



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA
Auditor of State

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 an 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 adverse 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.

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Mary Taylor, CPA
Auditor of State

July 31, 2008

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Mary Taylor, CPA

Auditor of State

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, 2007 and 2006. 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.

Instead of the fund the accompanying financial statements present, GAAP 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 GAAP presentation requirements. The Auditor of State permits, but does not require Bureaus to reformat their statements. The Bureau has elected not to follow GAAP statement formatting requirements. 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, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Auglaize and Mercer Counties Convention and Visitors Bureau, Auglaize County, as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Auglaize and Mercer Counties
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Auglaize and Mercer Counties Convention and Visitors Bureau, Auglaize County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 31, 2008, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 31, 2008

**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, 2007 AND 2006**

	2007	2006
Cash Receipts:		
Lodging Tax	\$138,220	\$145,479
Membership Fees	8,990	8,960
Advertising	2,239	
Special Functions	630	480
Interest	2,201	976
Miscellaneous	344	383
Total Cash Receipts	152,624	156,278
 Cash Disbursements:		
Salaries and Wages	57,013	57,423
Benefits	3,421	3,198
Advertising and Promotion	38,569	40,988
Repairs and Maintenance	3,806	2,893
Publications and Memberships	2,158	1,544
Supplies	6,292	7,371
Contract Services	8,644	11,914
Special Functions Expense	655	930
Miscellaneous	1,413	953
Repayment of Loans	6,513	6,124
Interest Expense	3,915	4,268
Real Estate Tax Expense	1,662	1,707
Total Cash Disbursements	134,061	139,313
 Total Receipts Over/(Under) Disbursements	18,563	16,965
 Cash Balances, January 1	97,748	80,783
 Cash Balances, December 31	\$116,311	\$97,748

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, 2007 AND 2006**

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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Bureau 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

The Bureau's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Bureau values certificates of deposit at cost.

D. Fund Accounting

The Bureau uses fund accounting to segregate cash and investments that are restricted as to use. The Bureau classifies its fund into 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 of estimated receipts and expenditures. However, there is no statutory requirement for the Bureau to prepare an annual budget. A summary of 2007 and 2006 budgetary activity appears in Note 3.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007	2006
Demand deposits	\$49,649	\$73,012
Certificates of deposit	66,662	24,736
Total deposits	\$116,311	\$97,748

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$166,600	\$152,624	(\$13,976)
	\$166,600	\$152,624	(\$13,976)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$166,600	\$134,061	\$32,539
	\$166,600	\$134,061	\$32,539

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$160,400	\$156,278	(\$4,122)
	\$160,400	\$156,278	(\$4,122)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$160,388	\$139,313	\$21,075
	\$160,388	\$139,313	\$21,075

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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 2007 and 2006, the Bureau received lodging tax in the amount of \$138,220 and \$145,479, respectively. Of these amounts, \$82,233 and \$87,630 was received from Auglaize County for 2007 and 2006, respectively and \$55,987 and \$57,849 was received from Mercer County for 2007 and 2006, respectively.

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Loan for Building	\$66,800	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 \$603 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:

<u>Year ending December 31:</u>	<u>Building Loan</u>
2008	\$7,232
2009	7,232
2010	7,232
2011	7,232
2012	7,232
2013-2017	36,161
2018-2020	18,683
Total	\$91,004

The first five years of the loan have a set interest rate of 5.5 percent. Effective August 1, 2009, the remainder of the loan is based upon a variable interest rate of 3.25 percent above the one year treasury constant weekly average. The above amortization schedule is based on the 5.5% fixed rate which will fluctuate for the years 2009 through 2020 when the variable rate become effective.

6. RISK MANAGEMENT

Commercial Insurance

The Bureau has obtained commercial insurance for the following risks:

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

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Mary Taylor, CPA

Auditor of State

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, 2007 and 2006, and have issued our report thereon dated July 31, 2008, 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. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Bureau's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Bureau's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Bureau's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Bureau's management in a separate letter dated July 31, 2008.

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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*.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 31, 2008



Mary Taylor, CPA
Auditor of State

AUGLAIZE AND MERCER COUNTIES 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
AUGUST 21, 2008**