



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Convention and Visitors Bureau
Sandusky County
712 North Street, Suite 102
Fremont, Ohio 43420-1152

To the Board of Trustees:

We have audited the accompanying general-purpose financial statements of the Sandusky County Convention and Visitors Bureau (the Bureau) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these general-purpose 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 discussed in Note 1, the Bureau changed its basis of accounting from a basis of accounting prescribed or permitted by the Auditor of State to the accrual basis of accounting in accordance with generally accepted accounting principles.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bureau as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2002, 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.

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Jim Petro
Auditor of State

June 17, 2002

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**BALANCE SHEET
PROPRIETARY FUND TYPE
AS OF DECEMBER 31, 2000**

	<u>Enterprise</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$13,510
Intergovernmental Receivable	<u>17,848</u>
Total Current Assets	31,358
Deposits	38
Property and Equipment (net of depreciation)	<u>7,109</u>
Total Assets	<u><u>\$38,505</u></u>
Liabilities, Fund Equity and Other Credits	
Current liabilities:	
Accounts Payable	\$5,780
Salaries and Wages	645
Payroll Taxes, including employee withholding	777
Line of Credit	<u>398</u>
Total Current Liabilities/Total Liabilities	7,600
Fund Equity and Other Credits	
Retained Earnings	<u>30,905</u>
Total Fund Equity and Other Credits	<u>30,905</u>
Total Liabilities, Fund Equity and Other Credits	<u><u>\$38,505</u></u>

See accompanying notes to the financial statements

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS EQUITY - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

Operating Revenue:	
County Hotel/Motel Tax	\$159,189
Advertising Revenue	<u>2,000</u>
Total Operating Revenue	<u>161,189</u>
Operating Expenses:	
Salaries	71,915
Fringe Benefits	12,010
Purchased Services	26,495
Materials and Supplies	15,700
Promotions	7,994
Depreciation	1,650
Other Operating Expenses	<u>18,087</u>
Total Operating Expenses	<u>153,851</u>
Operating Income	<u>7,338</u>
Non Operating Revenues:	
Interest and Dividends	226
Other Revenues	<u>58</u>
Total Non-Operating Revenues	<u>284</u>
Net Income	7,622
Retained Earnings Beginning of Year	<u>23,283</u>
Retained Earnings End of Year	<u><u>\$30,905</u></u>

See accompanying notes to the financial statements

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Hotel/Motel Tax	\$159,936
Cash Received from Brochure Advertisements	2,000
Cash for Personal Services	(71,784)
Cash from Fringe Benefits	(11,998)
Cash for Purchased Services	(24,802)
Cash for Materials and Supplies	(11,981)
Cash for Promotions	(18,637)
Cash for Other Operating Expenses	<u>(11,430)</u>
Net Cash Provided by Operating Activities	11,304
Cash Flows from Capital and Related Financing Activities;	
Purchase of Fixed Assets	(578)
Principal Payments under Credit Line	<u>(12,602)</u>
Net Cash Used in Capital and Related Financing Activities	(13,180)
Cash Flows from Investing Activities	
Interest	<u>226</u>
Net Cash Used in Investing Activities	<u>226</u>
Net Decrease in Cash and Cash Equivalents	(1,650)
Cash and Cash Equivalents as of the Beginning of Year	<u>15,160</u>
Cash and Cash Equivalents as of the Beginning of Year	<u><u>\$13,510</u></u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating Income	\$7,338
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	1,650
Decrease in County Funding Receivable	705
Increase in Accounts Payable	1,642
Decrease in Accrued Salaries and Wages	(204)
Increase in Accrued Payroll Taxes	<u>173</u>
Net Cash Provided by Operating Activities	<u><u>\$11,304</u></u>

See accompanying notes to the financial statements

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**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Sandusky County Commissioners enacted Resolution 1985-0194 on February 25, 1985 to levy a hotel lodging excise tax of three percent (3%) Resolution 1985-0341 authorized Sandusky County to enter into an agreement with the Chamber of Commerce of Sandusky County to provide for the operation of a Convention and Visitors Bureau. Resolution 1989-0452 on June 1, 1989 terminated the involvement of the Chamber of Commerce and authorized the Convention and Visitors Bureau to incorporate as an Ohio not-for-profit corporation. Resolution 1989-0541 authorized Sandusky County to enter into an agreement with the Sandusky County Convention and Visitors Bureau, Inc. for the operation of the Bureau. The purpose of the Convention and Visitors Bureau is the provision and publicizing of Sandusky County in order to bring the patronage of business and tourists and cultural, educational, religious, professional, and sports organizations into the county.

