

**Trumbull County Convention  
and Visitors Bureau, Inc.**

**AUDIT  
OF  
FINANCIAL STATEMENTS**

**Years ended December 31, 1999 and 1998**



**PACKER THOMAS**  
**CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS**

**Trumbull County Convention  
and Visitors Bureau, Inc.**

**AUDIT  
OF  
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**Years ended December 31, 1999 and 1998**

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OFFICE OF THE AUDITOR  
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Board of Directors  
Trumbull County Convention & Visitor's Bureau Inc.  
650 Youngstown-Warren Road  
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We have reviewed the Independent Auditor's Report of the Trumbull County Visitors & Convention Bureau, Inc. , Trumbull County, prepared by Packer Thomas, 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 Trumbull County Visitors & Convention Bureau, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO  
Auditor of State

July 31, 2000



**PACKER THOMAS**  
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## **REPORT OF INDEPENDENT AUDITORS**

BOARD OF DIRECTORS  
TRUMBULL COUNTY CONVENTION AND VISITORS BUREAU, INC.

We have audited the accompanying statements of financial position of Trumbull County Convention and Visitors Bureau, Inc. as of December 31, 1999 and 1998, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of 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 Trumbull County Convention and Visitors Bureau, Inc. as of December 31, 1999 and 1998, 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 a report dated May 25, 2000 on our consideration of Trumbull County Convention and Visitors Bureau, Inc.'s internal control structure over financial reporting and our tests of its compliance with laws and regulation contracts and grants.

*Packer Thomas*

Youngstown, Ohio  
May 25, 2000

**Trumbull County Convention and Visitors Bureau, Inc.**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	1999	1998
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 45,671	\$ 39,889
Prepaid expenses	2,650	4,650
<b>TOTAL CURRENT ASSETS</b>	<b>48,321</b>	<b>44,539</b>
<b>PROPERTY AND EQUIPMENT (at cost)</b>		
Furniture and fixtures	16,268	16,268
Office equipment	21,102	20,952
Signs and leasehold improvements	8,159	8,159
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>45,529</b>	<b>45,379</b>
Less accumulated depreciation	36,597	33,369
<b>NET PROPERTY AND EQUIPMENT</b>	<b>8,932</b>	<b>12,010</b>
<b>OTHER ASSETS</b>		
Deposits	414	414
<b>TOTAL ASSETS</b>	<b>\$ 57,667</b>	<b>\$ 56,963</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,359	\$ 4,667
Accrued and withheld payroll taxes	3,941	3,654
Accrued workers' compensation	40	411
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,340</b>	<b>8,732</b>
<b>NET ASSETS</b>		
Unrestricted	52,327	48,231
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 57,667</b>	<b>\$ 56,963</b>

**Trumbull County Convention and Visitors Bureau, Inc.**  
**STATEMENTS OF ACTIVITIES**

	Years ended December 31,	
	1999	1998
<b>UNRESTRICTED NET ASSETS</b>		
<b>PUBLIC SUPPORT AND REVENUES</b>		
PUBLIC SUPPORT		
Trumbull County Commissioners--Appropriation	\$ 305,000	\$ 338,385
LPGA Sponsorship	25,000	-
Cafaro Field funding	50,000	-
REVENUES		
Interest income	1,484	1,664
Miscellaneous income	65	141
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>381,549</b>	<b>340,190</b>
<b>EXPENSES</b>		
PROGRAM SERVICES		
Tourism promotion	281,707	218,640
SUPPORTING SERVICES		
Administrative and general	95,746	101,663
<b>TOTAL EXPENSES</b>	<b>377,453</b>	<b>320,303</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>4,096</b>	<b>19,887</b>
<b>NET ASSETS--beginning of year</b>	<b>48,231</b>	<b>28,344</b>
<b>NET ASSETS--end of year</b>	<b>\$ 52,327</b>	<b>\$ 48,231</b>

The accompanying notes are an integral part of these financial statements.

**Trumbull County Convention and Visitors Bureau, Inc.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Expenses	Years ended December 31,			
	1999		1998	
	Tourism Promotion	Administrative and General	Total	Total
Wages and salaries	\$ 104,748	\$ 16,525	\$ 121,273	\$ 121,447
Deferred compensation	1,800	200	2,000	2,000
Telephone	5,094	899	5,993	6,161
Rent--building	-	21,600	21,600	21,600
Advertising and promotion	40,140	11,456	51,596	29,966
Office expense and postage	10,260	7,832	18,092	15,111
Legal and accounting fees	-	4,111	4,111	5,455
Payroll taxes	8,156	1,285	9,441	9,126
Employee benefits	14,010	2,209	16,219	19,294
Dues and subscriptions	-	5,825	5,825	6,026
Travel	7,780	864	8,644	11,788
Equipment rental	-	3,395	3,395	2,423
Conferences and meetings	-	13,891	13,891	21,548
Insurance	-	2,246	2,246	2,275
Brochures	22,219	-	22,219	23,559
Event sponsorship	67,500	-	67,500	19,100
Souvenir items	-	-	-	46
Office security	-	180	180	137
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>281,707</b>	<b>92,518</b>	<b>374,225</b>	<b>317,062</b>
Depreciation	-	3,228	3,228	3,241
<b>TOTAL EXPENSES</b>	<b>\$ 281,707</b>	<b>\$ 95,746</b>	<b>\$ 377,453</b>	<b>\$ 320,303</b>

The accompanying notes are an integral part of these financial statements.



