

Westerville Visitors and Convention Bureau

Franklin County, Ohio

Regular Audit

January 1, 2004 through December 31, 2005

Years Audited Under GAGAS: 2005 and 2004

BALESTRA, HARR & SCHERER, CPAs, INC.

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**Auditor of State
Betty Montgomery**

Board of Trustees
Westerville Visitors and Convention Bureau
20 West Main Street
Westerville, Ohio 43081

We have reviewed the *Independent Auditors' Report* of the Westerville Visitors and Convention Bureau, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period January 1, 2004 through December 31, 2005. 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 Westerville Visitors and Convention 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

November 21, 2006

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Board of Trustees
Westerville Visitors and Convention Bureau
20 West Main Street
Westerville, Ohio 43081

We have audited the accompanying financial statements of the Westerville Visitors and Convention Bureau, (the Bureau), as of December 31, 2005 and 2004. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits 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 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.

As described in Note 1, the Bureau prepares its financial statements on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Bureau as of December 31, 2005 and 2004, and the cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2006, on our consideration of the Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
September 27, 2006

Westerville Visitors and Convention Bureau
Statements of Cash Receipts, Cash Disbursements and Changes in Net Assets
For the Years Ended December 31, 2005 and 2004

| | 2005 | 2004 |
|------------------------------------|----------|----------|
| Cash receipts: | | |
| Excise tax on lodging | \$64,743 | \$60,400 |
| Membership dues | 2,863 | 8,113 |
| Advertising | 0 | 300 |
| Events/fundraisers | 11,125 | 23,293 |
| Interest | 71 | 77 |
| Miscellaneous | 0 | 3,229 |
| Total cash receipts: | 78,802 | 95,412 |
| Cash disbursements: | | |
| Salaries | 42,826 | 43,493 |
| Payroll taxes and health benefits | 8,455 | 10,567 |
| Marketing and promotions | 4,189 | 6,059 |
| Office | 10,085 | 7,839 |
| Rent and utilities | 414 | 524 |
| Printing | 1,938 | 1,782 |
| Telephone | 3,904 | 1,984 |
| Professional fees | 347 | 1,503 |
| Conferences, training and travel | 2,117 | 3,370 |
| Dues and memberships | 4,449 | 12,972 |
| Total cash disbursements: | 78,724 | 90,093 |
| Total receipts over disbursements: | 78 | 5,319 |
| Net assets, January 1: | 9,045 | 3,726 |
| Net assets, December 31: | \$9,123 | \$9,045 |

See accompanying notes to the financial statements.

Westerville Visitors and Convention Bureau
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Westerville Visitors and Convention Bureau (the Bureau) is a not-for-profit organization which promotes travel and tourism in the City of Westerville. The Bureau is funded by an excise tax on lodging of transient guests within the City of Westerville. The Bureau also receives annual dues from its member organizations. The Bureau is directed by a seven member Board of Trustees appointed by the Council of the City of Westerville, the Westerville Chamber of Commerce, Otterbein College, and the local lodging establishments.

Basis of Accounting:

These financial statements follow the cash basis of accounting which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters.

Cash Deposits:

The Bureau maintains its cash balances in a demand deposit account at a local commercial bank and maintains a \$100 petty cash fund. There were no investments in 2005 or 2004.

Property, Plant and Equipment:

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Income Taxes:

The Bureau is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

NOTE 2-LEASES

In February 2004, the Bureau entered into a rental lease agreement for office space. The agreement is for a term of 3 years, ending January 31, 2007, and requires annual payments of \$7,200 for the first year; \$8,100 for the second year; and \$9,000 for the third year. These annual payments are to be remitted in equal monthly installments.

The Bureau also leases office equipment pursuant to an operating lease that expires in April 2006. Terms of the lease require semi-annual payments of \$852.

NOTE 3-EXCISE TAX ON LODGING

As required by the Ohio Revised Code, the Bureau receives a minimum of 25% of the 6% excise tax collected by the City of Westerville. The Bureau also receives an additional allocation of the excise tax at the discretion of the Westerville City Council. In 2005 and 2004, the Bureau received the following funds from the City:

| | <u>2005</u> | <u>2004</u> |
|----------------------------|-----------------|-----------------|
| Minimum 25% share | \$15,048 | \$13,871 |
| Additional City allocation | 49,695 | 46,529 |
| Total received | <u>\$64,743</u> | <u>\$60,400</u> |

NOTE 4-CONCENTRATIONS

The Bureau receives substantial revenue from the lodging excise tax levied by the City of Westerville. A reduction of that tax, or the City of Westerville's discretionary allocation could have a significant impact on the operations of the Bureau.

Westerville Visitors and Convention Bureau
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

NOTE 5-RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

- General liability
- Business personal property

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Bureau has not incurred significant reductions in insurance coverage from the prior year by category or risk.

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

Board of Trustees
Westerville Visitors and Convention Bureau
20 West Main Street
Westerville, Ohio 43081

We have audited the financial statements of the Westerville Visitors and Convention Bureau, (the Bureau), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 27, 2006. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our an opinion on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the Bureau is a separate letter dated September 27, 2006.

This report is intended solely for the information and use of management and Board members, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
September 27, 2006



**Auditor of State
Betty Montgomery**

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WESTERVILLE VISITORS AND CONVENTION BUREAU

FRANKLIN 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 5, 2006**