



**Auditor of State  
Betty Montgomery**



**DAYTON/MONTGOMERY COUNTY CONVENTION AND VISITORS BUREAU, INC.  
MONTGOMERY COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Dayton/Montgomery County Convention and Visitors Bureau, Inc.  
Montgomery County  
1 Chamber Plaza, Suite A  
Dayton, Ohio 45402-2400

To the Board of Trustees:

We have audited the accompanying financial statements of the Dayton/Montgomery County Convention and Visitors Bureau, Inc., Montgomery County, (the Bureau), as of and for the years ended December 31, 2002 and 2001. 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 audit.

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. 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 audit provides 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 cash balances of the Dayton/Montgomery County Convention and Visitors Bureau, Inc., Montgomery County, as of December 31, 2002 and 2001, and its 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 September 9, 2003, 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.

Dayton/Montgomery County Convention and Visitors Bureau, Inc.  
Montgomery County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the management, Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 9, 2003

**DAYTON/MONTGOMERY COUNTY CONVENTION AND VISITORS BUREAU, INC.  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<b>General</b>	
	<b>2002</b>	<b>2001</b>
<b>Cash Receipts:</b>		
County Hotel/Motel Tax	\$1,379,394	\$1,427,803
Information Booths	13,968	13,200
Earnings on Investments	7,464	15,165
Miscellaneous	14,475	22,229
	<b>1,415,301</b>	<b>1,478,397</b>
<b>Cash Disbursements:</b>		
Administration:		
Salaries & Benefits	757,527	712,766
Training	8,595	8,803
Travel Reimbursement	89,834	105,872
Operations:		
Rent	78,064	69,934
Utilities	26,017	26,479
Office	47,748	47,302
Purchased Services	26,585	38,062
Equipment Lease	9,115	8,049
Capital Outlay	33,122	72,865
Miscellaneous	55,821	7,794
Marketing:		
Advertisement	108,297	78,713
Printing	80,893	80,883
Promotions	136,743	172,359
Meetings	1,337	1,530
Outside Services	15,050	15,359
Dues & Memberships	25,419	22,858
	<b>1,500,167</b>	<b>1,469,628</b>
Total Cash Disbursements		
	<b>(84,866)</b>	<b>8,769</b>
Total Receipts Over/(Under) Disbursements		
Other Financing Receipts and (Disbursements)		
Proceed on Demutualization	12,038	
	<b>12,038</b>	
Excess of Cash Receipts and Other Financing Receipts		
Over/(Under) Cash Disbursements and Other Financing Disbursements	<b>(72,828)</b>	<b>8,769</b>
Fund Cash Balances, January 1	<b>627,055</b>	<b>618,286</b>
<b>Fund Cash Balances, December 31</b>	<b>\$554,227</b>	<b>\$627,055</b>

*The notes to the financial statements are an integral part of this statement.*

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**DAYTON/MONTGOMERY COUNTY COVENTION AND VISITORS BUREAU, INC  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Dayton/Montgomery County Convention and Visitors Bureau, Inc (the Bureau) is a nonprofit corporation whose primary purpose is to promote the City of Dayton and Montgomery County as a desirable destination for conventions, meetings, conferences, trade shows, and travel and tourism. Promotion is done through the extension of services, advice, and assistance to related organizations, businesses, and venues, as well as collaborative marketing effects which highlight the attributes of the City of Dayton and Montgomery County locally, regionally, nationally, and internationally.

The Bureau's management believes these financial statements present all activities for which the Bureau is financially accountable.

**B. 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 when 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.

**C. Cash and Investments**

Repurchase agreements are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

The Bureau uses fund accounting to segregate cash and investments that are restricted as to use. The Bureau classifies its fund into the following type:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all the Bureau's financial resources.

**E. Budgetary Process**

The Bureau is not a "subdivision" or a "taxing authority" as defined by Ohio Revised Code Section 5705.01. Thus, requirements of the Ohio Revised Code are not applicable to the Bureau regarding the budgetary process.

**DAYTON/MONTGOMERY COUNTY COVENTION AND VISITORS BUREAU, INC  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the basis of accounting used by the Bureau.

**H. Marketing and Advertising Expense**

The Bureau regularly incurs various marketing and advertising expenses to promote the Dayton/Montgomery County area. These costs are expensed when incurred.

**I. Income Taxes**

The Bureau is exempt from federal taxes under Section 501 (c) (6) of the Internal Revenue Code. Therefore, no provision for income taxes is included in the accompanying financial statements.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Bureau maintains a cash and investments pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ 432,184	\$499,697
Repurchase agreement	122,043	127,358
Total deposits and investments	<u>\$554,227</u>	<u>\$627,055</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investment:** The Bureau invests in overnight repurchase agreements. The Bureau's investments are categorized to give an indication of the level of risk assumed by the Bureau at fiscal year end. At fiscal year end, the Bureau's investments were categorized as category 3. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Bureau's name.

**DAYTON/MONTGOMERY COUNTY COVENTION AND VISITORS BUREAU, INC  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. PENSION PLAN**

In 1995, the Bureau began participation in a defined contribution 401(a) plan established by Merrill Lynch. The plan provides benefits to substantially all employees who have completed one year of service and attained age 21. Under the plan, the Bureau contributes 10% of each eligible employee's compensation for the year up to \$65,400 and 15.7% of each eligible employee's compensation above \$65,400. Employees become 20% vested in the Bureau's contributions and related earnings after two years of service and become fully vested after six years of service. Employees may also elect to make after-tax contributions up to 10% of their total earnings.

**4. RISK MANAGEMENT**

The Bureau has obtained commercial comprehensive property and general liability insurance.

**5. CONCENTRATION OF CREDIT RISK**

The majority of the Bureau's revenue is obtained from a 3% lodging tax maintained by the Board of County Commissioner of Montgomery County (the "Board"). Each month, the Bureau receives the lodging tax proceeds less a 30% deduction to assist the Board in maintaining the Courthouse Square and Memorial Hall and a pro-rated deduction of a \$100,000 annual payment related to a previous renovation of the Dayton Convention and Exhibition Center. Administrative fees are deducted prior to the deduction split.

The Bureau maintains all cash and cash equivalents in accounts with Bank One, NA. The Bureau has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with its cash and cash equivalents.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Dayton/Montgomery County Convention and Visitors Bureau, Inc.  
Montgomery County  
1 Chamber Plaza, Suite A  
Dayton, Ohio 45402-2400

To the Board of Trustees:

We have audited the accompanying financial statements of the Dayton/Montgomery County Convention and Visitors Bureau, Inc., (the Bureau), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 9, 2003. 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 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 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 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 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 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 weakness.

Dayton/Montgomery County Convention and Visitors Bureau, Inc.  
Montgomery County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

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**Betty Montgomery**  
Auditor of State

September 9, 2003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**DAYTON/MONTGOMERY COUNTY CONVENTION AND VISITOR'S BUREAU, INC.**

**MONTGOMERY 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  
OCTOBER 2, 2003**