

**OTTAWA COUNTY VISITORS BUREAU**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2003 AND 2002**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Ottawa County Visitors Bureau  
770 SE Catawba Road  
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, LLC, for the audit period July 1, 2002 through June 30, 2003. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 21, 2004

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# SODERBERG AND SCHAFER

CERTIFIED PUBLIC ACCOUNTANTS

121 JEFFERSON STREET - PORT CLINTON, OHIO 43452

419/732-3168

## 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, 2003 and 2002, 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 audits provide 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, 2003 and 2002, 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 December 18, 2003 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.

Our audit for the year ended June 30, 2003 was performed for the purpose of forming an opinion on the basic financial statements of Ottawa County Visitors Bureau taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Soderberg and Schafer CPAs, LLC  
December 18, 2003

**OTTAWA COUNTY  
STATEMENTS OF  
JUNE 30,**

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents:		
Unrestricted	\$ 443,683.19	\$ 15,542.76
Restricted for construction	)	66,782.55
Accounts receivable:		
Bed tax receivable	98,232.77	106,597.04
GLA ads receivable	15,805.50	24,561.50
Grant receivable	)	23,125.00
Prepaid insurance	2,414.81	670.46
Prepaid copier lease	)	2,017.98
Employee advances	<u>160.89</u>	)
 TOTAL CURRENT ASSETS	 560,297.16	 239,297.29
<b>FIXED ASSETS</b>		
Building	2,253,305.31	)
Exhibits	631,882.35	)
Office furniture and equipment	74,664.91	91,270.59
Leasehold improvements	)	19,037.16
Construction in progress	)	718,144.49
	<u>2,959,852.57</u>	828,452.24
Less: Accumulated depreciation	<u>(66,868.52)</u>	<u>(82,730.50)</u>
	<u>2,892,984.05</u>	745,721.74
<b>OTHER ASSETS</b>		
Deposit with Industrial Commission	36.54	36.54
Loan organization costs (net of amortization)	<u>6,980.56</u>	<u>7,000.00</u>
	<u>7,017.10</u>	<u>7,036.54</u>
	<u>\$ 3,460,298.31</u>	<u>\$ 992,055.57</u>

See



**VISITORS BUREAU  
FINANCIAL POSITION  
2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Current maturities of long term debt	\$ 30,320.05	)
Accounts payable	510,202.57	\$ 22,122.42
Accrued wages	21,529.30	466.25
Accrued vacation	4,138.27	4,417.37
Accrued interest	5,887.50	346.89
Accrued real estate tax	1,250.00	)
Payroll taxes payable	1,598.65	6,254.14
Unearned revenue	9,426.82	10,756.63
Construction loan	_____)	<u>133,563.38</u>
 TOTAL CURRENT LIABILITIES	 584,353.16	 177,927.08
<b><u>LONG TERM DEBT</u></b>		
Mortgages payable, net of current maturities	2,119,679.95	)
<b><u>NET ASSETS</u></b>		
Unrestricted	756,265.20	747,345.94
Temporarily Restricted	_____)	<u>66,782.55</u>
	<u>756,265.20</u>	<u>814,128.49</u>
	 <u>\$ 3,460,298.31</u>	 <u>\$ 992,055.57</u>

accompanying notes.

