



**Auditor of State  
Betty Montgomery**



**MEDINA COUNTY CONVENTION AND VISITORS BUREAU  
MEDINA COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Medina County  
Convention and Visitors Bureau  
Medina County  
124 W. Lafayette Road  
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statement of the Medina County Convention and Visitors Bureau, Medina County, Ohio, (the Bureau) as of and for the year ended December 31, 2003. 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 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 discussed in Note 1, the Bureau prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balance of the Bureau as of December 31, 2003, 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 March 19, 2004, 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.

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Medina County  
Convention and Visitors Bureau  
Medina County  
Independent Accountants' Report  
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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 § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 19, 2004

**MEDINA COUNTY CONVENTION AND VISITORS BUREAU  
MEDINA COUNTY**

**STATEMENT CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**Cash Receipts:**

Bed tax	\$226,248
Membership dues	6,465
Interest income	396
Miscellaneous income	641
Advertising	<u>4,397</u>
 Total Cash Receipts	 <u><u>238,147</u></u>

**Cash Disbursements:**

Salaries	77,310
Payroll taxes	5,637
Health insurance	24,809
Life Insurance	174
Employee benefits (IRA)	2,272
Advertising	76,277
Conferences/Meetings	6,655
Dues and subscriptions	3,752
Insurance-general	3,831
Leased equipment	734
Office supplies/expenses	2,591
Photography/Art	274
Postage	10,163
Printing	3,717
Professional Consulting Fees	4,743
Promotions/Special Events	3,476
Rent	8,964
Telephone	4,544
Travel	8,765
Van lease	756
Van purchase	4,431
Vehicle expense	<u>1,078</u>
 Total Cash Disbursements	 <u><u>254,953</u></u>

Total Cash Receipts (Under) Cash Disbursements	(16,806)
Fund Cash Balances, January 1	<u>120,179</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$103,373</u></u></b>

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

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**MEDINA COUNTY CONVENTION AND VISITORS BUREAU  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Medina County Convention and Visitors Bureau, Medina County, (the Bureau) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. However, the Bureau did not file, within a five year period, the Statement of Continued Existence form required to be filed with the Ohio Secretary of State, nor did the Bureau notify the Internal Revenue Service of this matter and evaluate the effects of this matter on the Bureau's federal tax exempt status. The affects of this matter on the Bureau's tax exempt status or its financial statements are not presently determinable. The Bureau is governed by a Board of Trustees. For the year ended December 31, 2003, the Board of Trustees consisted of 10 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's management believes this financial statement presents all activities for which the Bureau is financially accountable.

**B. 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 or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in the fund cash balances. 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, respectively.

Money market mutual funds are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

The Bureau uses fund accounting to segregate cash and investments that are restricted as to use. The Bureau classifies its funds into a General Fund, which is the general operating fund.

**E. Budgetary Process**

The Bureau is not required to follow budgetary procedures as prescribed by the Ohio Revised Code; however, the Bureau uses internal budgets for planning purposes that it adopts annually.

A summary of 2003 budgetary activity appears in Note 3.

**F. 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.

**MEDINA COUNTY CONVENTION AND VISITORS BUREAU  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**2. EQUITY IN CASH AND INVESTMENTS**

The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the Bureau's deposits was \$103,373 and the bank balance was \$107,535. Of this bank balance, the Federal Depository Insurance Corporation insured \$107,535.

**3. HOTEL/MOTEL TAX**

Medina County provides funding to the Bureau by remitting collections from the County's hotel/motel tax. During 2003, the Bureau received \$226,248 in hotel/motel tax revenue.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2003 follows:

<u>2003 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$202,900	\$238,147	\$35,247

<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$232,300	\$254,953	(\$22,653)

**5. RETIREMENT SYSTEM**

The Bureau implemented its SIMPLE IRA (Savings Incentive Match Plan for Employees) Program, effective January 1, 2000. Annual employer contributions to the plan are required at the participant's elective percentage of 1 to 3% of eligible compensation as defined in the plan or a maximum of \$6,000 per year. The Bureau's contributions to the active retirement plan totaled \$2,272 for the year ended December 31, 2003.

**6. RISK MANAGEMENT**

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

- Comprehensive property and general liability
- Public officials and employee liability
- Vehicles

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

**MEDINA COUNTY CONVENTION AND VISITORS BUREAU  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**7. 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.

**8. LEASES**

The Bureau leases office space. This lease agreement expires in October 2004.

The schedule of future minimum lease payments is as follows:

	Office Space Lease
Year ending December 31: 2004	\$6,600

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Medina County  
Convention and Visitors Bureau  
Medina County  
124 W. Lafayette Road  
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statement of Medina County Convention and Visitors Bureau, Medina County, Ohio, (the Bureau) as of and for the year ended December 31, 2003, and have issued our report thereon dated March 19, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 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 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 statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Bureau's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2003-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Bureau in a separate letter dated March 19, 2004.

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.



**Betty Montgomery**  
Auditor of State

March 19, 2004

**MEDINA COUNTY CONVENTION AND VISITORS BUREAU  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2003-001**

**Material Weakness**

The Medina County Convention and Visitors Bureau (the Bureau) is required to file a Statement of Continued Existence with the Ohio Secretary of State every five years in order to remain active as a corporation in the State of Ohio. The Bureau was required to file this statement in February of 1996, but failed to do so at that time, and has not filed with the Secretary of State as of the date of this report. In addition, the Bureau has not notified the Internal Revenue Service of this change in the reporting entity, and the effects of this matter on the Bureau's tax exempt status or its financial statements are not known.

The Bureau should consult with its legal counsel and Medina County to determine what steps need to be taken to address this matter.

A referral letter concerning this matter has been sent to the Internal Revenue Service and the Ohio State Department of Taxation.

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**Auditor of State  
Betty Montgomery**

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**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  
MAY 4, 2004**