



**NAPOLEON/HENRY COUNTY CHAMBER OF COMMERCE VISITORS BUREAU
HENRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005



**Auditor of State
Betty Montgomery**

**NAPOLEON/HENRY COUNTY CHAMBER OF COMMERCE VISITORS BUREAU
HENRY COUNTY**

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**Auditor of State
Betty Montgomery**

Napoleon/Henry County Chamber of Commerce Visitors Bureau
Henry County
611 North Perry Street
Napoleon, Ohio 43545-1701

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement 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 statement 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 statement 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

May 25, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Napoleon/Henry County Chamber of Commerce Visitors Bureau
Henry County
611 North Perry Street
Napoleon, Ohio 43545-1701

To the Board of Directors:

We have audited the accompanying financial statement of Napoleon/Henry County Chamber of Commerce Visitors Bureau, Henry County, (the Bureau) as of and for the years ended December 31, 2005 and 2004. This financial statement is the responsibility of the Bureau's management. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the following paragraph, 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 statement. 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.

We were unable to obtain sufficient records that documented the Rib Fest admission revenues for the year ended December 31, 2005. We were unable to perform procedures to satisfy ourselves that all revenues received were recorded in the accounting records. Rib Fest admission revenues represent 10% of total revenues for the year ended December 31, 2005.

As described more fully in Note 1, the Bureau has prepared this financial statement 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 statement 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. Instead of the fund the accompanying financial statement presents for 2005 and 2004, the revisions require presenting entity wide statements and also to present its major fund separately for 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 statement. 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 statement referred to above for the years ended December 31, 2005 and 2004, does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Bureau as of May 25, 2006, or its changes in financial position for the years then ended.

Also, in our opinion except for the effects of such adjustments if any, as might have been determined to be necessary had we been able to examine certain information regarding the Rib Fest admission revenues, the financial statement referred to above presents fairly, in all material respects, the fund cash balances of Napoleon/Henry County Chamber of Commerce, Henry 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 year 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 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

May 25, 2006

**NAPOLEON/HENRY COUNTY CHAMBER OF COMMERCE VISITORS BUREAU
HENRY 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	\$ 41,805	\$ 35,704
Rib Fest Proceeds	5,226	
Rib Fest Sponsors	4,700	
Interest	184	131
Total Cash Receipts	51,915	35,835
Cash Disbursements		
Administrative	1,630	7,554
Personnel Services	12,330	12,330
Advertising	4,710	2,390
Christmas Decorations	1,704	1,514
Professional Dues	1,453	1,460
Office Supplies	1,400	1,400
Postage	124	338
Promotions	1,103	2,077
Rent	4,150	4,150
Fire Works	1,300	1,000
Telephone	1,400	1,400
Rib Fest	12,458	
Miscellaneous	64	943
Total Cash Disbursements	43,826	36,556
Total Cash Receipts Over/(Under) Cash Disbursements	8,089	(721)
Cash Balances, January 1	21,151	21,872
Cash Balances, December 31	\$ 29,240	\$ 21,151

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**NAPOLEON/HENRY CHAMBER OF COMMERCE VISITORS BUREAU
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2005 AND 2004**

1. A. Description of the Entity

The Napoleon/Henry County Chamber of Commerce Visitors Bureau, Henry 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 an eighteen-member Board of Directors.

The Napoleon/Henry County Chamber of Commerce and the City of Napoleon entered into an agreement to establish and operate a Convention and Visitors Bureau. The Bureau promotes and publicizes the City of Napoleon and its surrounding areas in order to bring the patronage and business of tourists to the area. The Bureau advertises cultural, educational, religious, professional, and sports organization of the surrounding business area.

The Bureau's management believes these financial statements present all activities for which the Bureau is financially accountable.

B. Basis of Accounting

This financial statement follows 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. Fund Accounting

The Bureau uses only one fund classification, a General Fund. The General Fund is the general operating fund. It is used to account for all financial resources.

