

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

JULY 31, 2000 AND JULY 31, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Ross-Chillicothe Convention and Visitors Bureau, Inc.
P.O. Box 353
Chillicothe, Ohio 45601

We have reviewed the Independent Auditor's Report of the Ross-Chillicothe Convention and Visitors Bureau, Inc., Summit County, prepared by Whited Seigneur Sams & Rahe, CPAs, for the audit period August 1, 1998 to July 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 Ross-Chillicothe Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

November 9, 2000

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
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September 25, 2000

Board of Trustees
Ross-Chillicothe Convention
and Visitors Bureau, Inc.
P. O. Box 353
Chillicothe, Ohio 45601

Independent Auditor's Report

We have audited the accompanying statements of financial position of Ross-Chillicothe Convention and Visitors Bureau, Inc. (a nonprofit organization) as of July 31, 2000, and July 31, 1999, and the related statements of activities, functional expenses, 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ross-Chillicothe Convention and Visitors Bureau, Inc. as of July 31, 2000, and July 31, 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2000, 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 audit.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 2000**

ASSETS

CURRENT ASSETS:

Cash

Petty Cash	\$ 100
Checking	22,064
Savings-Huntington	80,711
Savings-Citizens	<u>37,654</u>

TOTAL CASH 140,529

Prepaid Expenses

4,393

TOTAL CURRENT ASSETS 144,922

DEPRECIABLE ASSETS:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>UNDEPRECIATED COST</u>
Equipment	\$ 41,675	\$ 33,099	\$ 8,576
Railroad Cars	27,278	9,099	18,179
Leasehold Improvements	<u>15,720</u>	<u>2,620</u>	<u>13,100</u>
Totals	<u>\$ 84,673</u>	<u>\$ 44,818</u>	

NET DEPRECIABLE ASSETS 39,855

OTHER ASSETS:

Deposits	<u>16</u>
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TOTAL ASSETS \$184,793

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 1,556
Accrued Payroll Taxes	<u>253</u>

TOTAL CURRENT LIABILITIES 1,809

NET ASSETS

Unrestricted/Total	<u>182,984</u>
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TOTAL LIABILITIES AND NET ASSETS \$184,793

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 1999**

ASSETS

CURRENT ASSETS:

Cash

Petty Cash	\$ 100
Checking	9,226
Savings-Huntington	62,685
Savings-Citizens	<u>76,024</u>

TOTAL CASH 148,035

Prepaid Expenses

2,309

TOTAL CURRENT ASSETS 150,344

DEPRECIABLE ASSETS:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>UNDEPRECIATED COST</u>
Equipment	\$ 41,257	\$ 28,951	\$ 12,306
Railroad Cars	27,278	8,439	18,839
Leasehold Improvements	<u>15,720</u>	<u>1,310</u>	<u>14,410</u>
Totals	<u>\$ 84,255</u>	<u>\$ 38,700</u>	

NET DEPRECIABLE ASSETS 45,555

OTHER ASSETS:

Deposits	<u>16</u>
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TOTAL ASSETS \$195,915

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 1,300
Accrued Payroll Taxes	<u>272</u>

TOTAL CURRENT LIABILITIES 1,572

NET ASSETS

Unrestricted/Total	<u>194,343</u>
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TOTAL LIABILITIES AND NET ASSETS \$195,915

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2000**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>REVENUES, GAINS, AND OTHER SUPPORT:</u>			
County Motel Tax	\$ 166,743	\$ 0	\$ 166,743
City Motel Tax	55,813	0	55,813
Visitors Guide	17,812	0	17,812
In-Kind Support - Rent	1,200	0	1,200
Interest Revenue	5,048	0	5,048
Tours	0	0	0
Miscellaneous	300	0	300
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payment	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL REVENUES, GAINS AND OTHER SUPPORT	 246,916	 0	 246,916
<u>EXPENSES:</u>			
Program	217,267	0	217,267
Management & General	<u>41,008</u>	<u>0</u>	<u>41,008</u>
 TOTAL EXPENSES	 <u>258,275</u>	 <u>0</u>	 <u>258,275</u>
 CHANGE IN NET ASSETS	 (11,359)	 0	 (11,359)
 NET ASSETS, BEGINNING OF YEAR	 <u>194,343</u>	 <u>0</u>	 <u>194,343</u>
 NET ASSETS, END OF YEAR	 <u>\$ 182,984</u>	 <u>\$ 0</u>	 <u>\$ 182,984</u>

