



**CONVENTION AND VISITORS' BUREAU
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Balance Sheet – Proprietary Fund Type	3
Statement of Revenues, Expenses, and Changes in Retained Earnings – Proprietary Fund Type	4
Statement of Cash Flows – Proprietary Fund Type	5
Notes to the General-Purpose Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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REPORT OF INDEPENDENT ACCOUNTANTS

Convention and Visitors' Bureau
Hancock County
123 East Main Cross Street
Findlay, Ohio 45840-4801

To the Advisory Board:

We have audited the accompanying general-purpose financial statements of the Convention and Visitors' Bureau, Hancock County, (the Bureau) as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Convention and Visitors' Bureau, Hancock County, as of December 31, 1999 and 1998, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2000, 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.

Jim Petro
Auditor of State

March 1, 2000

**BALANCE SHEET
 PROPRIETARY FUND TYPE
 AS OF DECEMBER 31, 1999 AND 1998**

	Proprietary Fund Type	
	Enterprise 1999	Enterprise 1998
ASSETS:		
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 98,020	\$ 140,855
Receivables:		
Accounts	5,000	1,260
Hotel/Motel Taxes	31,182	26,881
Prepaid Items	281	281
Leaseholds (Net of Accumulated Depreciation)	5,538	5,688
Fixed Assets (Net of Accumulated Depreciation)	12,571	7,958
Total Assets	\$ 152,592	\$ 182,923
 LIABILITIES, FUND EQUITY AND OTHER CREDITS:		
Liabilities:		
Accounts Payable	\$ 7,198	\$ 11,476
Grants Payable	32,800	
Total Liabilities	39,998	11,476
 Fund Equity and Other Credits:		
Retained Earnings	112,594	171,447
Total Fund Equity and Other Credits	112,594	171,447
Total Liabilities, Fund Equity and Other Credits	\$ 152,592	\$ 182,923

The notes to the general-purpose financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS EQUITY - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<u>Enterprise 1999</u>	<u>Enterprise 1998</u>
Operating Revenues:		
Hotel/Motel Tax	\$ 129,381	\$ 122,598
Operating Expenses:		
Salaries	29,558	25,916
Fringe Benefits	6,511	8,209
Purchased Services	19,346	18,624
Materials and Supplies	1,558	840
Promotions	37,120	18,515
Depreciation	3,101	2,036
Other Operating Expenses	25	
	<u>97,219</u>	<u>74,140</u>
Total Operating Expenses	<u>97,219</u>	<u>74,140</u>
Operating Income	<u>32,162</u>	<u>48,458</u>
Non-Operating Revenues (Expenses):		
Interest	4,785	4,032
Grants for Downtown Findlay	<u>(95,800)</u>	
Total Non-operating Revenues (Expenses)	<u>(91,015)</u>	<u>4,032</u>
Net Income	(58,853)	52,490
Retained Earnings at Beginning of Year	<u>171,447</u>	<u>118,957</u>
Retained Earnings at End of Year	<u>\$ 112,594</u>	<u>\$ 171,447</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	Enterprise 1999	Enterprise 1998
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows From Operating Activities:		
Cash Received From Hotel/Motel Tax	\$ 125,080	\$ 122,516
Cash Payments For Personal Services	(25,164)	(25,916)
Cash Payments For Fringe Benefits	(5,791)	(8,015)
Cash Payments For Goods and Services	(71,181)	(28,596)
Net Cash Provided By Operating Activities	22,944	59,989
Cash Flows From Noncapital Financing Activities:		
Grants for Downtown Findlay	(63,000)	
Cash Flows From Capital and Related Financing Activities:		
Purchase of Fixed Assets	(7,564)	(3,453)
Cash Flows From Investing Activities:		
Interest	4,785	4,032
Net Increase In Cash and Cash Equivalents	(42,835)	60,568
Cash and Cash Equivalents At Beginning of Year	140,855	80,287
Cash and Cash Equivalents At End of Year	\$ 98,020	\$ 140,855
 Reconciliation of Operating Loss To Net Cash Used For Operating Activities:		
Operating Income	\$ 32,162	\$ 48,458
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation	3,101	2,036
Changes in Assets and Liabilities:		
Increase in Accounts Receivable	(3,740)	(810)
Increase in Hotel/Motel Taxes Receivable	(4,301)	(82)
Decrease in Prepaids		1,173
Increase (Decrease) in Accounts Payable	(4,278)	9,214
Net Cash Used For Operating Activities	\$ 22,944	\$ 59,989