**Trumbull County Convention and Visitors Bureau, Inc.**  
**STATEMENTS OF CASH FLOWS**

	Years ended December 31,	
	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 4,096	\$ 19,887
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,228	3,241
Decrease in prepaid expenses	2,000	-
(Decrease) in accounts payable	(3,308)	(2,024)
(Decrease) increase in accrued expenses	(84)	404
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>5,932</b>	<b>21,508</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(150)	(2,116)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,782</b>	<b>19,392</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>39,889</b>	<b>20,497</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 45,671</b>	<b>\$ 39,889</b>

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 1999 and 1998

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

#### Nature of Operations

The Bureau was formed in 1981 for the purpose of encouraging the economic development of Trumbull County, Ohio, by promoting tourism and establishing Trumbull County as an attractive destination in the Northeastern Ohio area for visitors, conventions and meetings.

#### Basis of Accounting

The financial statements are presented in accordance with generally accepted accounting principles.

#### Cash and cash equivalents

Cash equivalents consist of short term, highly liquid investments with maturities of three months or less. Investments are stated at cost which closely approximates fair value.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Advertising Costs

Advertising costs are expensed when incurred.

#### Property and Equipment

Expenditures for property and equipment are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged to expense as incurred.

#### Net Assets

The Agency 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. Temporarily restricted net assets are those whose use has been limited by donor-imposed time restrictions or purpose restrictions. Permanently restricted net assets are net assets required by donor restriction or by law to be maintained by the Corporation in perpetuity. Unrestricted net assets are all other net assets.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities that the Bureau is involved in have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### NOTE 2--PUBLIC SUPPORT

The Bureau is supported, under a contract with Trumbull County, by bed tax receipts collected by lodging establishments within the county. Under the terms of the contract, these receipts are released to the Bureau based upon an annual budget prepared by the Bureau. The contract can only be terminated by written notice from either party at least 60 days prior to the effective termination date.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 1999 and 1998

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**NOTE 3--DEFERRED COMPENSATION PLAN**

The Bureau has established a deferred compensation plan for its executive director. The expense under the plan was \$2,000 for both 1999 and 1998. A \$2,000 contribution was made in 1998 in advance for the year 1999, which is included in prepaid expenses.

**NOTE 4--LEASES**

The Bureau leases office space on a year to year basis. Lease expense for both 1999 and 1998 was \$21,600. The Bureau renewed its lease agreement in 1999 for its facilities for a term of one year beginning January 1, 2000.

**NOTE 5--COMMITMENTS**

The Bureau has agreed to support the Giant Eagle LPGA Classic scheduled for July 2000 with a contribution of \$25,000. Subsequent to December 31, 1999, the Bureau renewed its contract with the Giant Eagle LPGA Classic through 2004 for \$27,500 per year.

**NOTE 6--FEDERAL INCOME TAX STATUS**

*The Bureau is a non-profit organization and as such has received a determination letter from the Internal Revenue Service exempting it from federal income tax under section 501(c)(6) of the Internal Revenue Code.*



**PACKER THOMAS**  
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## **REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

BOARD OF DIRECTORS  
TRUMBULL COUNTY CONVENTION AND VISITORS BUREAU, INC.

We have audited the financial statements of Trumbull County Convention and Visitors Bureau, Inc. as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 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 Trumbull County 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 statements 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 test 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 Trumbull County 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 Trumbull County Convention and Visitors Bureau, Inc. in a separate letter dated May 25, 2000.

This report is intended for the information of the audit committee, management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

*Packer Thomas*

Youngstown, Ohio

May 25, 2000



## PACKER THOMAS

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

The Board of Directors  
Trumbull County Convention and Visitors Bureau, Inc.

In planning and performing the audit of the financial statements of the Trumbull County Convention and Visitors Bureau, Inc. for the years ended December 31, 1999 and 1998, we considered the Bureau's internal controls to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit, we noted certain matters involving the internal controls and other operational matters that are presented for your consideration. This letter does not affect our report dated May 25, 2000, on the financial statements of Trumbull County Convention and Visitors Bureau, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional studies of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### Segregation of Duties

The Bureau does not have an adequate segregation of duties. Proper internal controls dictate that the recording, authorizing, custody, and execution of assets functions be segregated among various employees. Specifically, it has been noted that persons having custody of cash also have cash record keeping responsibilities. This situation allows for the potential misuse of funds without adequate means to trace their disposition.

Realizing the limited number of staff, we recommend that the recording, authorizing, custody, and execution of assets be segregated whenever possible.

### Computer Access Controls

The Bureau does not have adequate control over computer access to financial data. Proper internal controls dictate that access should be limited to those individuals who perform accounting functions. This situation allows for the potential corruption of important financial data.

Realizing the limited number of staff, we recommended that the client limit access to computer financial applications whenever possible.

*Packer Thomas*

Youngstown, Ohio  
May 25, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  
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**TRUMBULL COUNTY VISITORS & CONVENTION BUREAU, INC.**

**TRUMBULL 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: AUGUST 15, 2000