

**Trumbull County  
Convention & Visitor's Bureau**

**Niles, Ohio**

**Report on Audit of Financial Statements  
and Supplemental Information**

**For the Years Ended December 31, 2001 and 2000**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P. O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Directors  
Trumbull County Convention and Visitor's Bureau  
650 Youngstown-Warren Road  
Niles, Ohio 44446

We have reviewed the Independent Auditor's Report of the Trumbull County Convention and Visitor's Bureau, Trumbull County, prepared by Reali, Giampetro & Scott, for the audit period January 1, 2000 to December 31, 2001. 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 Convention and Visitor's Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

October 31, 2002

**This Page is Intentionally Left Blank.**

## TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....	PAGE	1
STATEMENTS OF FINANCIAL POSITION .....		2
STATEMENTS OF ACTIVITIES .....		3
STATEMENTS OF CASH FLOWS.....		4
NOTES TO FINANCIAL STATEMENTS.....		5
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.....		8
SUPPLEMENTAL INFORMATION		
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION.....		10
SCHEDULE OF OPERATING EXPENSES.....		11

**This Page is Intentionally Left Blank.**

3850 Starrs Centre Drive  
P.O. Box 200  
Canfield, OH  
44406-0200  
330-702-3100  
Fax 330-702-3101



Reali, Giampetro & Scott  
A PROFESSIONAL CORPORATION CERTIFIED PUBLIC ACCOUNTANTS

3877 East State Street  
P.O. Box 1378  
Hermitage, PA  
16148-0378  
724-347-5575  
Fax 724-347-4191

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Trumbull County Convention and Visitor's Bureau  
Niles, Ohio

We have audited the accompanying Statements of Financial Position of Trumbull County Convention and Visitor's Bureau, (a Not-for-Profit Corporation) as of December 31, 2001 and 2000 and the related Statements of Activities and Cash Flows for the years then ended. These financial statements are the responsibility of Corporation's management. Our responsibility is to express an opinion on these 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 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 Trumbull County Convention and Visitor's Bureau, as of December 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated August 29, 2002, on our consideration of Trumbull County Convention and Visitor's 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.

*Reali, Giampetro & Scott*

August 29, 2002

**STATEMENTS OF FINANCIAL POSITION**

**TRUMBULL COUNTY CONVENTION AND VISITOR'S BUREAU**

	<b>December 31,</b>	
	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 121,549	\$ 68,615
Certificates of deposit	86,350	16,608
Prepaid expenses	2,720	2,650
Deposits	414	414
Property and equipment	19,432	21,627
	<u>230,465</u>	<u>109,914</u>
TOTAL ASSETS	<u>\$ 230,465</u>	<u>\$ 109,914</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 5,975	\$ 6,576
Accrued payroll and related liabilities	2,460	3,281
	<u>8,435</u>	<u>9,857</u>
TOTAL LIABILITIES	8,435	9,857
<b>NET ASSETS</b>		
Unrestricted	<u>222,030</u>	<u>100,057</u>
TOTAL NET ASSETS	<u>222,030</u>	<u>100,057</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 230,465</u>	<u>\$ 109,914</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS



**STATEMENTS OF ACTIVITIES**

**TRUMBULL COUNTY CONVENTION AND VISITOR'S BUREAU**

	<b>Year Ended December 31,</b>	
	<b>2001</b>	<b>2000</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES</b>		
Transient occupancy tax	\$ 349,000	\$ 348,030
LPGA sponsorship income	25,000	25,000
Cafaro Field funding	50,000	50,000
Interest income	6,371	2,868
Miscellaneous Income	634	2,988
TOTAL UNRESTRICTED REVENUES	431,005	428,886
<b>EXPENSES</b>		
Program	217,178	278,292
Management, General and Support Services	91,854	102,864
TOTAL EXPENSES	309,032	381,156
CHANGE IN UNRESTRICTED NET ASSETS	121,973	47,730
<b>NET ASSETS AT BEGINNING OF YEAR</b>	100,057	52,327
<b>NET ASSETS AT END OF YEAR</b>	\$ 222,030	\$ 100,057

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

## STATEMENTS OF CASH FLOWS

### TRUMBULL COUNTY CONVENTION AND VISITOR'S BUREAU

	Year Ended December 31,	
	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 121,973	\$ 47,730
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,692	3,505
(Increase) decrease in operating assets:		
Prepaid expenses	(70)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(601)	5,217
Accrued payroll and related liabilities	(821)	(700)
	4,200	8,022
TOTAL ADJUSTMENTS		
NET CASH PROVIDED BY OPERATING ACTIVITIES	126,173	55,752
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(3,497)	(16,200)
Net purchases of certificates of deposit	(69,742)	(16,608)
	(73,239)	(32,808)
NET CASH (USED IN) INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,934	22,944
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	68,615	45,671
ENDING CASH AND CASH EQUIVALENTS	\$ 121,549	\$ 68,615
<b>CASH WAS PAID FOR</b>		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
	-	-

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS

### TRUMBULL COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2001 and 2000

#### A. ACCOUNTING POLICIES

##### **Nature of Activities**

The Trumbull County Convention and Visitor's Bureau (Bureau) is a nonprofit organization established by the Trumbull County Board of Commissioners to promote and encourage tourism in Trumbull County.

