



SODERBERG and SCHAFFER, CPAs

OTTAWA COUNTY VISITORS BUREAU

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2001 AND 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Trustees
Ottawa County Visitors Bureau
Port Clinton, Ohio 43452

We have reviewed the independent auditor's report of the Ottawa County Visitors Bureau, Ottawa County, prepared by Soderberg and Schafer, CPAs, for the audit period July 1, 2000 through June 30, 2001. 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.

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 Ottawa County Visitors Bureau is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 14, 2001

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SODERBERG AND SCHAFER

CERTIFIED PUBLIC ACCOUNTANTS

121 JEFFERSON STREET - PORT CLINTON, OHIO 43452

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Ottawa County Visitors Bureau
Port Clinton, Ohio 43452

We have audited the accompanying statements of financial position of Ottawa County Visitors Bureau (a non-profit organization) as of June 30, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with U.S. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ottawa County Visitors Bureau as of June 30, 2001 and 2000, and the changes in net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

SODERBERG and SCHAFER, CPAs

Soderberg and Schafer, CPAs
November 14, 2001

**OTTAWA COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 539,757.66	\$ 46,629.02
Accounts receivable:		
Bed tax receivable	91,188.51	121,110.80
GLA ads receivable	15,438.50	12,284.00
Prepaid insurance	633.39	643.12
Employee advances	<u>2.00</u>	<u>100.00</u>
 TOTAL CURRENT ASSETS	 647,020.06	 180,766.94
<u>FIXED ASSETS</u>		
Office furniture and equipment	85,359.14	81,685.03
Leasehold improvements	19,037.16	19,037.16
Construction in progress	<u>217,675.75</u>	<u>138,096.28</u>
	322,072.05	238,818.47
Less: Accumulated depreciation	<u>(76,405.06)</u>	<u>(70,290.94)</u>
	245,666.99	168,527.53
<u>OTHER ASSETS</u>		
Deposit with Industrial Commission	<u>36.54</u>	<u>36.54</u>
	<u>\$ 892,723.59</u>	<u>\$ 349,331.01</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 110,398.56	\$ 14,706.63
Accrued wages	650.70	585.71
Accrued vacation	5,908.40	5,324.95
Payroll taxes payable	7,244.34	6,140.38
Unearned revenue	<u>518,494.54</u>	<u>18,505.19</u>
 TOTAL CURRENT LIABILITIES	 642,696.54	 45,262.86
<u>NET ASSETS</u>		
	<u>250,027.05</u>	<u>304,068.15</u>
	<u>\$ 892,723.59</u>	<u>\$ 349,331.01</u>

See accompanying notes.

**OTTAWA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<u>REVENUE, GAINS AND OTHER SUPPORT</u>		
Tax revenue	\$ 360,622.37	\$ 377,393.38
GLA advertising	161,288.06	182,807.16
LEAP revenue	57,325.07	36,717.11
Interest	15,911.03	3,544.08
Grant revenue	2,875.80)
Miscellaneous	<u>1,666.57</u>	<u>444.68</u>
 TOTAL REVENUE, GAINS AND OTHER SUPPORT	 599,688.90	 600,906.41
<u>EXPENSES</u>		
Payroll	165,185.97	158,872.66
Great Lake Adventure	140,502.59	126,158.30
Advertising	78,590.56	68,258.78
LEAP expenses	54,458.82	34,514.08
Promotional mailings	40,675.83	50,407.36
Rent and utilities	36,229.35	26,944.51
Insurance	27,662.68	25,136.92
Professional fees	21,997.85	16,971.56
Promotional feedback	16,545.78	20,757.01
Payroll taxes	14,579.62	15,539.96
Office supplies	11,079.79	9,323.85
Public relations	9,344.85	18,389.17
Meetings and seminars	6,469.64	8,932.76
Depreciation	6,114.12	6,360.57
Publications	6,015.19	10,875.80
Vehicle	5,836.16	6,139.46
Group sale expense	4,295.62	6,304.17
Employee welfare	3,779.40	1,744.88
Travel shows	3,038.65	4,366.86
Office maintenance	<u>1,327.53</u>	<u>1,611.67</u>
 TOTAL EXPENSES	 <u>653,730.00</u>	 <u>617,610.33</u>
 <u>CHANGE IN NET ASSETS</u>	 (54,041.10)	 (16,703.92)
<u>NET ASSETS</u> , Beginning of year	<u>304,068.15</u>	<u>320,772.07</u>
<u>NET ASSETS</u> , End of year	<u>\$ 250,027.05</u>	<u>\$ 304,068.15</u>