**OTTAWA COUNTY VISITORS BUREAU  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>		<u>2002</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUE, GAINS AND OTHER SUPPORT</u></b>			
Grants:			
Building grant	)	)	\$ 500,000.00
Exhibit grant	)	\$ 100,000.00	\$ 100,000.00
Discover Lake Erie grant	)	80,900.00	80,900.00
Ohio Sea grant	)	)	4,624.20
Tax revenue	\$ 373,046.79	)	373,046.79
GLA advertising	167,623.32	)	167,623.32
LEAP revenue	31,176.13	)	31,176.13
Other advertising	15,757.50	)	15,757.50
Interest	825.35	)	825.35
Miscellaneous	1,945.45	)	1,945.45
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>247,682.55</u>	<u>(247,682.55)</u>	<u>                  )</u>
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>838,057.09</b>	<b>(66,782.55)</b>	<b>771,274.54</b>
			<b>1,254,637.89</b>
<b><u>EXPENSES</u></b>			
Payroll	189,644.24	)	189,644.24
Advertising	166,715.46	)	166,715.46
Great Lake Adventure	108,564.05	)	108,564.05
Rent and utilities	59,691.24	)	59,691.24
Depreciation	48,995.74	)	48,995.74
Insurance	43,407.69	)	43,407.69
Promotional mailings	33,287.45	)	33,287.45
LEAP expenses	29,899.17	)	29,899.17
Professional fees	25,415.31	)	25,415.31
Public relations	20,084.78	)	20,084.78
Payroll taxes	14,933.26	)	14,933.26
Loss on disposal of assets	14,646.51	)	14,646.51
Office supplies	12,534.81	)	12,534.81
Promotional feedback	9,262.31	)	9,262.31
Publications	9,047.00	)	9,047.00
Office maintenance	7,510.74	)	7,510.74
Vehicle	7,014.82	)	7,014.82
Employee welfare	6,651.67	)	6,651.67
Travel shows	6,479.66	)	6,479.66
Group sale expense	6,065.80	)	6,065.80
Interest expense	5,540.61	)	5,540.61
Meetings and seminars	3,726.07	)	3,726.07
Amortization	19.44	)	19.44
<b>TOTAL EXPENSES</b>	<b><u>829,137.83</u></b>	<b><u>                  )</u></b>	<b><u>829,137.83</u></b>
			<b><u>690,536.45</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b>8,919.26</b>	<b>(66,782.55)</b>	<b>(57,863.29)</b>
			<b>564,101.44</b>
<b><u>NET ASSETS</u>, Beginning of year</b>	<b><u>747,345.94</u></b>	<b><u>66,782.55</u></b>	<b><u>814,128.49</u></b>
			<b><u>250,027.05</u></b>
<b><u>NET ASSETS</u>, End of year</b>	<b><u>\$ 756,265.20</u></b>	<b><u>                  )</u></b>	<b><u>\$ 756,265.20</u></b>
			<b><u>\$ 814,128.49</u></b>

See accompanying notes.

**OTTAWA COUNTY VISITORS BUREAU  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (57,863.29)	\$ 564,101.44
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	49,015.18	6,325.44
Loss on disposal of assets	14,646.51	)
(Increase) decrease in:		
Receivables	40,084.38	(47,654.53)
Prepays	273.63	(2,055.05)
Increase (decrease) in:		
Accounts payable	488,080.15	(88,276.14)
Accrued wages and vacation	20,783.95	(1,675.48)
Accrued interest	5,540.61	346.89
Accrued real estate tax	1,250.00	)
Payroll taxes payable	(4,655.49)	(990.20)
Unearned revenue	(1,329.81)	(507,737.91)
	555,825.82	(77,615.54)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of long term assets	(2,929,049.05)	(5,911.45)
Construction in progress	718,144.49	(500,468.74)
Loan organizational costs	)	(7,000.00)
	(2,210,904.56)	(513,380.19)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Construction loan proceeds	1,621,884.44	133,563.38
Construction loan payoff	(1,755,447.82)	)
Mortgage loan proceeds	2,150,000.00	)
	2,016,436.62	133,563.38
<b><u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>		
	361,357.88	(457,432.35)
<b><u>CASH AND CASH EQUIVALENTS</u>, Beginning of year</b>		
	82,325.31	539,757.66
<b><u>CASH AND CASH EQUIVALENTS</u>, End of year</b>		
	\$ 443,683.19	\$ 82,325.31

**SUPPLEMENTARY DISCLOSURE**

Interest paid (net of capitalized interest of \$56,928.34 in year ended June 30, 2003)	)	)
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**See accompanying notes.**

**OTTAWA COUNTY VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - The purpose for which the Ottawa County Visitors Bureau (Bureau) was 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 non-profit 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. Grant support is reported as an increase in temporarily restricted net assets. When a temporary restriction is satisfied or expires, temporarily restricted net assets are reclassified as unrestricted net assets. The bureau has no permanently restricted net assets at June 30, 2003.

**Depreciation** - Building, exhibits, loan organization costs, furniture, equipment and leasehold improvements are capitalized at cost. All property, equipment, intangibles, and leasehold improvements with a useful life greater than one year are capitalized and depreciated using the straight-line method for both financial reporting and income tax purposes. Furniture, equipment, and exhibits are being depreciated over estimated useful lives of three to seven years. Leasehold improvements are being depreciated over 31½ to 39 years. Buildings are depreciated over 40 years and loan organization costs over 30 years. The leasehold improvements were abandoned upon moving into the new building. Gains or losses on the sale or disposal of assets are recognized as an increase or decrease to net assets. Depreciation expense for the period ended June 30, 2003 and 2002 is \$48,782.22 and \$6,325.44 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 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 which was completed in the fall of 2001. In the fall of 2001 the Bureau along with the Erie and Lorain County Visitors Bureaus received a \$92,500 grant from the Ohio Department of Development for an advertising campaign, "Discover Lake Erie," to set up a website and do advertising in out-of-state publications. In the spring of 2003 the "Discover Lake Erie" grant was awarded again for \$80,900. The Bureau also received a \$500,000 grant from the State of Ohio toward the construction of the Lake Erie Islands Regional Welcome Center. During the year ended June 30, 2002, a grant of \$66,783 was received from the Ohio Coastal Management Program for exhibit design in the new Welcome Center. In the spring of 2003, the bureau entered a subsidy agreement for \$100,000 with the Ohio Department of Natural Resources for the fish tank exhibit in the welcome center.

