



**Auditor of State  
Betty Montgomery**



**CONVENTION AND VISITORS BUREAU  
SANDUSKY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Convention and Visitors Bureau  
Sandusky County  
712 North Street, Suite 102  
Fremont, Ohio 43420-1198

To the Board of Trustees:

We have audited the accompanying financial statements of the Sandusky County Convention and Visitors Bureau (the Bureau) as of and for the years ended December 31, 2003 and 2002. 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 discussed 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 Sandusky County Convention and Visitors Bureau as of December 31, 2003 and 2002, 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 March 19, 2004 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.

This report is intended solely for the information and use of the audit committee, 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

March 19, 2004

**CONVENTION AND VISITORS BUREAU  
SANDUSKY COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<b>2003</b>	<b>2002</b>
<b>Cash Receipts</b>		
County Hotel/Motel Lodging Tax	\$ 196,520	\$ 178,793
Intergovernmental Revenue		25,000
Sales Advertising	20,427	18,805
Interest Earned	9	123
Donations	14,000	
Miscellaneous	1,344	78
	<u>232,300</u>	<u>222,799</u>
<b>Total Cash Receipts</b>		
<b>Cash Disbursements</b>		
Salaries and Fringe Benefits	97,200	95,568
Office Expenses, Utilities, Phone	28,549	38,927
Promotions, Fund Raisers	55,348	45,795
Insurance, Annual Meeting Expenses	9,096	7,052
Other Expenses	3,732	5,562
Capital Outlay	10,432	35,555
	<u>204,357</u>	<u>228,459</u>
<b>Total Cash Disbursements</b>		
<b>Total Receipts Over/(Under) Disbursements</b>	<u>27,943</u>	<u>(5,660)</u>
<b>Other Financing Disbursements</b>		
Loan Proceeds	69,450	41,902
Loan Payment	(80,279)	(66,344)
	<u>(10,829)</u>	<u>(24,442)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>		
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>17,114</u>	<u>(30,102)</u>
<b>Cash Balances, January 1</b>	<u>720</u>	<u>30,822</u>
<b>Cash Balances, December 31</b>	<u>\$ 17,834</u>	<u>\$ 720</u>

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

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**CONVENTION AND VISITORS BUREAU  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**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 exercise 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 non-for-profit corporation. Resolution 1989-0541 authorized Sandusky County to enter into an agreement with the Sandusky County Convention and Visitors Bureau 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 September 4, 2001 and renewable there after. 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'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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**CONVENTION AND VISITORS BUREAU  
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**C. Fund Accounting**

The Bureau classifies its funds into the following type:

**General Fund**

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

**D. Budgetary Process**

The Bureau prepares an annual budget for its fund.

**E. 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.

**2. EQUITY IN POOLED CASH**

The carrying amount of cash at December 31 follows:

	2003	2002
Demand deposits	\$17,834	\$720

Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$223,418	\$301,750	\$78,332

**CONVENTION AND VISITORS BUREAU  
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$224,180	\$284,636	\$60,456

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$179,444	\$264,701	\$85,257

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$182,783	\$294,803	\$112,020

**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.

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Note Payable - Building	\$93,565	4.15%

In 2001 the Bureau executed a note in the amount of \$100,000 to finance the construction of a building. The note is unsecured, payable over 20 years, and bears interest at the rate of 4.15 percent.

**CONVENTION AND VISITORS BUREAU  
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Note Payable
2004	\$7,405
2005	7,405
2006	7,405
2007	7,405
2008	7,405
2009-2013	37,025
2014-2018	37,025
2019-2021	22,215
Total	\$133,290

The Bureau has a credit line in the amount of \$40,000 with Sky Bank. This obligation is payable on demand, is unsecured, and bears interest at the current prime rate. The balance as of December 2003 was \$61.

**6. RETIREMENT SYSTEM**

Employees are covered under the Social Security System. The Bureau's liability is 6.2 percent of employees' wages. Employees also contribute to a simple IRA program and the Board matches the employees' contributions with a 3 percent of employees' wages.

**7. 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 \$1,500 to reduce the cost of the premium. The Board pays the deductible.

**8. RISK MANAGEMENT**

The Bureau is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During audit period, the Bureau contracted with County Risk Sharing Authority (CORSA) for property insurance.



**Auditor of State  
Betty Montgomery**

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

Convention and Visitors Bureau  
Sandusky County  
712 North Street, Suite 102  
Fremont, Ohio 43420-1198

To the Board of Trustees:

We have audited the accompanying financial statements of the Sandusky County Convention and Visitors Bureau (the Bureau) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 19, 2004. 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 an instance of noncompliance that is required to be reported under *Governmental Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Bureau in a separate letter dated March 19, 2004.

**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

Convention and Visitors Bureau  
Sandusky County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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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 do not require inclusion in this report, that we have reported to management of the Bureau in a separate letter dated March 19, 2004.

This report is intended solely for the information and use of the audit committee, management, and Board of Trustees, 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

March 19, 2004

**CONVENTION AND VISITORS BUREAU  
SANDUSKY COUNTY**

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Finding for Recovery Repaid Under Audit**

The Board approved the Executive Director's annual salary of \$43,359.75 and \$45,527.74 for years 2002 and 2003 respectively.

The Executive Director was paid as follows:

	<u>2002</u>	<u>2003</u>	<u>Total Overpayment</u>
Amount Due	\$ 43,359.75	\$ 45,527.74	
Amount Paid	<u>43,424.00</u>	<u>45,813.00</u>	
Difference	<u>\$ 64.25</u>	<u>\$ 285.26</u>	\$ 349.51

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money that was illegally expended is hereby issued against Connie Durdel, the Executive Director, in the amount of three hundred and forty nine dollars and fifty one cents (\$349.51) and in favor of the Sandusky County Convention and Visitors Bureau.

The finding for recovery was repaid during the audit on February 27, 2004.





**Auditor of State  
Betty Montgomery**

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**SANDUSKY COUNTY 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  
APRIL 20, 2004**