

**MEDINA COUNTY CONVENTION
AND VISITORS BUREAU**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2005



Mary Taylor, CPA
Auditor of State

January 12, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**Auditor of State
Betty Montgomery**

Board of Trustees
Medina County Convention and Visitors Bureau
124 West Lafayette Road
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina County Convention and Visitors Bureau, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2005 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 Medina County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 3, 2007

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**MEDINA COUNTY CONVENTION AND VISITORS BUREAU
FOR THE YEAR ENDED
DECEMBER 31, 2005**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Medina County Convention and Visitors Bureau
Medina County
124 West Lafayette Road
Medina, Ohio 44256

We have audited the accompanying statement of cash receipts, cash disbursements and change in cash balance of the Medina County Convention and Visitors Bureau (the Bureau), as of and for the year ended December 31, 2005. This financial statement is the responsibility of the Bureau's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the 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.

As described more fully in Note 1, the Bureau has prepared this financial statement on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Bureau, as of December 31, 2005 and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 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 considered in assessing the results of our audit.

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

November 10, 2006

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Medina County Convention and Visitors Bureau
Statement of Cash Receipts, Cash Disbursements and
Change in Cash Balance
For the Year Ended December 31, 2005

| | |
|-----------------------------------|-----------|
| Cash Receipts | |
| County Room Taxes | \$257,630 |
| Membership Dues | 4,040 |
| Interest | 1,888 |
| Advertising | 3,413 |
| Miscellaneous | 430 |
| | <hr/> |
| Total Cash Receipts | 267,401 |
| | <hr/> |
| Cash Disbursements | |
| Payroll | 76,907 |
| Payroll Taxes | 6,097 |
| Medical Insurance | 26,997 |
| Life Insurance | 287 |
| Employee Benefits (IRA) | 2,105 |
| Rent | 9,545 |
| Telephone | 4,487 |
| Postage | 8,304 |
| Office Supplies | 3,408 |
| Advertising/Brochure | 71,065 |
| Printing | 2,746 |
| Dues/Subscriptions | 2,950 |
| Conference/Meetings | 4,011 |
| Travel | 5,806 |
| Insurance | 3,372 |
| Professional/Consultation | 6,389 |
| Promotional | 2,876 |
| Leased Equipment | 981 |
| Equipment Purchase | 953 |
| Automobile/Van Purchase | 5,241 |
| Automobile/Van Expense | 3,907 |
| Bank Service Charges | 195 |
| | <hr/> |
| Total Cash Disbursements | 248,629 |
| | <hr/> |
| Total Receipts Over Disbursements | 18,772 |
| | <hr/> |
| Cash Balance, January 1, 2005 | 110,359 |
| | <hr/> |
| Cash Balance, December 31, 2005 | \$129,131 |
| | <hr/> |

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

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Nature of Operations

The Medina County Convention and Visitors Bureau, Medina County (the Bureau), is a not-for-profit organization established in accordance with Section 501(c)(6) of the Internal Revenue Code. The Bureau was formed for the purpose of using funds generated within Medina County by the county hotel excise tax. The Bureau operates under a nine-member Board of Trustees, six who are elected internally by members and three who are appointed by the Medina County Commissioners. The Bureau is governed by a Board of Trustees. For the year ended December 31, 2005, the Board of Trustees consisted of nine appointed members. The Bureau was formed to promote the area, facilities and attractions as a destination for visitors, resulting in increased business activity and improved quality of life for Medina County.

The Bureau provides general public services to promote Medina County travel and tourism. The Bureau promotes travel and tourism by extensive advertising and personal representation.

B. Basis of Accounting

This financial statement follows the cash 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.

C. Property, Plant and Equipment

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

D. Income Taxes

The Bureau is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The organization is not classified as a private foundation as such, is not subject to Federal, state or local income taxes.

2. **CASH**

The Bureau maintains a checking and two savings accounts used for all general purposes. The Bureau's deposits are entirely insured by the Federal Depository Insurance Corporation.

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

3. **HOTEL/MOTES TAX**

Medina County provides funding to the Bureau by remitting collections from the County's hotel/motel tax. During 2005, the Bureau received \$257,630 in hotel/motel tax revenue.

4. **RISK MANAGEMENT**

The Bureau has obtained the following commercial insurance through the Westfield Insurance Company:

- a. Comprehensive property and general liability
- b. Public officials and employee liability
- c. Vehicles

The Bureau also provides health insurance for all Bureau employees through a private carrier.

5. **COMMITMENTS AND CONTINGENCIES**

The Bureau receives a substantial amount of support from the County bed tax. A significant reduction in the level of this support, if this were to occur, may have an effect on the Bureau's programs and activities.

6. **LEASES**

The Bureau leases office space. The current lease agreement renewed on December 1, 2004 and expires November 30, 2007.

The schedule of future minimum lease payments is as follows:

| | Office Space Lease |
|------------------------------|-----------------------|
| Year Ended December 31, 2006 | 8,400 |
| Year Ended December 31, 2007 | 7,700 |

**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
Medina County Convention and Visitors Bureau
Medina County
124 West Lafayette Road
Medina, Ohio 44256

We have audited the financial statement of the Medina County Convention and Visitors Bureau (the Bureau), as of and for the year ended December 31, 2005, and have issued our report thereon dated November 10, 2006, wherein we noted that the Bureau prepared its financial statements using the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

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 opinion on the financial statement 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 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 statement 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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*.

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* (continued)

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.

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

November 10, 2006



Mary Taylor, CPA
Auditor of State

MEDINA COUNTY CONVENTION AND VISITORS BUREAU

MEDINA 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
JANUARY 18, 2007**