



Mary Taylor, CPA
Auditor of State

**CONVENTION AND VISITORS BUREAU
VAN WERT COUNTY**

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Mary Taylor, CPA

Auditor of State

Convention and Visitors Bureau
Van Wert County
Post Office Box 237
Van Wert, Ohio 45891

To the Executive Committee Members:

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.

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

Mary Taylor, CPA
Auditor of State

August 7, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Convention and Visitors Bureau
Van Wert County
Post Office Box 237
Van Wert, Ohio 45891

To the Executive Committee Members:

We have audited the accompanying financial statements of the Convention and Visitors Bureau, Van Wert 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.

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 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.

We were unable to obtain sufficient evidential matter to support the Special Events revenues for the years ended December 31, 2007 and 2006. This activity represents 36 and 9 percent of total financial statement revenues for the years ended December 31, 2007 and 2006, respectively.

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 non-governmental not-for-profit entities to present temporarily restricted, permanently restricted and unrestricted funds separately. 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 follow GAAP statement reformatting 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 Bureau as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, except for the effects of such adjustments to the Special Events , if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter for the special event revenues, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Convention and Visitors Bureau, Van Wert 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 August 7, 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.



Mary Taylor, CPA
Auditor of State

August 7, 2008

**CONVENTION AND VISITORS BUREAU
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Cash Receipts:		
Lodging Tax	\$22,330	\$23,374
Special Events	18,914	2,419
Visitors Guide	5,308	
Advertising	3,560	
County Grant	1,000	1,000
Interest	13	17
Miscellaneous	778	482
Total Cash Receipts	<u>51,903</u>	<u>27,292</u>
Cash Disbursements:		
Salaries and Wages	12,532	6,419
Travel and Meetings	1,085	499
Advertising and Promotion	8,239	4,288
Hospitality	1,428	3,576
Community Support	3,492	2,950
Rent	650	300
Dues and Subscriptions	735	455
Supplies	979	2,459
Utilities	967	640
Insurance	558	500
Contract Services	269	212
Special Events Expense	23,937	2,419
Audit		1,160
Miscellaneous	529	5,472
Total Cash Disbursements	<u>55,400</u>	<u>31,349</u>
Total Receipts Over/(Under) Disbursements	(3,497)	(4,057)
Cash Balances, January 1	<u>11,835</u>	<u>15,892</u>
Cash Balances, December 31	<u><u>\$8,338</u></u>	<u><u>\$11,835</u></u>

The notes to the financial statement are an integral part of this statement.

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**CONVENTION AND VISITORS BUREAU
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Convention and Visitors Bureau, Van Wert County, (the Bureau) is a non profit unincorporated association established under Chapter 1745 of the Ohio Revised Code with tax exempt status under 501(c)(6). The Bureau is directed by an appointed eight member committee appointed for two year terms.

The Bureau exists to receive and expend a portion of the hotel/motel tax, collected by the City, for the promotion of tourism and the attraction of tourists to the Van Wert County area through the support of events that will develop cultural interests and tourist attractions.

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

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

The Bureau's accounts are in demand deposits.

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:

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 estimating disbursements by category. 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.

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.

**CONVENTION AND VISITORS BUREAU
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH

The carrying amount of cash at December 31 follows:

	2007	2006
Demand deposits	\$8,338	\$11,835

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

3. BUDGETARY ACTIVITY

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

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,000	\$51,903	\$15,903

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,126	\$55,400	\$726

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,292	\$27,292	\$6,000

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,369	\$31,349	\$1,020

4. HOTEL/MOTEL LODGING TAX

The major source of revenue for the Bureau is the hotel/motel lodging tax. The City of Van Wert has assessed a three percent tax on all hotels and motels within their jurisdiction. This tax is 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 \$22,330 and \$23,374, respectively.

5. RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

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



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

Convention and Visitors Bureau
Van Wert County
Post Office Box 237
Van Wert, Ohio 45891

To the Executive Committee Members:

We have audited the financial statements of the Convention and Visitors Bureau, Van Wert County (the Bureau), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 7, 2008, wherein, we qualified the opinion because we were unable to obtain sufficient evidential matter to support the revenues related to special events. We also noted the Bureau uses a comprehensive basis of accounting other than generally accepted accounting principles. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-003.

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.

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above as items 2007-001 through 2007-003 are material weaknesses.

We also noted certain internal control matters that we reported to the Bureau's management in a separate letter dated August 7, 2008.

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 that we must report under *Government Auditing Standards*.

The Bureau's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Board's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, and the Executive Committee members. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 7, 2008

**CONVENTION AND VISITORS BUREAU
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Weakness - Revenue Transaction Detail Report

A key description was not identified in the Revenue Transaction Detail Report regarding the source or purpose of the cash received. In many cases, the description was "Deposit" and the revenue source or purpose could not be determined for completeness. We were unable to identify the special events revenues, which represented 32 and 9 percent of revenues for the years 2007 and 2006, respectively, due in part, because the revenue was posted to the system as "Deposit" and there was no breakdown to identify the sources.