See accompanying notes.

**OTTAWA COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (54,041.10)	\$ (16,703.92)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,114.12	6,360.57
(Increase) decrease in:		
Receivables	26,865.79	56,035.87
Prepaid insurance	9.73	(.28)
Increase (decrease) in:		
Accounts payable	95,691.93	(53,419.92)
Accrued wages and vacation	648.44	1,315.97
Payroll taxes payable	1,103.96	1,241.10
Unearned revenue	<u>499,989.35</u>	<u>10,250.04</u>
 CASH PROVIDED BY OPERATING ACTIVITIES	 576,382.22	 5,079.43
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment	(3,674.11)	(2,281.95)
Construction in progress	<u>(79,579.47)</u>	<u>(88,637.68)</u>
 CASH USED BY INVESTING ACTIVITIES	 <u>(83,253.58)</u>	 <u>(90,919.63)</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	493,128.64	(85,840.20)
<u>CASH AND CASH EQUIVALENTS</u>, Beginning of year	<u>46,629.02</u>	<u>132,469.22</u>
<u>CASH AND CASH EQUIVALENTS</u>, End of year	<u>\$ 539,757.66</u>	<u>\$ 46,629.02</u>

See accompanying notes.

**OTTAWA COUNTY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The purpose for which the Ottawa County Visitors Bureau (Bureau) is formed is to encourage economic development in Ottawa County, Ohio, through promotion of tourism and to encourage and promote, through advertisement and other educational and informational means, travel to and visitation in the entire County of Ottawa, Ohio by persons nonresident of said County, for pleasure, business and other purposes.

Accrual Basis Accounting - Assets and liabilities and revenue and expense are recognized on the accrual basis of accounting.

Income Taxes - Ottawa County Visitors Bureau is a nonprofit organization exempt from Federal income tax under Section 501(c)(6)the Internal Revenue Code.

Basis of Presentation - Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Bureau has no temporarily or permanently restricted net assets at June 30, 2001.

Fixed Assets - Furniture, equipment and leasehold improvements are capitalized at cost. All property, equipment and leasehold improvements with a useful life greater than one year are capitalized. Furniture and equipment are being depreciated over estimated useful lives of five to seven years using the straight-line method for both financial reporting and income tax purposes. Leasehold improvements are being depreciated on a straight-line method over 31½ to 39 years. Depreciation expense for the period ended June 30, 2001 and 2000 is \$6,114.12 and \$6,360.57, respectively.

Revenue - The Bureau receives tax revenue from the Ottawa County bed tax. The tax is assessed and collected by the County Auditor and is ultimately remitted to the Ottawa County Visitors Bureau. The Bureau also sells advertising space in its annual visitors guide, known as the GREAT LAKES ADVENTURE (GLA). In addition, the Bureau sells advertising spots in its annual television commercial campaign. This campaign is promoted in conjunction with the GREAT LAKES ADVENTURE publication.

In 1999, the Bureau added the LAKE ERIE ACTION PACK (LEAP) campaign to promote tourism during the week. This program sells travel packages that include accommodations; meals, ferry service, Cedar Point tickets, etc. It then remits the fees charged to the various hotels, restaurants, ferry services, Cedar Point and occasionally travel agent commissions. The net revenue earned is minimal.