The authority to form the Bureau is provided under the Ohio Revised Code which permits the County to levy an excise tax on lodgings furnished to transient guests and expend the receipts of the tax on a convention and visitor's bureau.

##### **Program Services**

For financial statement purposes, the Corporation has one program service which is to promote and encourage tourism in Trumbull County.

##### **Program Revenue and Restriction Policies**

A majority of revenues are received under a contract with Trumbull County through excise taxes levied on lodgings furnished to transient guests of Trumbull County hotels and motels. Under the terms of the contract, these monies are allocated to the Corporation based on the annual budget prepared by the Corporation. These monies are treated as unrestricted net assets because the monies are to be used at the discretion of the Corporation, as long as it's to be used to promote tourism in Trumbull County as required by state law. The Corporation receives no monies which need to be classified as temporary or permanently restricted net assets.

The Corporation recognizes revenue at the point the Trumbull County submits the monthly allocation to the Bureau. At both year-ends, the County submitted all monies due to the Corporation; therefore no amounts were due from the County.

##### **Accounting Method**

The financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

##### **Estimates**

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

## NOTES TO FINANCIAL STATEMENTS

### TRUMBULL COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2001 and 2000

#### A. ACCOUNTING POLICIES (CONTINUED)

##### **Financial Statement Presentation**

The Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Corporation 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.

##### **Liquidity of Assets and Liabilities**

The presentation of assets and liabilities in the Statement of Financial Position is generally in the order of liquidity.

##### **Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

##### **Property and Equipment**

It is the Corporation's policy to capitalize all expenditures for property and equipment over \$100. The equipment is being depreciated using the straight-line method over years ranging from three to seven years.

##### **Income Taxes**

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

##### **Expense Allocations**

For financial statement purposes, the Corporation charges to program services only expenses that can be directly related to the program services. Management, general and support services expenses include those expenses that provide overall support and direction of the Corporation.

##### **Advertising and Promotion**

The Corporation uses advertising to promote and encourage tourism in Trumbull County. The costs of advertising and promotion are at the time of the expenditures, since the Bureau does not know what period the expenditures will benefit.

## NOTES TO FINANCIAL STATEMENTS

### TRUMBULL COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2001 and 2000

#### B. CERTIFICATES OF DEPOSIT

The Corporation has three certificates of deposit at December 31, 2001 with interest rates ranging from 3.15% to 4.38% and maturity dates ranging from November 2002 to December 2002. At December 31, 2000, the Corporation had one certificate of deposit with an interest rate of 5.39% and a maturity date of November 2001. Because the maturity dates are in excess of three months from the dates of purchase, the certificates do not meet the criteria of cash equivalents.

#### C. EQUIPMENT

Property and equipment consist of the following:

	<u>December 31,</u>	
	<u>2001</u>	<u>2000</u>
Furniture, fixtures, and equipment	\$ 56,995	\$ 53,570
Leasehold improvements	8,231	8,159
Total	65,226	61,729
Accumulated depreciation	<u>(45,794)</u>	<u>(40,102)</u>
	<u>\$ 19,432</u>	<u>\$ 21,627</u>

Depreciation expense amounted to \$5,692 for 2001 and \$3,505 for 2000.

#### D. LEASES

The Corporation leases office space for use in its operations. Monthly payments are \$1,850 for 2001 and were \$1,800 in 2000. Total expense amounted to \$22,150 in 2001 and \$21,650 in 2000. The Bureau renewed its lease agreement for 2002 for one year at \$1,950 per month.

#### E. COMMITMENTS

The Corporation has agreed to support the Giant Eagle LPGA Classic through 2004 for \$27,500 per year.

#### F. LITIGATION

The Bureau is currently defending a claim by the former director for wrongful discharge. The case is being vigorously defended by the Bureau's EPLI Carrier. It is not anticipated that any adverse judgment would substantially impair the financial performance of the Bureau.

3850 Starrs Centre Drive  
P.O. Box 200  
Canfield, OH  
44406-0200  
330-702-3100  
Fax 330-702-3101



**Reali, Giampetro & Scott**  
A PROFESSIONAL CORPORATION      CERTIFIED PUBLIC ACCOUNTANTS

3877 East State Street  
P.O. Box 1378  
Hermitage, PA  
16148-0378  
724-347-5575  
Fax 724-347-4191

---

**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 Directors  
Trumbull County Convention and Visitor's Bureau  
Niles, Ohio

We have audited the financial statements of Trumbull County Convention and Visitor's Bureau, (a Not-for-Profit Corporation) for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 29, 2002. We conducted our audit 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 Trumbull County Convention and Visitor's 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 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 Trumbull County Convention and Visitor's 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. However, we noted certain matters involving the internal control structure and its operation that we consider being reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Following are the reportable conditions we noted:

**Segregation of Duties**

It is basic that sound internal control structure embraces segregation of duties. Incompatible functions for control purposes are those that place any person in a position both to perpetrate and to conceal errors or irregularities in the normal course of their duties. Anyone who records transactions or has access to assets ordinarily is in a position to perpetrate errors and irregularities. Accordingly, control necessarily depends largely on the elimination of opportunities for concealment. (For example, anyone who deposits monies should not prepare bank reconciliations and record transactions in the books and records.)