The notes to the general-purpose financial statements are an integral part of this statement.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

NOTE 1 - REPORTING ENTITY

The Hancock County Commissioners enacted Resolution 1988-336 and 1988-337 on December 22, 1988. These ordinances authorized Hancock County to enter into an agreement with the Findlay-Hancock County Chamber of Commerce to provide for the operations of a Convention and Visitors' Bureau. These ordinances also levy a hotel-motel tax to fund this contract. The purpose of the Convention and Visitors' Bureau is the promotion and publicizing of Hancock County, including the City of Findlay, in order to bring the patronage of business and tourists and cultural, educational, religious, professional, and sports organizations into the county. The contract is a three year agreement, beginning January 1, 1992 and ending December 31, 1995. 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 contract is renewable for periods of one year thereafter and is currently extended until December 31, 1999.

The Convention and Visitors Bureau operates as a component unit of the Findlay-Hancock County Chamber of Commerce. The Chamber of Commerce Board of Directors is responsible for approval of the budget of the Convention and Visitors' Bureau, hiring employees, approving expenditures, and signing the checks of the Convention and Visitors' Bureau. When the Chamber of Commerce makes an expenditure on behalf of the Convention and Visitors' Bureau, the Chamber of Commerce prepares an invoice. The Convention and Visitors' Bureau then writes a check to reimburse the Chamber of Commerce based on this invoice. All transactions are considered "at arm's length", are based on substantive documentation, and are recorded on the books of the Convention and Visitors' Bureau. The Convention and Visitors' Bureau paid \$65,761 in 1999 and \$81,205 in 1998 to the Chamber of Commerce for salaries, fringe benefits, rent, insurance, telephone, postage, travel expenses, and reimbursement of some of the Gus Macker tournament expenses.

Downtown Findlay is also a component unit of the Findlay-Hancock County Chamber of Commerce. The advisory board of the Convention and Visitors' Bureau also serves as the advisory board to the Downtown Findlay. During 1999, the Convention and Visitors' Bureau granted \$95,800 to Downtown Findlay, in support of its activities to promote the Downtown area.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hancock County Convention and Visitors' Bureau have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Bureau also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Bureau's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The Bureau uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Bureau functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

For financial statement presentation purposes, the various funds of the Bureau are grouped into the following generic fund type under the broad fund category proprietary.

Proprietary Fund Type

Proprietary funds are used to account for the Bureau's ongoing activities which are similar to those found in the private sector. The following is the Bureau's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Enterprise funds' operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. Equity in Pooled Cash and Investments

To improve cash management, all cash received by the Bureau is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through Bureau records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. Investments are stated at cost or amortized cost. Investment earnings are allocated based upon Bureau policy. During 1999 and 1998 the Bureau's investments were limited to certificates of deposit.

For purposes of the statement of cash flows and for presentation on the balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Bureau are considered to be cash equivalents.

D. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

E. Fixed Assets and Depreciation

Fixed assets utilized in the enterprise funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Bureau maintains a capitalization threshold of one hundred dollars. The Bureau does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of three to ten years.