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 1999**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>REVENUES, GAINS, AND OTHER SUPPORT:</u>			
County Motel Tax	\$ 172,691	\$ 0	\$ 172,691
City Motel Tax	56,683	0	56,683
Visitors Guide	14,590	0	14,590
In-Kind Support - Rent	1,200	0	1,200
Interest Revenue	4,876	0	4,876
Tours	0	3,063	3,063
Miscellaneous	31	0	31
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payment	<u>14,875</u>	<u>(14,875)</u>	<u>0</u>
 TOTAL REVENUES, GAINS AND OTHER SUPPORT	 264,946	 (11,812)	 253,134
<u>EXPENSES:</u>			
Program	184,669	0	184,669
Management & General	<u>42,671</u>	<u>0</u>	<u>42,671</u>
 TOTAL EXPENSES	 <u>227,340</u>	 <u>0</u>	 <u>227,340</u>
 CHANGE IN NET ASSETS	 37,606	 (11,812)	 25,794
 NET ASSETS, BEGINNING OF YEAR	 <u>156,737</u>	 <u>11,812</u>	 <u>168,549</u>
 NET ASSETS, END OF YEAR	 <u>\$ 194,343</u>	 <u>\$ 0</u>	 <u>\$ 194,343</u>

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2000**

	Management and <u>General</u>	Program <u>Services</u>	<u>Total</u>
Director Salary	\$ 10,824	\$ 21,976	\$ 32,800
Assistant Director Salary	1,931	6,844	8,775
Sales Director Salary	1,862	16,760	18,622
Secretary Salary	1,142	15,168	16,310
Payroll Taxes	1,436	5,091	6,527
Employee Health Insurance	1,360	2,763	4,123
Repairs and Maintenance	1,347	2,107	3,454
Fam Tours	0	0	0
Utilities	1,437	2,249	3,686
Telephone	3,396	2,778	6,174
Rent	4,398	8,018	12,416
Insurance	1,408	2,203	3,611
Office Supplies	1,283	2,008	3,291
Small Equipment	170	266	436
Dues and Memberships	0	2,391	2,391
Accounting	6,225	0	6,225
Visitors Guide	0	41,952	41,952
Brochures – Tecumseh	0	10,000	10,000
Postage	111	5,436	5,547
Promotion/Projects	0	27,358	27,358
Advertising	0	10,747	10,747
Printed Material	0	785	785
Meals and Entertainment	0	647	647
Registration/Booth	0	11,361	11,361
Travel Expense	0	949	949
Lodging	0	1,926	1,926
Vehicle Lease	0	4,436	4,436
Depreciation	2,386	3,732	6,118
Miscellaneous	0	1,268	1,268
Security	0	575	575
Bureau Projects	0	5,232	5,232
Retirement	119	241	360
Interest	173	0	173
Bicentennial Expenses	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL EXPENSES	 <u>\$ 41,008</u>	 <u>\$217,267</u>	 <u>\$258,275</u>

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 1999**

	Management and <u>General</u>	Program <u>Services</u>	<u>Total</u>
Director Salary	\$ 9,939	\$ 20,179	\$ 30,118
Assistant Director Salary	2,922	10,362	13,284
Sales Director Salary	1,412	12,705	14,117
Secretary Salary	821	10,904	11,725
Payroll Taxes	1,293	4,586	5,879
Employee Health Insurance	895	1,817	2,712
Repairs and Maintenance	2,283	3,571	5,854
Fam Tours	0	51	51
Utilities	1,966	3,075	5,041
Telephone	3,622	2,911	6,533
Rent	4,850	7,585	12,435
Insurance	1,177	1,841	3,018
Office Supplies	951	1,488	2,439
Small Equipment	0	0	0
Dues and Memberships	0	1,820	1,820
Accounting	7,436	0	7,436
Visitors Guide	0	23,003	23,003
Brochures - Tecumseh	0	10,000	10,000
Postage	135	6,598	6,733
Promotion/Projects	0	9,811	9,811
Advertising	0	9,149	9,149
Printed Material	0	880	880
Meals and Entertainment	0	517	517
Registration/Booth	0	11,465	11,465
Travel Expense	0	496	496
Lodging	0	1,460	1,460
Vehicle Lease	0	4,885	4,885
Depreciation	2,848	4,455	7,303
Miscellaneous	0	1,366	1,366
Security	0	433	433
Bureau Projects	0	2,358	2,358
Retirement	7	23	30
Interest	114	0	114
Bicentennial Expenses	<u>0</u>	<u>14,875</u>	<u>14,875</u>
 TOTAL EXPENSES	 <u>\$ 42,671</u>	 <u>\$184,669</u>	 <u>\$227,340</u>