D. Budgetary Process

1. Appropriations

Budgetary expenditures may not exceed appropriations at the fund and function level of control, per the Chamber of Commerce's bylaws. The Board of Directors annually approves a budget which is submitted to the City of Napoleon's Council Members.

2. Estimated Resources

Estimated resources include estimates of cash to be received from lodging tax monies collected by the City of Napoleon.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

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.

**NAPOLEON/HENRY CHAMBER OF COMMERCE VISITORS BUREAU
HENRY COUNTY**

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

2. EQUITY IN CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2005	2004
Total Demand Deposits	\$ 29,240	\$ 21,151

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2005 and 2004 as follows:

2005 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 36,100	\$51,915	\$ 15,815

2005 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 36,100	\$ 43,826	\$ (7,726)

2004 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 36,100	\$ 35,835	\$ (265)

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 35,220	\$ 36,556	\$ (1,336)

4. RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

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



**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***

Napoleon/Henry County Chamber of Commerce Visitors Bureau
Henry County
611 North Perry Street
Napoleon, Ohio 43545-1701

To the Board of Directors:

We have audited the financial statement of the Napoleon/Henry County Chamber of Commerce Visitors Bureau, Henry County, (the Bureau) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 25, 2006, which was qualified for our inability to obtain sufficient evidential matter supporting Rib Fest admission revenues and wherein we noted the Bureau followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Bureau's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statement. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 and 2005-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2005-001 listed above to be a material weakness. In a separate letter to the Bureau's management dated May 25, 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 May 25, 2006, we reported another matter related to noncompliance we deemed immaterial.

This report is intended for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

May 25, 2006

**NAPOLEON/HENRY COUNTY CHAMBER OF COMMERCE VISITORS BUREAU
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Material Weakness

Rib Fest Accountability

Sound accounting practice requires entities such as visitors bureaus to maintain an accounting system and accounting records sufficient to enable the entity to identify, assemble, analyze, classify, record and report its transactions, maintain accountability of its assets, document compliance with financial, legal and contractual requirements, and prepare financial statements.

The Napoleon/Henry County Chamber of Commerce Visitors Bureau (the Bureau) held a rib festival (Rib Fest) during 2005 where the Bureau had charged admission. These receipts were accounted for on the financial statement, but the Bureau did not have any records to support these revenues. Failure to have supporting documentation for the Rib Fest admission revenues has resulted in a scope limitation. In addition, the Bureau established change funds for the Rib Fest in the amount of \$2,400. The Bureau established change funds which were shown as an expenditure on the financial statement. The return of the change funds were reported as Rib Fest admission revenues on the financial statement. The financial statement was adjusted to eliminate this revenue and disbursement activity.

In order to ensure that admission revenues for events such as the Rib Fest are accurately and fully account for, we recommend that:

- Prenumbered tickets be issued for all gate receipts.
- Ticket reports be generated by ticket takers, that compares tickets sold to gate collections.
- Ticket reports be monitored by the executive director for validity and completeness.
- The establishment and return of change funds be separately accounted for from admission revenue and not counted as financial statement activity.

Officials' Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2005-002

Reportable Condition

Documentation of Expenditures

Strong accounting controls over disbursements requires the system be sufficient to provide evidence that recorded transactions have occurred and are not fictitious.

There were no invoices or other documentation to support seventeen expenditure transactions in 2005 and eight expenditure transactions made in 2004. Lack of detailed supporting documentation for expenditures increases the likelihood that expenditures could be made for improper purposes.

**FINDING NUMBER 2005-002
(Continued)**

In order to document the validity of disbursements made, we recommend that the Bureau obtain detailed invoices from vendors or businesses for all purchases.

Officials' Response

We did not receive a response from Officials to this finding.



**Auditor of State
Betty Montgomery**

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**NAPOLEON HENRY COUNTY CHAMBER
OF COMMERCE VISITORS BUREAU**

HENRY 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
JUNE 22, 2006**