Bureau, Franklin County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2002 through December 31, 2003. 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 Westerville Visitors and Convention Bureau is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

February 8, 2005

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Board of Trustees

Westerville Visitors and Convention Bureau

20 West Main Street

Westerville, Ohio 43081

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Westerville Visitors and Convention Bureau, (the Bureau), as of December 31, 2003 and 2002. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on the 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 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, the Bureau prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, 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 fund cash balances of the Westerville Visitors and Convention Bureau as of December 31, 2003 and 2002, and the cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2004 on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 audits.

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

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

October 14, 2004

Westerville Visitors and Convention Bureau  
 Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances  
 For the Years Ended December 31, 2003 and 2002

	2003	2002
Cash receipts:		
Excise tax on lodging	\$63,670	\$97,432
Membership dues	5,595	2,955
Advertising	929	0
Events/fundraisers	5,627	1,025
Map sales and royalties	2,425	23
Interest	14	27
Miscellaneous	572	259
Total cash receipts:	78,832	101,721
Cash disbursements:		
Salaries	31,827	38,097
Payroll taxes and health benefits	10,332	4,701
Marketing and promotions	29,937	28,777
Office	7,036	10,135
Rent and utilities	0	5,233
Printing	1,396	1,211
Telephone	1,548	3,072
Professional fees	1,759	4,692
Conferences, training and travel	2,163	1,146
Dues and memberships	1,820	1,323
Event expenses	2,155	0
Miscellaneous	500	325
Total cash disbursements:	90,473	98,712
Total receipts over/(under) disbursements:	(11,641)	3,009
Fund cash balance, January 1:	15,367	12,358
Fund cash balance, December 31:	\$3,726	\$15,367

See accompanying notes to the financial statements.



Westerville Visitors and Convention Bureau  
Franklin County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2003 and 2002

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization:*

The Westerville Visitors and Convention Bureau (the Bureau) is a not-for-profit organization which promotes travel and tourism in the City of Westerville. The Bureau is funded by an excise tax on lodging of transient guests within the City of Westerville. The Bureau also receives annual dues from its member organizations. The Bureau is directed by a seven member Board of Trustees appointed by the Council of the City of Westerville, the Westerville Chamber of Commerce, Otterbein College, and the local lodging establishments.

*Basis of Accounting:*

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

*Cash Deposits:*

The Bureau maintains its cash balances in a demand deposit account at a local commercial bank and maintains a \$100 petty cash fund. There were no investments in 2003 or 2002.

*Property, Plant and Equipment:*

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

*Income Taxes:*

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

**NOTE 2-LEASES**

The Bureau shared office space with the Westerville Chamber of Commerce under a lease agreement until October of 2002. The lease required monthly lease payments of \$273 plus a share of utilities. During 2002, the Bureau paid \$4,310 to the Chamber for rent and utility expenses. For the remainder of the audit period, the Bureau was housed in various City-owned locations rent-free. In February 2004, the Bureau entered into a lease agreement for its own office space. This will be further explained in a subsequent event note (Note 5).

The Bureau also leases office equipment pursuant to an operating lease that expires in April 2006. Terms of the lease require semi-annual payments of \$852.

**NOTE 3-EXCISE TAX ON LODGING**

As required by the Ohio Revised Code, the Bureau receives a minimum of 25% of the 6% excise tax collected by the City of Westerville. The Bureau also receives an additional allocation of the excise tax at the discretion of the Westerville City Council. In 2003 and 2002, the Bureau received the following funds from the City:

Westerville Visitors and Convention Bureau  
Franklin County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2003 and 2002

**NOTE 3-EXCISE TAX ON LODGING (Continued)**

	<u>2003</u>	<u>2002</u>
Minimum 25% share	\$16,247	\$20,079
Additional City allocation	47,423	77,353
Total received	<u>\$63,670</u>	<u>\$97,432</u>

**NOTE 4-CONCENTRATIONS**

The Bureau receives substantial revenue from the lodging excise tax levied by the City of Westerville. A reduction of that tax, or the City of Westerville's discretionary allocation could have a significant impact on the operations of the Bureau.

**NOTE 5-SUBSEQUENT EVENT**

In February 2004, the Bureau entered into a rental lease agreement for office space. The agreement is for a term of 3 years, ending January 31, 2007, and requires annual payments of \$7,200 for the first year; \$8,100 for the second year; and \$9,000 for the third year. These annual payments are to be remitted in equal monthly installments.

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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***

Board of Trustees  
Westerville Visitors and Convention Bureau  
20 West Main Street  
Westerville, Ohio 43081

We have audited the financial statements of the Westerville Visitors and Convention Bureau, (the Bureau), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 14, 2004. 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 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, 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 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 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, which we have reported to the management of the Westerville Visitors and Convention Bureau in a separate letter dated October 14, 2004.

Board of Trustees  
Westerville Visitors and Convention Bureau  
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit  
of Financial Statements Performed in Accordance with *Government Auditing Standards*  
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This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.  
Balestra, Harr & Scherer, CPAs, Inc.

October 14, 2004



**Auditor of State  
Betty Montgomery**

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**WESTERVILLE VISITORS AND CONVENTION BUREAU  
FRANKLIN 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  
FEBRUARY 22, 2005**