**ROSS-CHILICOTHE CONVENTION
AND VISITORS BUREAU, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 2000**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets		\$ (11,359)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	\$ 6,118	
Changes in Assets and Liabilities:		
(Increase) in Prepaid Expense	(2,084)	
Increase in Accounts Payable	256	
(Decrease) in Accrued Payroll Taxes	(19)	
Decrease in Deposits	<u>0</u>	
TOTAL ADJUSTMENTS		<u>4,271</u>
NET CASH USED BY OPERATING ACTIVITIES		(7,088)

CASH FLOWS FROM INVESTING ACTIVITIES:

Equipment Purchases	(418)	
Leasehold Improvements	<u>0</u>	
NET CASH USED BY INVESTING ACTIVITIES		<u>(418)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,506)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>148,035</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>\$140,529</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Interest paid during year ended July 31, 2000 amounted to \$173.

Noncash investing transaction:

During the Fiscal Year Ending July 31, 2000, the Bureau purchased a digital camera and computer software upgrade.

**ROSS-CHILICOTHE CONVENTION
AND VISITORS BUREAU, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 1999**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets		\$ 25,794
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	\$ 7,303	
Changes in Assets and Liabilities:		
Decrease in Prepaid Expense	1,700	
(Decrease) in Accounts Payable	(3,699)	
(Decrease) in Accrued Payroll Taxes	(1,130)	
Decrease in Deposits	<u>326</u>	
TOTAL ADJUSTMENTS		<u>4,500</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		30,294

CASH FLOWS FROM INVESTING ACTIVITIES:

Equipment Purchases	(6,229)	
Leasehold Improvements	<u>(7,466)</u>	
NET CASH USED BY INVESTING ACTIVITIES		<u>(13,695)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>131,436</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>\$148,035</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Interest paid during year ended July 31, 1999 amounted to \$114.

Noncash investing transaction:

During the Fiscal Year Ending July 31, 1999, the Bureau traded in a computer with a book value of \$1,110 towards a new computer.

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies incorporated by Ross-Chillicothe Convention and Visitors Bureau, Inc. (The "Bureau").

- a) Accrual Basis of Accounting - Assets and liabilities and revenue and expense are recognized on the accrual basis of accounting.
- b) Property and Depreciation - Purchased depreciable assets are recorded at cost, donated depreciable assets are recorded at fair market value. Depreciation of depreciable assets is determined by the individual assets on a straight-line basis. The half-year convention rule is in effect for acquisitions and disposals. The estimated useful lives for the equipment range from five to ten years and for the office building thirty-one and a half years. Minor renewals and replacements are charged against income. Major renewals and replacements are charged to the appropriate asset accounts.
- c) Federal Income Tax - No provision is made for federal income tax because the Ross-Chillicothe Convention and Visitors Bureau, Inc. is tax exempt under Section 501(c)(6) of the Internal Revenue Code.
- d) Donated Facilities - Donated facilities are recorded as contributions at their estimated fair rental value of the facility.
- e) Cash Equivalents - For purposes of the statement of cash flows, the Bureau considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- f) Business Activity - The Ross-Chillicothe Convention and Visitors Bureau, Inc. promotes travel and tourism for the local area.
- g) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- h) Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**ROSS-CHILlicoTHE CONVENTION
AND VISITORS BUREAU, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 HOTEL/MOTEL TAX

The Ross-Chillicothe Convention and Visitors Bureau, Inc. receives a substantial amount of their support from the Hotel-Motel Tax. This tax is six percent levied on all hotel and motel sales in Ross County. This tax is equally divided between Ross County and the City of Chillicothe. The portion of the tax collected by the county has been disbursed to Ross-Chillicothe Convention and Visitors Bureau, Inc. in accordance with Section 5739.024 of the Ohio Revised Code. This tax is collected quarterly by Ross County and is recognized by Ross-Chillicothe Convention and Visitors Bureau, Inc. when it is received from Ross County.