NOTE 3 - PRIOR PERIOD RESTATEMENT

As of December 31, 1997 the Bureau failed to recognize the fourth quarter 1997 hotel/motel tax of \$26,799, received in 1998, as a receivable. This required the following restatement to retained earnings and net income as previously reported:

Retained Earnings as previously reported at December 31, 1997	\$ 92,158	
Adjustment for Hotel/Motel Taxes Receivable	26,799	
	118,957	
Restated Retained Earnings at January 1, 1998	\$ 118,957	
Net Income as previously reported for the year ended December 31, 1997	\$ 24,641	
Adjustment for Hotel/Motel Taxes Receivable	4,836	
	29,477	
Restated Net Income	\$ 29,477	

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Bureau into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Bureau Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Bureau has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Interim deposits are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Bureau's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end, the Bureau had \$50 in undeposited cash on hand which is included on the balance sheet of the Bureau as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements".

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 54,987	\$ 99,740
Certificates of deposit	<u>42,983</u>	<u>41,065</u>
Total deposits	<u>\$ 97,970</u>	<u>\$ 140,805</u>

All deposits are insured by the Federal Depository Insurance Corporation.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	
	1999	1998
GASB Statement No. 9	\$ 98,020	\$ 140,855
Cash on Hand	<u>(50)</u>	<u>(50)</u>
GASB Statement No. 3	<u>\$ 97,970</u>	<u>\$ 140,805</u>

NOTE 5 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at December 31 follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

	1998	1999
Furniture and Equipment	\$ 13,222	\$ 20,786
Leasehold Improvements	6,000	6,000
Less Accumulated Depreciation	(5,576)	(8,677)
Net Fixed Assets	\$ 13,646	\$ 18,109

A summary of the changes in enterprise fixed assets during fiscal year 1998 follows:

Asset Category	Balance 12/31/97	Additions	Deductions	Balance 12/31/98
Furniture and Equipment	\$ 10,344	\$ 3,453	\$ 575	\$ 13,222
Leasehold Improvements	6,000	0	0	6,000
Accumulated Depreciation	(4,115)	(2,036)	(575)	(5,576)
Net Fixed Assets	\$ 12,229	\$ 1,417	\$ 0	\$ 13,646

A summary of the changes in enterprise fixed assets during fiscal year 1999 follows:

Asset Category	Balance 12/31/98	Additions	Deductions	Balance 12/31/99
Furniture and Equipment	\$ 13,222	\$ 7,564	\$ 0	\$ 20,786
Leasehold Improvements	6,000	0	0	6,000
Accumulated Depreciation	(5,576)	(3,101)	0	(8,677)
Net Fixed Assets	\$ 13,646	\$ 4,463	\$ 0	\$ 18,109

NOTE 6 - HOTEL/MOTEL TAX

The Convention and Visitors' Bureau receives 40 percent of the hotel/motel taxes collected by the Hancock County Auditor. The tax, levied by the County Commissioners on December 22, 1988, is an excise tax of three percent on lodging furnished to transient guests throughout the County.

NOTE 7 - RISK MANAGEMENT

The Bureau is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the Bureau contracted for the following insurance coverages:

Coverages provided by the Cincinnati Insurance Company as follows:

Buildings and Contents - replacement cost	\$ 1,057,000
Business Income	15,000
Employee Dishonesty	25,000
Hardware and Software (\$250 deductible; \$1,000 breakdown)	36,000

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

General Bureau Liability	
Per Occurrence	500,000
Total per Year	1,000,000
Umbrella Liability Insurance	1,000,000
Directors and Officers	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from last year.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Social Security System

All employees are covered by Social Security. The Bureau's liability is 6.2 percent of wages paid.

NOTE 9 - CONTINGENT LIABILITIES

Litigation

There are currently no matters in litigation with the Bureau as defendant.



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

Convention and Visitors' Bureau
Hancock County
123 East Main Cross Street
Findlay, Ohio 45840-4801

To the Advisory Board:

We have audited the financial statements of the Convention and Visitors' Bureau, Hancock County, (the Bureau) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 1, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits, 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 1, 2000.

Convention and Visitors' Bureau
Hancock County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 1, 2000



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CONVENTION AND VISITORS BUREAU

HANCOCK 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
MARCH 23, 2000**