The current contract is a five year agreement, beginning January 1, 1995 and ending December 31, 2000. In the event of termination, any and all monies remaining originally received from the County shall be returned to the General Fund of the County.

The Bureau is directed by a twelve member Board of Trustees. Eleven members are appointed by the Sandusky County Commissioners and one member is appointed by the Tourist Board.

The Bureau is a component unit of Sandusky County.

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

B. Basis of Accounting

In 2000, the Convention and Visitors Bureau changed from a basis of accounting prescribed or permitted by the Auditor of State to the accrual basis of accounting in accordance with generally accepted accounting principles.

The financial statements of the Sandusky County Convention and Visitors Bureau have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Bureau also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Bureau's accounting policies are described below.

C. Fund Accounting

The Bureau uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Bureau functions or activities.

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or allowing certain objectives in accordance with special restrictions or limitations.

For financial statement presentation purposes, the various funds of the Bureau are grouped into the following generic fund type under the broad fund category proprietary.

Proprietary Fund Type

Proprietary funds are used to account for the Bureau's ongoing activities which are similar to those found in the private sector. The following is the Bureau's proprietary fund type;

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Enterprise funds' operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made.

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

E. Fixed Assets and Depreciation

All fixed assets are capitalized at cost (or historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Bureau maintains a capitalization threshold of one hundred dollars. The Bureau does not have any infrastructure.

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Depreciation of furniture and equipment is computed using the straight-line method over an estimated useful life of three to ten years.

2. PRIOR PERIOD RESTATEMENT

As of fiscal year 2000, the Bureau changed from a basis of accounting prescribed or permitted by the Auditor of State to the accrual basis of accounting in accordance with generally accepted accounting principles. This required the following restatement to retained earnings and net income as previously reported:

Retained Earnings as previously reported at December 31, 1999	\$15,160
Adjustment for converting to GAAP	<u>8,123</u>
Restated Retained Earnings at January 1, 2000	<u><u>\$23,283</u></u>
Net Income as previously reported for the year ended December 31, 1999	\$5,120
Adjustment for converting to GAAP	<u>17,187</u>
Restated Net Income	<u><u>\$22,307</u></u>

3. CASH AND CASH EQUIVALENTS

State statutes classify monies held by the Bureau into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Bureau Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order or withdrawal (NOW) accounts, or in money market deposit accounts.

Interim deposits are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

The Bureau maintains its cash in checking and savings accounts. The carrying amount of cash at December 31 was \$13,510. All deposits are insured by the Federal Depository Insurance Corporation.

4. HOTEL/MOTEL TAX

The Convention and Visitors Bureau receives 99 percent of the hotel/motel taxes collected by the Sandusky County Auditor. The tax, levied by the County Commissioners on February 25, 1985, is an excise tax of three percent on lodging furnished to transient guests throughout the County.

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

5. FIXED ASSETS

A summary of the enterprise fund's fixed assets at December 31, 2000, follows:

Leasehold Improvements	\$5,178
Furniture and Fixtures	<u>35,451</u>
Total	<u>40,629</u>
Less: Accumulated Depreciation	<u>33,520</u>
Net Property and Equipment	<u><u>\$7,109</u></u>

6. DEBT ACTIVITY

The Bureau has a line of credit with Croghan Colonial Bank. As of December 31, 2000 the Bureau owed \$398 in credit and interest.

7. RETIREMENT SYSTEM

Employees are covered under the Social Security System. The Bureau's liability is 6.2% of employees' wages.

8. OTHER BENEFITS

The Bureau pays the annual premium of the health insurance policy of the Executive Director. The Board raised the deductible amount of the policy to \$1,000 to reduce the cost of the premium. The Board pays the deductible.

The Board also established a pension plan (Simple IRA) for employees. Participation is optional. The Board contributes up to 3% matching employee contributions.

9. RISK MANAGEMENT

Commercial Insurance

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.



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One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Convention and Visitors Bureau
Sandusky County
712 North Street, Suite 102
Fremont, Ohio 43420-1152

To Members of the Board:

We have audited the accompanying financial statements of the Sandusky County Convention and Visitors Bureau (the Bureau) as of and for the year ended December 31, 2000, which changed the basis of accounting from a basis of accounting prescribed or permitted by the Auditor of State to the accrual basis of accounting in accordance with generally accepted accounting principles, and have issued our report thereon dated June 17, 2002. We conducted our audit in accordance with auditing standards generally accepted by 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 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 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.

Convention and Visitors Bureau
Sandusky County
Report of Independent Accountants 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 audit committee, management and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 17, 2002



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

SANDUSKY CONVENTION AND VISITORS BUREAU

SANDUSKY 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
JULY 30, 2002**