



FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.
FINANCIAL STATEMENTS
Years Ended December 31, 1999 and 1998



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Fairfield County Visitors & Convention Bureau, Inc.
P.O. Box 2450
Lancaster, Ohio 43130

We have reviewed the Independent Auditor's Report of the Fairfield County Visitors & Convention Bureau, Inc. , Fairfield County, prepared by Jones, Cochenour & Co., 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 Fairfield County Visitors & Convention Bureau, Inc. is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

July 10, 2000



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, 1999 and 1998, 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 generally accepted auditing standards 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, 1999 and 1998, and the changes in net assets and cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2000 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.

Jones, Cochenour & Co.
June 28, 2000

FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 1999 and 1998

	1999	1998
ASSETS		
Cash and cash equivalents	\$ 133,335	\$ 73,603
Accounts receivable	66,849	60,846
Prepaid expenses	2,769	17,781
Property and equipment - net	1,675	2,859
TOTAL ASSETS	\$ 204,628	\$ 155,089
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,282	\$ 5,750
Accrued payroll taxes	715	1,882
TOTAL LIABILITIES	1,997	7,632
 NET ASSETS		
Unrestricted	202,631	147,457
TOTAL LIABILITIES AND NET ASSETS	\$ 204,628	\$ 155,089

See notes to the financial statements

FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.
 STATEMENTS OF FINANCIAL ACTIVITIES
 Years Ended December 31, 1999 and 1998

	1999	1998
UNRESTRICTED NET ASSETS		
REVENUE		
Fairfield County	\$ 146,521	\$ 148,170
City of Lancaster	112,302	103,382
Donations	10,000	10,000
Bicentennial income	30,000	3,373
Interest income	3,112	600
Miscellaneous income	412	422
Feasibility study	50,010	-
TOTAL SUPPORT AND REVENUE	352,357	265,947
EXPENSES		
Salaries	64,100	56,024
Payroll taxes	3,959	4,859
Employee benefits	3,788	1,449
Tourism development	57,856	3,642
Bicentennial expenses	269	18,629
Initiatives	17,000	-
Outback co-op	1,000	-
Promotions/advertising	74,612	81,768
Rent	18,441	17,081
Travel	2,844	4,077
Insurance	8,682	8,306
Telephone	3,168	3,598
Legal and accounting	1,380	3,674
Office supplies	5,254	1,402
Conferences	600	245
Copies	2,199	1,542
Postage	8,118	2,929
Dues	2,302	2,385
Meetings/luncheons	1,025	401
Brochure production	7,965	-
Bank service charges	107	218
Lancaster Festival advertising donation	10,000	10,000
Operating supplies	168	48
Depreciation and amortization	1,183	1,636
Research	1,163	1,162
	297,183	225,075
INCREASE (DECREASE) IN UNRESTRICTED IN NET ASSETS	55,174	40,871
NET ASSETS AT BEGINNING OF YEAR	147,457	106,586
NET ASSETS AT END OF YEAR	\$ 202,631	\$ 147,457

See notes to the financial statements

FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 1999 and 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 55,174	\$ 40,871
Adjustments to reconcile support and revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	1,183	1,636
(Increase) decrease in:		
Accounts receivable	(6,003)	(2,401)
Prepaid expenses	15,013	(2,284)
Increase (decrease) in:		
Accrued payroll taxes	(1,167)	(159)
Accounts payable	(4,468)	4,463
CASH PROVIDED BY OPERATING ACTIVITIES	59,732	42,126
 CASH FLOWS FROM INVESTING ACTIVITIES	 -	 -
NET INCREASE IN CASH	59,732	42,126
 BEGINNING CASH AND CASH EQUIVALENTS	 73,603	 31,477
ENDING CASH AND CASH EQUIVALENTS	\$ 133,335	\$ 73,603

See notes to the financial statements

FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.
NOTES TO FINANCIAL STATEMENT

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 will distribute the Bed Tax at the same rate as the County. A pass-through donation was 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 nine (9) 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, and three (3) are appointed by the Hotel/Motel Association.

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.

Amortization

Computer software is being amortized over a period of thirty-six months. Total computer software at December 31, 1999 and 1998 was \$973 and the accumulated amortization was \$962 and \$943, respectively.

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 generally accepted accounting principles 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.

**FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU
NOTES TO FINANCIAL STATEMENT - CONTINUED**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Prepaid Expenses

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

	<u>1999</u>	<u>1998</u>
Prepaid advertising	\$ 2,769	\$ 17,254
Prepaid insurance	-	527
	<u>\$ 2,769</u>	<u>\$ 17,781</u>

3. PROPERTY AND EQUIPMENT

Property and equipment consist of:

	<u>1999</u>	<u>1998</u>
Equipment	\$ 7,835	\$ 7,835
Computer software	<u>972</u>	<u>972</u>
	8,807	8,807
Less: accumulated depreciation and amortization	<u>(7,132)</u>	<u>(5,948)</u>
	<u>\$ 1,675</u>	<u>\$ 2,859</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, 1999 and 1998, was \$23,808 and \$22,221, 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' salaries. The employer expense was \$2,495 and \$1,449 in 1999 and 1998, respectively.



**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 year ended December 31, 1999 and 1998, and have issued our report thereon dated June 28, 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 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. We noted the reportable condition described on Page 9.

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 condition is not a material weakness. We also noted other matters 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 June 28, 2000.

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.
June 28, 2000**

FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU, INC.
December 31, 1999 and 1998

REPORTABLE CONDITION: LACK OF SEGREGATION OF DUTIES

During our audit we noted that there is a lack of segregation of duties. Under desirable internal controls, the origination and completion of single transactions are never under the control of the same individual. However, due to the small size of the staff, total segregation is not cost effective. Internal controls should be implemented where feasible.



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FAIRFIELD COUNTY VISITORS & CONVENTION BUREAU

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.

By: Susan Babbitt

Date: AUG 15 2000