



**NAPOLEON/HENRY COUNTY CHAMBER OF COMMERCE VISITORS BUREAU
HENRY COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA
Auditor of State

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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 11, 2008

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Auditor of State

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 statements of the Napoleon/Henry County Chamber of Commerce Visitors Bureau, Henry 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 Rib Fest proceeds and sponsorship revenues for the years ended December 31, 2007 and 2006. This activity represents 23 and 32 percent of total financial statement revenues for the years ended December 31, 2007 and 2006.

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 and also presenting the Bureau's larger (i.e. major) 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 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 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, if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter for the Rib Fest proceeds and sponsorship revenues for the years ended December 31, 2007 and 2006, the financial statements referred to above presents fairly, in all material respects, the fund cash balance of the Napoleon/Henry County Chamber of Commerce Visitors Bureau, Henry 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 September 11, 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

September 11, 2008

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

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

	<u>2007</u>	<u>2006</u>
Cash Receipts:		
Interest	\$199	\$299
Lodging Tax	55,069	58,635
Rib Fest Proceeds	20,926	17,964
Rib Fest Sponsors	<u>13,700</u>	<u>9,332</u>
 Total Cash Receipts	 <u>89,894</u>	 <u>86,230</u>
 Cash Disbursements:		
Administrative Expense	1,000	1,000
Advertising	3,033	699
Audit State of Ohio		1,720
Christmas Decorations	2,773	1,316
Dues and Subscriptions	125	825
Executive Director Costs	4,200	4,150
Executive Secretary Costs	9,730	9,380
Fireworks		1,200
Miscellaneous		100
Meet Napoleon Flyer	500	
Napoleon Fall Event	11,238	12,085
Office Supplies		350
Ohio Magazine		550
Postage	101	37
Promotions	19,792	1,815
Rent	4,558	4,456
Rib Fest	40,624	38,427
Sponsorships	5,358	21
Telephone	1,400	1,400
Travel Brochure	1,485	1,485
Website	<u>90</u>	<u>400</u>
 Total Cash Disbursements	 <u>106,007</u>	 <u>81,416</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>(16,113)</u>	 <u>4,814</u>
 Cash Balance, January 1	 <u>34,054</u>	 <u>29,240</u>
 Cash Balance, December 31	 <u><u>\$17,941</u></u>	 <u><u>\$34,054</u></u>

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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.

D. 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.

E. Budgetary Process

1. Appropriations

Budgetary expenditures may not exceed appropriations at the fund and function level of control, per the Napoleon/Henry County Chamber of Commerce's bylaws without the consent of the Board of Directors. 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 and a Chamber sponsored rib festival.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

A summary of 2007 and 2006 budgetary activity appears in Note 4.

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.

2. CASH

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

	2007	2006
Total Demand Deposits	\$17,941	\$34,054

Deposits are insured by the Federal Depository Insurance Corporation.

3. HOTEL/MOTEL LODGING TAX

The Bureau receives 50 percent of the hotel/motel taxes collected by the City of Napoleon from hotels/motels located in the City of Napoleon. The tax, levied by the City Council, is an excise tax of six percent of lodging furnished to transient guests in the City.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2007 and 2006 as follows:

2007 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 75,540	\$89,894	\$ 14,354

2007 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 71,933	\$ 106,007	\$ (34,074)

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

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

4. BUDGETARY ACTIVITY – (CONTINUED)

2006 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 49,670	\$ 86,230	\$ 36,560

2006 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 56,410	\$ 81,416	\$ (25,006)

5. RISK MANAGEMENT

Commercial Insurance

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions



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Auditor of State

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 statements of the Napoleon/Henry County Chamber of Commerce Visitors Bureau, Henry County, (the Bureau) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 11, 2008, wherein we noted the Bureau prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted that sufficient competent evidential matter was not available to obtain the necessary assurances over the completeness of the Bureau's recorded Rib Fest proceeds and sponsorship revenues for the years ended December 31, 2007 and 2006. 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 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.

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We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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 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. However, of the significant deficiencies noted above, we believe finding 2007-001 is also a material weakness.

We also noted another matter that we reported to the Bureau's management in a separate letter dated September 11, 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 we must report under *Government Auditing Standards*.

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



Mary Taylor, CPA
Auditor of State

September 11, 2008

**NAPOLEON/HENRY COUNTY CHAMBER OF COMMERCE VISITORS BUREAU
HENRY 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 - 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 2006 and 2007 where the Bureau had charged admission and collected sponsorship fes from local business groups. 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 and sponsorship revenues has resulted in a scope limitation. In addition, the Bureau established change funds for the Rib Fest in the amount of \$2,400 for 2006 and \$4,000 in 2007. 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 revenues for events such as the Rib Fest are accurately and fully accounted for, we recommend the following:

Admission revenues:

- 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.

Sponsorship revenues:

- The Board of Directors should approve each sponsor.
- A contract including each party's responsibilities and expectations be entered into with each sponsor.
- Prenumbered receipts be issued for each sponsor's payment.
- Copies of checks be made and attached to the receipts.

FINDING NUMBER 2007-002

Significant Deficiency - Documentation of Expenditures

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

There were no invoices or other documentation to support five expenditure transactions in 2006 and two expenditure transactions made in 2007. Lack of detailed supporting documentation for expenditures increases the likelihood that expenditures could be posted to the wrong financial statement line-item.

**FINDING NUMBER 2007-002
(Continued)**

In addition, the lack of vendor invoices increases the possibility expenditures could be made for improper purposes and potential for fraud and abuse. In order to ensure proper posting and document the validity of disbursements made, we recommend the Bureau obtain detailed invoices from vendors or businesses for all purchases.

Officials' Response:

We did not receive a response from Officials to the above findings.

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

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Rib Fest Accountability	No	Repeated as finding 2007-001 in this report
2005-002	Documentation of Expenditures	No	Repeated as finding 2007-002 in this report



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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
OCTOBER 7, 2008**