

**MEDINA COUNTY CONVENTION
AND VISITORS BUREAU**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Medina County Convention and Visitors Bureau
124 West Lafayette Road, Suite 100
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina County Convention and Visitors Bureau, Medina County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2004 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. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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 Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State 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 Medina County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 4, 2005

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**MEDINA COUNTY CONVENTION AND VISITORS BUREAU
FOR THE YEAR ENDED
DECEMBER 31, 2004**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Medina County Convention and Visitors Bureau
Medina County
124 West Lafayette Road
Medina, Ohio 44256

We have audited the accompanying financial statement of the Medina County Convention and Visitors Bureau (the Bureau), as of and for the year ended December 31, 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.

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 obtain reasonable assurance about whether the financial statement is 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 that our audit provides a reasonable basis for our opinion.

As described 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. Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above 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 December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Bureau, as of December 31, 2004 and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

August 19, 2005

**Medina County Convention and Visitors Bureau
Statement of Cash Receipts, Cash Disbursements and
Change in Cash Balance
For the Year Ended December 31, 2004**

Cash Receipts	
County Room Taxes	\$242,146
Membership Dues	4,570
Interest	585
Advertising	3,589
Miscellaneous	886
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Total Cash Receipts	251,776
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Cash Disbursements	
Payroll	72,717
Payroll Taxes	6,503
Medical Insurance	27,348
Life Insurance	209
Employee Benefits (IRA)	2,137
Rent	9,112
Contract Labor	576
Telephone	4,180
Postage	8,360
Office Supplies	3,749
Photography/Art	50
Advertising/Brochure	68,071
Printing	6,122
Dues/Subscriptions	4,301
Conference/Meetings	3,614
Travel	5,652
Insurance	3,350
Professional/Consultation	7,059
Promotional	2,769
Leased Equipment	1,027
Equipment Purchase	1,286
Automobile/Van Purchase	5,274
Automobile/Van Expense	1,124
Bank Service Charges	150
Other	50
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Total Cash Disbursements	244,790
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Total Receipts Over Disbursements	6,986
Cash Balance, January 1, 2004	103,373
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Cash Balance, December 31, 2004	\$110,359
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The notes to the financial statement are an integral part of this statement.

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Nature of Operations

The Medina County Convention and Visitors Bureau, Medina 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 governed by a Board of Trustees. For the year ended December 31, 2004, the Board of Trustees consisted of nine appointed members. The Bureau was formed to promote the area, facilities and attractions as a destination for visitors, resulting in increased business activity and improved quality of life for Medina County.

The Bureau's management believes this financial statement presents 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.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in the fund cash balances. 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.

Money market mutual funds are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Bureau uses fund accounting to segregate cash and investments that are restricted as to use. The Bureau classifies its funds into a General Fund, which is the general operating fund.

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004

E. 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 that it adopts annually.

A summary of 2004 budgetary activity appears in Note 4.

F. 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 statement.

2. **EQUITY IN CASH AND INVESTMENTS**

The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the Bureau's deposits was \$110,359 and the bank balance was \$116,851. Of this bank balance, the Federal Depository Insurance Corporation insured \$116,851.

3. **HOTEL/MOTES TAX**

Medina County provides funding to the Bureau by remitting collections from the County's hotel/motel tax. During 2004, the Bureau received \$242,146 in hotel/motel tax revenue.

4. **BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2004 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$218,700	\$251,776	\$33,076

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$245,740	\$244,790	\$950

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004

5. **RETIREMENT SYSTEM**

The Bureau implemented its SIMPLE IRA (Savings Incentive Match Plan for Employees) Program, effective January 1, 2000. Annual employer contributions to the plan are required at the participant's elective percentage of 1% to 3% of eligible compensation as defined in the plan or a maximum of \$6,000 per year. The Bureau's contributions to the active retirement plan totaled \$2,137 for the year ended December 31, 2004.

6. **RISK MANAGEMENT**

The Bureau has obtained the following commercial insurance through the Westfield Insurance Company:

- a. Comprehensive property and general liability
- b. Public officials and employee liability
- c. Vehicles

The Bureau also provides health insurance for all Bureau employees through a private carrier.

7. **COMMITMENTS AND CONTINGENCIES**

The Bureau receives a substantial amount of support from the County bed tax. A significant reduction in the level of this support, if this were to occur, may have an effect on the Bureau's programs and activities.

8. **LEASES**

The Bureau leases office space. The current lease agreement renewed on December 1, 2004 and expires November 30, 2007.

The schedule of future minimum lease payments is as follows:

	Office Space Lease
Year Ended December 31, 2005	\$8,400
Year Ended December 31, 2006	8,400
Year Ended December 31, 2007	7,700

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Medina County Convention and Visitors Bureau
Medina County
124 West Lafayette Road
Medina, Ohio 44256

We have audited the financial statement of the Medina County Convention and Visitors Bureau (the Bureau), as of and for the year ended December 31, 2004, and have issued our report thereon dated August 19, 2005. An adverse opinion was issued on the financial statement because the financial statement does not present fairly, in conformity with 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 statement 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 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 caused by error or fraud in amounts that would be material in relation to the financial statement 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 operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 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*.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

However, we noted certain matters that we reported to management of the Bureau in a separate letter dated August 19, 2005.

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

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

August 19, 2005

**MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2003-001	Statement of Continued Existence Not Filed with Ohio Secretary of State	Yes	Finding no longer valid.



**Auditor of State
Betty Montgomery**

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800-282-0370
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MEDINA COUNTY CONVENTION AND VISITORS BUREAU

MEDINA 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
OCTOBER 20, 2005**