In the Spring of 2001, the Bureau received a \$7,500 grant from the Ohio Sea Grant to conduct a demographic study of visitors in Erie and Ottawa counties. At June 30, 2001 this study was not complete. Money received at that point, but not yet expended is included in unearned revenue.

Monies received in advance of services provided are classified as deferred revenue.

OTTAWA COUNTY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2001 AND 2000

NOTE A - (cont'd)

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Bureau considers all short-term investments purchased with a maturity of three months or less to be cash equivalents.

NOTE B - OPERATING LEASES

On February 28, 1999 the Ottawa County Visitors Bureau entered into a four year lease commencing on that same date, for a 1997 Pontiac Transport. The lease calls for monthly rental payments of \$375.53 and the lease expense for the years ended June 30, 2001 and 2000 totaled \$4,506.36 and \$4,506.36, respectively. The future minimum rental commitment of this lease is as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2002	\$ 4,506.36
2003	3,004.24
	<u>\$ 7,510.60</u>

The Ottawa County Visitors Bureau is party to a month to month lease for office space in Port Clinton, Ohio with a three month notice of termination. Current plans include construction of a new facility to house the Bureau's activities, as described in note C. The lease calls for monthly rental payments of \$1,225.00. Rent expense for each of the years ended June 30, 2001 and 2000 was \$14,700.00. The future minimum rental commitment of this lease is as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2002	\$ 3,675.00

The Bureau formalized a 45 year land lease in August, 2001 for land off State Route 53 on which to build its new facility as described in Note C. The lease calls for a payment representing rent retroactive to January 2000. The Bureau was reimbursed by Ottawa County for part of this retroactive payment. The net amount of this retroactive payment is in accounts payable at June 30, 2001. The lease expense for the year ended June 30, 2001 was \$10,500.00. The future minimum rental commitment of this lease is as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2002	\$ 15,360.00
2003	15,720.00
2004	16,140.00
2005	16,560.00
2006	16,980.00
Thereafter	<u>1,168,020.00</u>
	<u>\$ 1,248,780.00</u>

OTTAWA COUNTY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2001 AND 2000

NOTE C - NEW BUILDING

The Bureau has begun construction of a new building facility. The architectural and exhibit designs are in process. As of the report date, a permanent loan has been approved by the USDA, the construction loan is pending the acceptance of a contractor bid.

NOTE D - SIMPLE IRA

On June 1, 2000 the Bureau established a Simple IRA for all employees who have earned at least \$5,000 in the previous two years and are expected to earn at least \$5,000 in the current year. The Bureau will match employee's salary deferral up to 3% of employee's compensation. The pension expense for the years ended June 30, 2001 and June 30, 2000 was \$2,666.88 and \$258.92.

NOTE E - CONCENTRATIONS OF CREDIT RISK

The Bureau maintains its cash balances in four financial institutions. The balance in these financial institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2001, the Bureau's uninsured cash balances total \$402,116.

SODERBERG AND SCHAFER

CERTIFIED PUBLIC ACCOUNTANTS

121 JEFFERSON STREET - PORT CLINTON, OHIO 43452

419/732-3168

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Trustees
Ottawa County Visitors Bureau
Port Clinton, OH 43452

We have audited the financial statements of Ottawa County Visitors Bureau as of and for the year ended June 30, 2001, and have issued our report thereon dated November 14, 2001. We conducted our audit in accordance with U.S. 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 Ottawa County Visitors 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 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered a Ottawa County Visitors 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.

This report is intended for the information of the audit committee, management and Auditor of State of Ohio, and is not intended to be and should not be used by anyone other than these specific parties.

SODERBERG and SCHAFER, CPAs

Soderberg and Schafer, CPAs
November 14, 2001



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OTTAWA COUNTY VISITORS BUREAU

OTTAWA 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
DECEMBER 27, 2001**