### **Segregation of Duties (Continued)**

In Trumbull County Convention and Visitor's Bureau, as is the case in most organizations of its approximate size, the limited number of accounting and record-keeping personnel make adequate segregation of duties impracticable or impossible. In such organizations, the Board of Directors should continue to be vigilant in safeguarding assets, checking the accuracy and reliability of accounting data, promoting operational efficiency and encouraging adherence to prescribed managerial policies. This extra care by the Board of Directors is necessary to counterbalance the internal control deficiencies caused by too limited personnel.

### **Bank Reconciliations**

Bank reconciliations were not being timely prepared on the checking accounts. Proper preparation of bank reconciliations that agree to the general ledger is an important task that is needed for proper internal control. Bank reconciliations should be prepared timely (monthly) and agree to the general ledger. Differences should be pursued immediately before any subsequent month's activity is inputted into the system.

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 over financial reporting that might be material weaknesses. However, we consider the above items to be a material weakness. We also noted other matters involving the internal control over financial reporting that we reported to management of Trumbull County Convention and Visitor's Bureau in a separate letter dated August 29, 2002.

This report is intended solely for the information of management and is not intended to be nor should it be used by anyone other than these specified parties.

*Reali, Giampetro + Scott*

August 29, 2002

**SUPPLEMENTAL INFORMATION**



3850 Starrs Centre Drive  
P.O. Box 200  
Canfield, OH  
44406-0200  
330-702-3100  
Fax 330-702-3101



Reali, Giampetro & Scott  
A PROFESSIONAL CORPORATION      CERTIFIED PUBLIC ACCOUNTANTS

3877 East State Street  
P.O. Box 1378  
Hermitage, PA  
16148-0378  
724-347-5575  
Fax 724-347-4191

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors  
Trumbull County Convention and Visitor's Bureau  
Niles, Ohio

The audited financial statements of the Corporation and our report thereon are presented in the preceding section of this report. Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Reali, Giampetro & Scott*

August 29, 2002

## SCHEDULE OF OPERATING EXPENSES

### TRUMBULL COUNTY CONVENTION AND VISITOR'S BUREAU

For the Year Ended December 31, 2001

	Program Services	Management, General and Support Services	Total
Salaries and wages	\$ 52,013	\$ 28,300	\$ 80,313
Payroll taxes	4,201	2,286	6,487
Hospitalization	5,638	3,067	8,705
Deferred compensation	247	28	275
Rent	-	22,150	22,150
Professional fees	-	6,414	6,414
Telephone	3,449	609	4,058
Equipment rental	-	3,135	3,135
Insurance	-	2,490	2,490
Office expense and postage	13,708	6,124	19,832
Advertising and promotion	58,743	-	58,743
Event sponsorship	69,145	-	69,145
Brochures	3,176	-	3,176
Meetings/Seminars	-	5,770	5,770
Travel	6,858	250	7,108
Dues	-	4,533	4,533
Office security	-	180	180
Repairs	-	826	826
Depreciation	-	5,692	5,692
TOTALS	\$ 217,178	\$ 91,854	\$ 309,032

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

**SCHEDULE OF OPERATING EXPENSES**

**TRUMBULL COUNTY CONVENTION AND VISITOR'S BUREAU**

**For the Year Ended December 31, 2000**

	<u>Program Services</u>	<u>Management, General and Support Services</u>	<u>Total</u>
Salaries and wages	\$ 96,629	\$ 25,000	\$ 121,629
Payroll taxes	7,741	2,003	9,744
Hospitalization	11,721	3,033	14,754
Deferred compensation	1,800	200	2,000
Rent	-	21,650	21,650
Professional fees	-	17,971	17,971
Telephone	4,316	762	5,078
Equipment rental	-	3,193	3,193
Insurance	-	2,317	2,317
Office expense and postage	9,280	3,894	13,174
Advertising and promotion	55,198	-	55,198
Event sponsorship	69,600	-	69,600
Brochures	12,537	-	12,537
Meetings/Seminars	-	9,498	9,498
Travel	9,470	963	10,433
Dues	-	4,683	4,683
Office security	-	180	180
Repairs	-	4,012	4,012
Depreciation	-	3,505	3,505
<b>TOTALS</b>	<b>\$ 278,292</b>	<b>\$ 102,864</b>	<b>\$ 381,156</b>

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**TRUMBULL COUNTY CONVENTION AND VISITORS BUREAU**

**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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 12, 2002**