

**MOHICAN CONVENTION AND VISITORS BUREAU  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004-2003**





**Auditor of State  
Betty Montgomery**

Mohican Convention and Visitors Bureau  
249 West Main Street  
Loudonville, Ohio 44842

We have reviewed the *Independent Accountants' Report* of the Mohican Convention and Visitors Bureau, Ashland County, prepared by Knox & Knox for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

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 Mohican Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 29, 2005

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**MOHICAN CONVENTION AND VISITORS BUREAU  
ASHLAND COUNTY**

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## Independent Accountants' Report

Mohican Convention and Visitors Bureau  
Ashland County  
249 West Main Street  
Loudonville, Ohio 44842

To the Board of Trustees:

We have audited the accompanying financial statements of the Mohican Convention and Visitors Bureau, Ashland County, Ohio, (the Bureau) as of and for the years ended December 31, 2004 and 2003. 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 reasonably assure 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 has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Bureau to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Bureau does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of the State of Ohio permits, but does not require, governments to reformat their statements. The Bureau has elected not to reformat its statements. Since this Bureau does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Bureau as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Mohican Convention and Visitors Bureau, Ashland County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Bureau to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

*Knox & Knox*

Orrville, Ohio  
October 26, 2005



**MOHICAN CONVENTION AND VISITORS BUREAU  
ASHLAND COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>Cash Receipts:</b>		
Hotel/Motel Tax	\$109,006	\$100,861
Earnings on Investments	220	422
Miscellaneous	<u>50</u>	<u>1,945</u>
Total Cash Receipts	<u>109,276</u>	<u>103,228</u>
<b>Cash Disbursements:</b>		
Current:		
Postage	1,233	1,362
Utilities	1,224	478
Advertising	72,816	106,626
Administration	26,190	12,834
Miscellaneous	<u>29,031</u>	<u>21,549</u>
Total Cash Disbursements	<u>130,494</u>	<u>142,849</u>
Total Cash Receipts Over/(Under) Disbursements	< <u>21,218</u> >	< <u>39,621</u> >
Fund Cash Balances, January 1	<u>58,211</u>	<u>97,832</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 36,993</u>	<u>\$ 58,211</u>

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

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**MOHICAN CONVENTION AND VISITORS BUREAU  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Mohican Convention and Visitors Bureau, Ashland County, (the Bureau) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Bureau is directed by a nine-member Board of Trustees. The purpose of the Bureau is to promote tourism, conferences, conventions, and group meetings in the Loudonville and Mohican area.

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**

The certificates of deposit are valued at cost. All other cash of the Bureau is maintained in a non-interest bearing checking account.

**D. Fund Accounting**

The Bureau uses fund accounting to segregate cash that is restricted as to use. The Bureau classifies its funds as a General Fund which is the general operating fund, and it is used to account for all financial resources of the Bureau.

**E. Property, Plant and Equipment**

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

**F. Budgetary Process**

The Bureau is not required to follow budgetary procedures as prescribed by the Ohio Revised Code; however, the Bureau uses internal budgets for planning purposes which they adopt annually.

A summary of budgetary activity appears in Note 6

**MOHICAN CONVENTION AND VISITORS BUREAU  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH**

The carrying amount of cash at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$15,418	\$36,856
Certificates of deposit	<u>21,575</u>	<u>21,355</u>
Total deposits	<u>\$36,993</u>	<u>\$58,211</u>

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

**3. HOTEL/MOTEL TAX**

Ashland County provides funding to the Bureau by remitting collections from the County's hotel/motel tax. During 2004 and 2003, the Bureau received \$109,006 and \$100,861 in hotel/motel tax revenue, respectively.

**4. RISK MANAGEMENT**

The Bureau has obtained commercial insurance for general liability risks.

**5. RELATED PARTY TRANSACTIONS**

The Loudonville Chamber of Commerce retains 20% of the hotel/motel tax revenue received from Ashland County. The monies that comprise this percentage are used for administration of the Cooperative Office, which includes the Mohican Convention and Visitors Bureau. Administration expenses include rent and utility costs.

**6. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Estimated vs. Actual Receipts		
<u>Estimated</u>	<u>Actual</u>	
<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
\$112,000	\$109,276	<\$2,724>

2004 Estimated vs. Actual Expenditures		
<u>Estimated</u>	<u>Actual</u>	
<u>Expenditures</u>	<u>Expenditures</u>	<u>Variance</u>
\$ 90,395	\$130,494	<\$40,099>

MOHICAN CONVENTION AND VISITORS BUREAU  
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

3. BUDGETARY ACTIVITY (Continued)

<u>2003 Estimated vs. Actual Receipts</u>		
<u>Estimated</u>	<u>Actual</u>	
<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
\$112,000	\$103,228	<\$8,772>

<u>2003 Estimated vs. Actual Expenditures</u>		
<u>Estimated</u>	<u>Actual</u>	
<u>Expenditures</u>	<u>Expenditures</u>	<u>Variance</u>
\$111,995	\$142,849	<\$30,854>

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

Mohican Convention and Visitors Bureau  
Ashland County  
249 West Main Street  
Loudonville, Ohio 44842

To the Board of Trustees:

We have audited the accompanying financial statements of the Mohican Convention and Visitors Bureau, Ashland County, Ohio (the Bureau), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 26, 2005. 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 would 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 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 we have reported to the management of the Bureau in a separate letter dated October 26, 2005.

Mohican Convention and Visitors Bureau  
Ashland 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 of the audit committee, management, and the Board of Trustees, and should not be used by anyone other than these specified parties.

*KNOX & KNOX*

Orrville, Ohio  
October 26, 2005





**Auditor of State  
Betty Montgomery**

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**MOHICAN CONVENTION AND VISITORS BUREAU**

**ASHLAND 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  
DECEMBER 13, 2005**