Failure to identify revenue sources resulted in the inability to determine the completeness of the revenue recorded on the financial statements. The lack of proper identification limited the ability to confirm revenue sources and verify the accuracy of money collected and reported in the financial statements.

Revenue sources should be recorded to specifically identify the description (name and purpose) and should be placed in the appropriate sections provided for all revenue recorded in the system. The Board should monitor this process to support the accuracy of the financial statements.

Officials Response:

The Bureau has started using numbered receipts which include an appropriate description for all revenues.

FINDING NUMBER 2007-002

Material Weakness - Accounting System – Payroll Expenses

Although the Bureau reported on a cash basis of accounting, the accounting software utilized reported payroll related expenses on an accrual basis. The flaw in the cash reporting system resulted in the overstatement of the salaries and benefits line item and the understatement of the fund balance on the financial statements. The client agreed to, and the adjustments were made to the financial statement amounts of salaries and benefits in the amounts of \$2,844 and \$1,020 for the years 2007 and 2006, respectively.

A monitoring system should be established to help provide that payroll and other related expenses are appropriately reflected on the Bureau's financial statements.

Officials Response:

The Bureau uses QuickBooks for payroll and accounting functions. An adjustment will need to be made each year-end to adjust cash vs accrual for payroll as this is a quirk of QuickBooks.

FINDING NUMBER 2007-003

Material Weakness – Special Events Revenue 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.

Various special events, including a Rib-Fest, were held with many activities and the sale of various commodities. These receipts were accounted for on the financial statements, but the Bureau did not have sufficient records to support these revenues. Failure to have supporting documentation for these events has resulted in a scope limitation. Special Event revenues were collected for:

- Rib-off entry and other fees
- Sponsor Fees
- T-shirt Sales
- Beverage Sales
- Ice Cream and Snack Sales
- Children's Activities
- Car Show Entry Fees
- 50/50 Raffles

To help provide that revenues for events such as the Rib Fest are accurate and complete, a system should be established to verify that each source of revenue has written procedures documenting anticipated collections that may be compared with the actual collections.

- Rib Off and Entry Fees – A list should be maintained of all entrants with the entry and other fees expected. A monitoring system could be established to compare estimated against the actual amounts recorded in the records.
- Sponsor Fees - A similar procedure could be established to maintain a list of estimated and actual sponsor fees anticipated and received. This amount may then be compared to the amount recorded in the records.
- Commodity Sales - For the T-shirt, beverage, ice cream and snack sales, a beginning inventory should be established for each with the anticipated amount to be charged per unit, and then an ending inventory taken of each. The actual number sold should then be multiplied by its unit price and the resulting amount compared to actual collections and the amount recorded in the records. Any differences should be reviewed and resolved.
- Children Activities - Procedures should be developed to monitor the various children's activities. For example, if an event requires teams, it would be easy to take the number of team's times the entry fee to determine if the proper amount of revenue had been collected.
- Car Show Entry Fees - A method should be developed to account for the number of entrants, perhaps by using tickets, or some means that would account for the number of entrants such as an entry number for judging purposes. This number may then be multiplied by the entry fee to establish the amount that should have been collected.

**FINDING NUMBER 2007-003
(Continued)**

- 50/50 Raffle Tickets - For the 50/50 raffles, a ticket inventory should be maintained that lists the rolls of tickets purchased by number with the beginning and ending ticket number of each roll indicated. Each time the roll of tickets is used, the ticket numbers given to an individual should be documented along with the return of any unsold tickets. An individual ticket sheet could be used to account for the tickets given to each individual, the number sold and returned and the amount of cash collected. The individual should initial or sign the sheet to verify that the numbers indicated on the sheet are in agreement with the actual activity and amount collected. The individual ticket sheets should then be reconciled with the cash collected, by a person independent of the ticket sales, to determine that the revenue is reasonable in comparison to the number of tickets sold. The ticket inventory should then be updated to show the sequence of the ticket numbers sold and remaining. This procedure should be followed for each event where a 50/50 raffle is held.

These procedures should require some segregation of duties, in that the person responsible for preparing the lists should not be the person responsible for the collections. The recording of the collections from each of these individuals and sources should be identifiable in the Revenue Transaction Detail Report. Standard monitoring procedures over all collection types should be established and implemented.

Officials Response:

Procedures have been developed to detail all revenues and expenses associated with the Rib Fest and procedures have also been developed to track 50/50 tickets sold and reconcile cash prior to disbursement to the winner(s).



Mary Taylor, CPA
Auditor of State

CONVENTION AND VISITORS BUREAU

VAN WERT 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 7, 2008**