

OTTAWA COUNTY VISITORS' BUREAU

Audit Report

For the Year Ending June 30, 2004

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

The Board of Trustees
Ottawa County Visitors' Bureau
Port Clinton, Ohio

We have reviewed the Independent Auditor's Report of the Ottawa County Visitors' Bureau, Ottawa County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. 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

March 15, 2005

This Page is Intentionally Left Blank.

OTTAWA COUNTY VISITORS' BUREAU
Audit Report
For the Year Ending June 30, 2004

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	1
Statements of Cash Receipts and Disbursements and Cash Balances	2
Notes to Financial Statements	3-5
Report on Compliance and on Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	6

This Page is Intentionally Left Blank.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Independent Auditors' Report

The Board of Trustees of
The Ottawa County Visitors' Bureau
Port Clinton, Ohio

We have audited the accompanying statements Ottawa County Visitors' Bureau, (the Bureau), as of and for the year ended June 30, 2004 as listed in the table of contents. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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.

As described in Note 1, these statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Also, as described in Note 8, the Bureau changed its basis of accounting to the cash basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Ottawa County Visitors' Bureau for the year ending June 30, 2004, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2004 on our consideration of Ottawa County Visitors' 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.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
December 22, 2004

OTTAWA COUNTY VISITORS' BUREAU
Statement of Cash Receipts and Disbursements and Changes in Fund Cash Balances
For the Year Ending June 30, 2004

Total Receipts

Tax Revenue	\$366,350
GLA advertising	93,327
Lake Erie Action Packed (LEAP) revenue	13,410
Ticket/Video revenue	7,765
Sponsorship Fees	4,200
Room Rental	75
Lake Erie Island Reg. Assoc. Income	153,173
Total Receipts	638,300

Total Disbursements

Payroll and taxes	160,916
Rent and Utilities	47,073
Office Supplies	7,936
Promotional Mailings	32,488
Building Maintenance	10,829
Travel Shows	4,755
Meetings and Seminars	601
Insurance	42,562
Professional Fees	58,261
Publications	2,872
Vehicle	6,471
Great Lakes Adventure	99,774
Advertising	47,497
Public Relations	13,804
Employee Welfare	3,577
Promotional Feedback	5,480
Group Sales Expense	214
LEAP expenses	19,480
Principal Payments	30,320
Interest Expense	120,344
Capital Expenditures	412,722
Total Disbursements	1,127,976

Excess of receipts over disbursements (489,676)

Other Receipts and Disbursements

Interest earned	178
Proceeds of Loans	100,000
Total other receipts and disbursements	100,178

Excess of Receipts Over/(Under) Disbursements (389,498)

Beginning Fund Balance – As Restated (See Note 8) 443,683

Ending Fund Balance **\$54,185**

See accompanying notes to the financial statements

**Ottawa County Visitors' Bureau
Notes to the Financial Statements
For the Year Ending June 30, 2004**

Nature of Operations – The purpose for which the Ottawa County Visitors' Bureau (Bureau) 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.

Note 1- Summary of Significant Accounting Policies

Basis of Accounting – These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed by the Auditor of State.

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

Cash and Investments – Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements accordingly.

Note 2- 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.

NOTE 3 – OPERATING LEASES

On June 28, 2002 the Bureau entered into a three-year operating lease for a Minivan with monthly payments of \$479. The lease expense for 2004 was \$5,748.

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 year ended June 30, 2004 was \$16,140.

**Ottawa County Visitors' Bureau
Notes to the Financial Statements
For the Year Ending June 30, 2004**

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 surcharge. The lease expense for the year ended June 30, 2004 was \$2,976.

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

Year Ended June 30	Minivan Lease	Land Lease	Copier Lease
2005	\$5,756	\$ 16,560	\$2,976
2006		16,980	2,976
2007		17,400	2,976
2008		17,820	
Thereafter		1,132,800	
Total	\$5,756	\$1,201,560	\$8,928

NOTE 4 – 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, 2004 was \$2,901.

NOTE 5– MORTGAGES PAYABLE

Long-term debt consists of:

First National Bank – Mortgage secured by all assets, guaranteed by the USDA, payable in monthly installments of \$7,460 including interest at 6.25%, Due July 2033.	\$ 1,187,000
US Department of Agriculture – Mortgage secured by all assets, payable in monthly installments of \$4,817 including interest at 4.5%, due July 2033	<u>892,196</u>
TOTAL DEBT	<u>\$ 2,079,196</u>

NOTE 6 – 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, 2004 the Bureau's uninsured cash balances totaled \$18,944.

**Ottawa County Visitors' Bureau
Notes to the Financial Statements
For the Year Ending June 30, 2004**

NOTE 7- CONTINGENT LIABILITIES

The Visitors' Bureau may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Visitors' Bureau legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Visitors' Bureau.

NOTE 8 – RESTATEMENT OF PRIOR YEAR FUND BALANCE

The change from the accrual basis of accounting to the cash basis of accounting required the following restatement of fund balance:

Fund balance as stated June 30, 2003	\$ 756,265
Restatement of cash basis	<u>(312,582)</u>
Restated fund balance July 1, 2003	<u>\$ 443,683</u>

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

**Report on Compliance and on Internal Control Over Financial Reporting
Based on An Audit of Financial Statements Performed in Accordance With
Government Audit Standards**

To Board of Trustees of
The Ottawa County Visitors' Bureau
Port Clinton, OH

We have audited the financial statements of the Ottawa County Visitors' Bureau (Bureau) as of and for the year ending June 30, 2004 and have issued our report dated December 22, 2004. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 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 statements of cash receipts and disbursements and cash balances 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 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 operations that we consider to be material weaknesses.

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

Charles E. Harris & Associates, Inc.
December 22, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**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
MARCH 29, 2005**