



**Auditor of State
Betty Montgomery**

**CONVENTION AND VISITOR'S BUREAU
SANDUSKY COUNTY**

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Betty Montgomery
Auditor of State

July 7, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Convention and Visitor's 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 Convention and Visitor's Bureau, Sandusky County, (the Bureau) as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Bureau has prepared these financial statements using accounting practices the Auditor of State 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 years ended December 31, 2005 and 2004. While the Bureau does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State 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 years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Convention and Visitor's Bureau, Sandusky County as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of the Convention and Visitor's Bureau, Sandusky County, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Bureau to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Bureau 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 July 7, 2006, 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 *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

July 7, 2006

**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, 2005 AND 2004

	2005	2004
Cash Receipts		
County Hotel/Motel Lodging Tax	\$ 199,425	\$ 184,617
Sales Advertising	20,700	15,225
Disney Seminar Income		51,971
Miscellaneous	2,875	560
Total Cash Receipts	223,000	252,373
Cash Disbursements		
Salaries and Fringe Benefits	114,542	102,168
Office Expenses, Utilities, Phone	32,954	36,856
Promotions, Fund Raisers	52,330	86,262
Insurance, Annual Meeting Expenses	8,691	5,890
Other Expenses	9,501	4,667
Total Cash Disbursements	218,018	235,843
Total Receipts Over Disbursements	4,982	16,530
Other Financing Disbursements		
Loan Proceeds	47,500	30,500
Loan Payment	(55,226)	(38,723)
Total Other Financing Receipts/(Disbursements)	(7,726)	(8,223)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,744)	8,307
Cash Balances, January 1	26,141	17,834
Cash Balances, December 31	\$ 23,397	\$ 26,141

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, 2005 AND 2004**

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 Visitor's Bureau. Resolution 1989-0452 on June 1, 1989, terminated the involvement of the Chamber of Commerce and authorized the Convention and Visitor's 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 Visitor's 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 was directed by a twelve member Board of Trustees through December 31, 2004. Eleven members were appointed by the Sandusky County Commissioners and one member was appointed by the Tourist Board. Beginning January 1, 2005, the Board was reduced to seven members. All were appointed by the Sandusky County Board of County Commissioners.

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.

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.

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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:

	2005	2004
Demand deposits	\$23,397	\$26,141

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$227,897	\$270,500	\$42,603

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$204,500	\$273,244	(\$68,744)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$280,027	\$282,873	\$2,846

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$257,835	\$274,566	(\$16,731)

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

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, 2005, was as follows:

	Principal	Interest Rate
Note Payable - Building	\$85,700	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.

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

Year ending December 31:	Note Payable
2006	\$7,405
2007	7,405
2008	7,405
2009	7,405
2010	7,405
2011-2015	37,025
2016-2020	37,025
2021	6,788
Total	\$117,863

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 2005 was zero.

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 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.

**CONVENTION AND VISITORS BUREAU
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

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 the audit period, the Bureau contracted with County Risk Sharing Authority (CORSA) for property insurance through March 14, 2005.

Beginning March 15, 2005, the Bureau contracted with Auto Owners Insurance for property and liability coverage.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Trustees:

We have audited the financial statements of the Convention and Visitor's Bureau, Sandusky County (the Bureau) as of and for the years ended December 31, 2005 and 2004, and has issued our report thereon dated July 7, 2006, wherein we noted the Bureau uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Bureau's management dated July 7, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Bureau's management dated July 7, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Convention and Visitor's Bureau
Sandusky County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for 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

July 7, 2006



**Auditor of State
Betty Montgomery**

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CONVENTION AND VISITOR'S 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
AUGUST 1, 2006**