During July 1994, the City of Chillicothe passed legislation that would grant 33% of the city's portion of tax to Ross-Chillicothe Convention and Visitors Bureau, Inc. to be used to fund a Sales Director position. The city grant requires an annual renewal. This grant was approved February 13, 1995. The agreement between the city and Ross-Chillicothe Convention and Visitors Bureau, Inc. states that the grant would be paid quarterly, based on actual receipts collected no later than sixty days after the end of the quarter.

NOTE 3 RENTS/LEASES

The Bureau's auxiliary office buildings (Railroad Cabooses) are located on property which belongs to the City of Chillicothe. No rent is charged for the use of this land. Therefore, the fair rental value of this land has been included as in-kind support in the statement of activities. The fair rental value also is included as rent expense in the statement of functional expenses. The annual value of the contribution was computed at \$1.25 per square foot times 960 square feet or \$1,200.

The Bureau's business office is located at 25 East Main Street, Chillicothe, Ohio. The Bureau rents this space for a monthly fee of \$850. There is a three year lease agreement between the Bureau and the owner of the building, with options to renew for 3 additional 3-year terms. This lease was signed in June 1998. Future payments on this lease for the fiscal years ended July 31 are:

2001	\$ 9,350
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There is a closed-end an automotive lease agreement with a local financial institution for the lease of a 1998 Ford Windstar. Lease payments are \$336 per month for 48 months on a noncancelable operating lease expiring in August, 2001. Total future payment for the fiscal year ended July 31, 2001 is \$4,032 with \$336 due during the year ended July 31, 2002. At the time of expiration of the lease, there will be a purchase option for \$12,230 plus tax and title cost.

NOTE 4 ADVERTISING COSTS

The Bureau cost of advertising is expensed as incurred. The advertising consists primarily of printed ads in regional publications.

**ROSS-CHILLICOTHE CONVENTION
AND VISITORS BUREAU, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 RESTRICTED FUNDS

The Bureau received \$15,000 from Ross County to be used for the promotion of the County's Bicentennial events. As of July 31, 1999, all of these monies have been spent or returned leaving a balance of \$0.

NOTE 6 SUBSEQUENT EVENT

Collections for the hotel-motel tax for the City of Chillicothe for the quarters ending March 31, 2000 and June 30, 2000 totaled \$68,059. Of this total, thirty-three percent, or approximately \$22,459, is expected to be distributed to the Bureau. These revenues are not included in the accompanying financial statements since the City had not passed legislation granting the funds to the Bureau prior to July 31, 2000.

On September 5, 2000, the Bureau entered into a five-year management agreement with The Board of Commissioners of Ross County, Ohio for continued receipt of county hotel-motel tax. The agreement automatically renews every five years unless either party notifies the other in writing at least ninety days prior to the scheduled commencement of a new term.

Whited Seigneur Sams & Rahe

CERTIFIED PUBLIC ACCOUNTANTS

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Donald R. Seigneur, CPA



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September 25, 2000

Board of Trustees
Ross-Chillicothe Convention
and Visitors Bureau, Inc.
P. O. Box 353
Chillicothe, Ohio 45601

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited the financial statements of Ross-Chillicothe Convention and Visitors Bureau, Inc. as of and for the years ended July 31, 2000, and July 31, 1999, and have issued our report thereon dated September 25, 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 Ross-Chillicothe Convention and Visitors 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 Ross-Chillicothe 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 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Ross-Chillicothe Convention and Visitors Bureau, Inc. in a separate letter dated September 25, 2000.

This report is intended for the information and use of management, Board of Trustees, Ross County Board of Commissioners and Chillicothe City Council, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ROSS-CHILLICOTHE CONVENTION AND VISITORS BUREAU, INC

ROSS 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
NOVEMBER 28, 2000**