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

**OTTAWA COUNTY VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (continued)  
JUNE 30, 2003 AND 2002**

**NOTE A - (CONTINUED)**

**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 monthly lease payments are \$375.53. The Bureau cancelled this lease on June 28, 2002 for a payoff of \$5,231.60. On the same date they entered into a three year lease for a 2002 Pontiac Montana with monthly payments of \$479.73. The lease expense for the years ended June 30, 2003 and 2002 totaled \$5,756.76 and \$5,071.11, respectively.

The Ottawa County Visitors Bureau was party to a month to month lease for office space in Port Clinton, Ohio with a three month notice of termination. The Bureau moved into the New Welcome Center Facility April, 2003. The lease called for monthly rental payments of \$1,225.00. Rent expense for the years ended June 30, 2003 and 2002 was \$11,025.00 and \$14,700.00, respectively.

The Bureau formalized a 45 year land lease in August 2001 for land located on State Route 53 on which its new facility is located. The lease expense for the years ended June 30, 2003 and 2002 was \$15,720.00 and \$10,500.00, respectively.

In June 2002 the Bureau entered into a 5 year lease for a copy machine. The lease calls for monthly rental payments of \$248 plus a per copy charge. The lease expense for the year ended June 30, 2003 was \$2,976.00.

The future minimum rental payments related to the above mentioned leases are:

<b>Year Ended June 30</b>	<b>Pontiac Lease</b>	<b>Land Lease</b>	<b>Copier Lease</b>
2004	\$ 5,756.76	\$ 16,140.00	\$ 2,976.00
2005	5,756.76	16,560.00	2,976.00
2006		16,980.00	2,976.00
2007		17,400.00	2,976.00
2008		17,820.00	
Thereafter		1,132,800.00	
<b>TOTAL</b>	<b>\$11,513.32</b>	<b>\$ 1,217,700.00</b>	<b>\$ 11,904.00</b>

**OTTAWA COUNTY VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2003 AND 2002**

**NOTE C - NEW BUILDING**

The Bureau moved into the Lake Erie Islands Regional Welcome Center April, 2003. The construction was financed through a construction loan as described in Note E.

**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 employees' salary deferral up to 3% of employees' compensation. The pension expense for the years ended June 30, 2003 and 2002 was \$4,580.98 and \$2,219.63.

**NOTE E - CONSTRUCTION LOAN**

First National Bank of Bellevue, secured by all assets, interest of 5.5% payable quarterly, due March 14, 2003	<u>2003</u>	<u>2002</u>
	)	\$133,563.38

The construction loan of \$2,225,000 was signed on March 28, 2002. The Bureau drew on this loan until construction was completed. The Construction loan of \$1,755,447.82 was paid-off at the closing of the new building mortgage June 12, 2003.

**NOTE F - MORTGAGES PAYABLE**

Long term debt consists of:	<u>2003</u>	<u>2002</u>
First National Bank - Mortgage secured by all assets, guaranteed by the USDA, payable in monthly installments of \$7,460.68 including interest at 6.25%, due July 2033	\$ 1,200,000.00	)
US Department of Agriculture - Mortgage secured by all assets, payable in monthly installments of \$4,817.00 including interest at 4.5%, due July 2033	<u>950,000.00</u>	)
	<u>2,150,000.00</u>	)
LESS: Current maturities of long term debt	<u>(30,320.05)</u>	)
LONG TERM PORTION	<u>\$ 2,119,679.05</u>	<u>)</u>

**NOTE G - RESTRICTIONS ON NET ASSETS**

Substantially all of the restrictions on net assets for the years ended June 30, 2002 and 2001 are related to grants received for various projects.

Two of the grants, the Building grant for \$500,000 and the Exhibit Design grant for \$66,783, temporarily restricted funds until the costs were incurred. The building grant was totally expended in the year ended June 30, 2002. The exhibit grant was expended in the year ended June 30, 2003.

