



**Auditor of State
Betty Montgomery**

**AUGLAIZE AND MERCER COUNTIES CONVENTION AND VISITORS BUREAU
AUGLAIZE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Auglaize and Mercer Counties
Convention and Visitors Bureau
Auglaize County
900 Edgewater Drive
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the accompanying financial statements of the Auglaize and Mercer Counties Convention and Visitors Bureau, Auglaize County, (the Bureau), as of and for the years ended December 31, 2003 and December 31, 2002, as listed in the table of contents. 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 Bureau as of December 31, 2003 and December 31, 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 10, 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.

Auglaize and Mercer Counties
Convention and Visitors Bureau
Auglaize County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 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 10, 2004

**AUGLAIZE AND MERCER COUNTIES CONVENTION AND VISITORS BUREAU
AUGLAIZE COUNTY**

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

	2003	2002
Cash Receipts:		
Lodging Tax	\$ 116,671	\$ 118,491
Membership Fees	7,595	6,860
Advertising	2,695	2,786
Special Functions	1,300	6,533
Miscellaneous	391	77
Total Cash Receipts	128,652	134,747
Cash Disbursements:		
Salaries and Wages	48,033	46,381
Benefits	6,825	5,964
Advertising and Promotion	40,704	49,595
Repairs and Maintenance	3,718	1,144
Publications and Memberships	931	591
Supplies	6,771	5,682
Contract Services	10,101	10,276
Special Functions Expense	1,472	3,615
Miscellaneous	1,317	1,696
Capital Outlay	125	482
Repayment of Loans	6,545	6,136
Interest Expense	7,544	8,803
Total Cash Disbursements	134,086	140,365
Total Receipts Over/(Under) Disbursements	(5,434)	(5,618)
Other Financing Receipts:		
Interest Income	430	1,509
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(5,004)	(4,109)
Cash Balances, January 1	41,433	45,542
Cash Balances, December 31	\$36,429	\$41,433

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

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**AUGLAIZE AND MERCER COUNTIES CONVENTION AND VISITORS BUREAU
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Auglaize and Mercer Counties Convention and Visitors Bureau (the Bureau) is organized in accordance with Chapter 1702 of the Ohio Revised Code.

The Bureau operates under a nineteen member board. There are seven appointees from Auglaize County, seven appointees from Mercer County, an Auglaize County Commissioner or designee, a Mercer County Commissioner or designee, and one representative from each of the following; the Celina/Mercer County Chamber of Commerce, the St. Marys Area Chamber of Commerce, and the Wapakoneta Area Chamber of Commerce. Each appointee serves for a term of three years.

The Bureau was established in 1992 and its purpose is to promote tourism and attract tourists and conventions to Auglaize and Mercer Counties. The Bureau is a joint venture between Auglaize and Mercer Counties.

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

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.

Certificates of deposit are valued at cost.

D. Budgetary Process

The Bureau prepares an annual budget. A summary of 2003 and 2002 budgetary activity appears in Note 3.

**AUGLAIZE AND MERCER COUNTIES CONVENTION AND VISITORS BUREAU
AUGLAIZE COUNTY**

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

2. EQUITY IN CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 follows:

Demand deposits	\$ 25,531	\$ 30,826
Certificates of deposit	<u>10,898</u>	<u>10,607</u>
Total deposits	<u>\$ 36,429</u>	<u>\$ 41,433</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

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

2003 Budget vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
<u>\$141,700</u>	<u>\$129,082</u>	<u>(\$12,618)</u>

2003 Budget vs. Actual Expenditures

Budgeted Expenditures	Actual Expenditures	Variance
<u>\$141,700</u>	<u>\$134,086</u>	<u>\$7,614</u>

2002 Budget vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
<u>\$154,100</u>	<u>\$136,256</u>	<u>(\$17,844)</u>

2002 Budget vs. Actual Expenditures

Budgeted Expenditures	Actual Expenditures	Variance
<u>\$154,100</u>	<u>\$140,365</u>	<u>\$13,735</u>

4. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Loan - Van Purchase	\$1,250	8.75%
Bank Loan - Building Construction	<u>88,812</u>	8.00%
Total	<u><u>\$90,062</u></u>	

The van loan is payable over a period of five years at \$324 per month. This promissory note is collateralized by the purchased vehicle. The building loan was for the construction of a facility to house the Bureau, and is payable over a period of fifteen years at the rate of \$850 per month. This promissory note is collateralized by the revenue, and real and personal property of the Bureau.

**AUGLAIZE AND MERCER COUNTIES CONVENTION AND VISITORS BUREAU
AUGLAIZE COUNTY**

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

4. DEBT (Continued)

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

Year ending December 31:	Van Loan	Building Loan
2003	\$1,296	\$10,205
2004		10,205
2005		10,205
2006		10,205
2007		10,205
2008 - 2014		49,870
Total	\$1,296	\$100,895

5. RISK MANAGEMENT

Commercial Insurance

The Auglaize and Mercer Counties Convention and Visitors Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Auditor of State Betty Montgomery

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

Auglaize and Mercer Counties
Convention and Visitors Bureau
Auglaize County
900 Edgewater Drive
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the financial statements of the Auglaize and Mercer Counties Convention and Visitors Bureau, Auglaize County, (the Bureau), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated March 10, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Bureau in a separate letter dated March 10, 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 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 10, 2004.

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Auglaize and Mercer Counties
Convention and Visitors Bureau
Auglaize County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended 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.

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 10, 2004



**Auditor of State
Betty Montgomery**

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AUGLAIZE/MERCER COUNTIES CONVENTION AND VISITORS BUREAU

AUGLAIZE 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 15, 2004**