



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

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

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

November 9, 2006

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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, 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 year ended December 31, 2004 and 2005. Instead of the fund the accompanying financial statements presents for 2005 and 2004, the revisions require presenting entity wide statements. 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 the 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, 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 Bureau as of December 31, 2005 and 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 cash balances of the Auglaize and Mercer Counties Convention and Visitors Bureau, Auglaize 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 November 9, 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

November 9, 2006

**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, 2005 AND 2004**

	2005	2004
Cash Receipts:		
Lodging Tax	\$141,743	\$134,877
Membership Fees	8,085	8,820
Advertising	225	11,850
Special Functions	636	1,241
Interest	597	202
Miscellaneous	612	113
	151,898	157,103
Total Cash Receipts	151,898	157,103
Cash Disbursements:		
Salaries and Wages	53,854	50,498
Benefits	3,165	2,959
Advertising and Promotion	30,928	44,201
Repairs and Maintenance	4,247	2,465
Publications and Memberships	1,566	573
Supplies	5,956	5,862
Contract Services	7,637	12,915
Special Functions Expense	932	1,450
Miscellaneous	1,333	2,497
Capital Outlay	8,003	
Repayment of Loans	5,792	5,315
Interest Expense	4,600	6,283
Real Estate Tax Expense	1,616	
	129,629	135,018
Total Cash Disbursements	129,629	135,018
Total Receipts Over/(Under) Disbursements	22,269	22,085
Other Financing Sources/(Uses):		
Loan Proceeds		86,755
Repayment of Loan		(86,755)
		-
Excess of Cash Receipts and Other Financing Sources Over /(Under) Cash Disbursements and Other Financing Uses	22,269	22,085
Cash Balances, January 1	58,514	36,429
Cash Balances, December 31	\$80,783	\$58,514

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, 2005 AND 2004**

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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. Fund Accounting

The Bureau uses fund accounting to segregate cash that is restricted as to use. The Bureau classifies its fund as the following type:

1. **General Fund** - The General Fund reports all financial resources except those required to be accounted for in another fund.

E. Budgetary Process

The Bureau prepares an annual budget. There is no statutory requirement for the Bureau to prepare an annual budget. A summary of 2005 and 2004 budgetary activity appears in Note 3.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

The Bureau records disbursements for acquisitions of property, plant, and equipment when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The carrying amount of cash at December 31 follows:

	2005	2004
Demand Deposits	\$ 56,768	\$ 35,013
Certificates of Deposit	24,015	23,501
Total deposits	\$80,783	\$58,514

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

3. BUDGETARY ACTIVITY

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

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$140,800	\$151,898	\$11,098
	\$140,800	\$151,898	\$11,098

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,800	\$129,629	\$11,171
	\$140,800	\$129,629	\$11,171

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$223,655	\$243,858	\$20,203
	\$223,655	\$243,858	\$20,203

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$223,655	\$221,773	\$1,882
	\$223,655	\$221,773	\$1,882

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

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

4. HOTEL/MOTEL LODGING TAX

The major source of revenue for the Bureau is the hotel/motel lodging tax. Auglaize and Mercer Counties have assessed a three percent tax on all hotels and motels within their respective jurisdictions. These taxes are required to be used to promote travel and tourism in the area. The Bureau pays operational and promotional expenses from these funds. During 2005 and 2004, the Bureau received lodging tax in the amount of \$141,743 and \$134,877, respectively. Of these amounts, \$87,224 and \$88,360 was received from Auglaize County for 2005 and 2004, respectively and \$54,519 and \$46,517 from Mercer County for 2005 and 2004, respectively.

5. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Bank Loan - Building	\$79,438	5.5% (Variable)

The building loan was for the refinancing of the original construction loan for a facility to house the Bureau, and is payable over a period of twenty years at the rate of \$602 per month. The loan was refinanced on July 29, 2004. This promissory note is collateralized by the revenue, and real and personal property of the Bureau.

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

Year Ending December 31	Building Loan
2006	\$7,226
2007	7,226
2008	7,226
2009	7,226
Thereafter (no interest computed)	67,032
Total	\$95,936

The first five years of the loan have a set interest rate of 5.5 percent. The remainder of the loan, years 2010 thru 2024, is based upon a variable interest rate of 3.25 percent above the one year treasury constant weekly average.

6. RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

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

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**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***

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, 2005 and 2004, and have issued our report thereon dated November 9, 2006, wherein we noted the Bureau prepared its financial statements using accounting practices the Auditor of State prescribes rather 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 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 November 9, 2006, we reported other matters involving internal control over financial reporting we did not deem to be 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*.

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Auglaize and Mercer Counties
Convention and Visitors Bureau
Auglaize 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 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

November 9, 2006



**Auditor of State
Betty Montgomery**

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AUGLAIZE/MERCER 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
DECEMBER 12, 2006**