**OTTAWA COUNTY VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2003 AND 2002**

**NOTE G - CONT'D**

The Ohio Sea grant for \$7,500 and the "Discover Lake Erie" grant for \$92,500 are also temporarily restricted until they are expended. Both projects were complete by June 30, 2002.

In the year ended June 30, 2003, a building grant for \$100,000 and a "Discover Lake Erie" grant for \$80,900 were temporarily restricted until expended. Both projects were complete by June 30, 2003.

Future minimum payments by year and in the aggregate, under long term debt agreements consists of the following at June 30, 2003.

<b>Year ending</b>		<b>Amount</b>
<u>June 30</u>		
2004	\$	30,320.05
2005		31,987.77
2006		33,749.82
2007		35,611.61
2008		37,578.96
Thereafter		<u>1,980,751.79</u>
		<u>\$ 2,150,000.00</u>

**NOTE H - CAPITALIZED INTEREST**

Interest costs charged to operations consist of the following:

	<u>2003</u>	<u>2002</u>
Total interest cost incurred	\$ 62,468.95	\$ 346.89
Interest capitalized as a cost of construction	<u>(56,928.34)</u>	<u>)</u>
Interest charged to operations	<u>\$ 5,540.61</u>	<u>\$ 346.89</u>

**NOTE I - CONCENTRATIONS OF CREDIT RISK**

The Bureau maintains its cash balances in one financial institution located in northern Ohio. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2003 the Bureau's uninsured cash balances total \$343,583.19.

## **SUPPLEMENTARY INFORMATION**



**OTTAWA COUNTY VISITORS BUREAU  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2003**

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<b><u>FEDERAL GRANTOR</u></b>	<b><u>USDA CASE NO.</u></b> (CFDA # NOT AVAILABLE)	<b><u>FEDERAL EXPENDITURES</u></b>
USDA Rural Development:		
Direct Programs:		
USDA Direct Loan	41-062-0341529597	\$ 950,000.00
USDA Guarantee	41-062-0341529597	<u>1,200,000.00</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,150,000.00</u>

**See accompanying notes to  
schedule of expenditures of federal awards.**

**OTTAWA COUNTY VISITORS BUREAU  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2003**

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**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal loan activity of Ottawa County Visitors Bureau and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**NOTE B - BUILDING MORTGAGE**

The direct loan and the loan guarantee are the mortgage notes for the new Lake Erie Islands Regional Welcome Center which was constructed during the year ended June 30, 2003.

**OTTAWA COUNTY VISITORS BUREAU  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2003**

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes \_\_\_X\_no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_yes \_\_\_X\_none reported

Noncompliance material to financial statements noted? \_\_\_yes \_\_\_X\_no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes \_\_\_X\_no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_yes \_\_\_X\_none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_yes \_\_\_X\_no

Identification of major programs:

**CFDA Number** (not available)  
Case No: 41-062-0341529597

**Name of Federal Program or Cluster**  
USDA Rural Development

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**Section II - Financial Statement Findings**

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No Findings

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**Section III - Federal Award Findings & Questioned Costs**

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No matters were reported

# SODERBERG AND SCHAFFER

CERTIFIED PUBLIC ACCOUNTANTS

121 JEFFERSON STREET - PORT CLINTON, OHIO 43452

419/732-3168

## **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  
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, 2003 and 2002 and have issued our report thereon dated December 18, 2003. 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 an 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, others within the organization, federal awarding agencies and pass-through entities, 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 Schaffer CPAs, LLC  
December 18, 2003

# SODERBERG AND SCHAFFER

CERTIFIED PUBLIC ACCOUNTANTS

121 JEFFERSON STREET - PORT CLINTON, OHIO 43452

419/732-3168

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### **Compliance**

We have audited the compliance of Ottawa County Visitors Bureau (a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2003. Ottawa County Visitors Bureau major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ottawa County Visitors Bureau's management. Our responsibility is to express an opinion on Ottawa County Visitors Bureau's compliance based on our audit.

We conducted our audit of compliance in accordance with US generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ottawa County Visitors Bureau's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Ottawa County Visitors Bureau's compliance with those requirements.

In our opinion, Ottawa County Visitors Bureau complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

### **Internal Control Over Compliance**

The management of Ottawa County Visitors Bureau is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ottawa County Visitors Bureau's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Soderberg and Schaffer CPAs, LLC  
December 18, 2003

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Betty Montgomery**

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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  
FEBRUARY 3, 2004**