

MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.

Regular Audit

Years Ended December 31, 2005 and 2004



**Auditor of State
Betty Montgomery**

Board of Directors
Middletown Convention and Visitors Bureau
1504 Central Avenue
Middletown, Ohio 45044-4136

We have reviewed the *Independent Auditor's Report* of the Middletown Convention and Visitors Bureau, Butler County, prepared by Cassady, Schiller & Associates 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 Middletown Convention and 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

June 6, 2006

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MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.

REGULAR AUDIT

YEARS ENDED DECEMBER 31, 2005 AND 2004

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Middletown Convention and Visitors Bureau, Inc.

We have audited the accompanying financial statements of the Middletown Convention and Visitors Bureau, Inc., Butler County, Ohio (the Organization), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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 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 statements. 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 audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Organization has prepared these financial statements 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 statements referred to above present fairly, in all material respects, the cash receipts and disbursements and cash balances arising from the cash transactions of the Organization, as of December 31, 2005 and 2004 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 May 16, 2006 on our consideration of the Organization's internal control over financial reporting and 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 conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, consisting of the letters 'CSA' in a stylized, cursive font.

May 16, 2006

CERTIFIED PUBLIC ACCOUNTANTS

4705 Lake Forest Drive
Cincinnati, Ohio 45242
513/483.6699 Fax: 513.483.6690
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MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

	<u>2005</u>	<u>2004</u>
Cash receipts:		
Motel tax	\$ 120,000	\$ 160,090
Interest	1,653	588
Miscellaneous	-	64
	<u>121,653</u>	<u>160,742</u>
Total cash receipts	121,653	160,742
Cash disbursements:		
Community projects	41,609	56,385
Administrative	37,000	37,000
Advertising	25,864	25,873
Printing and publications	7,250	6,702
Bookkeeping	2,160	2,496
Souvenirs	1,946	1,904
Travel and meetings	1,933	865
Accounting	1,713	3,155
Office supplies	1,704	1,702
Insurance	1,425	1,347
Telephone	881	839
Postage	837	950
Dues and memberships	50	300
Outside services	-	1,112
Payroll taxes	-	97
Miscellaneous	-	25
	<u>124,372</u>	<u>140,752</u>
Total cash disbursements	124,372	140,752
 Total cash receipts over cash disbursements	 (2,719)	 19,990
 Beginning cash balance, January 1	 <u>93,425</u>	 <u>73,435</u>
 Ending cash balance, December 31	 <u>\$ 90,706</u>	 <u>\$ 93,425</u>

MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

1. Summary of significant accounting policies

A. Description of the entity

The Middletown Convention and Visitors Bureau, Inc., the Organization, is a not-for-profit corporation formed under the laws of the State of Ohio. The purpose of the Organization is to promote and publicize the City of Middletown, Ohio, to attract tourists into the City for their consumption of goods and services provided by the City's hospitality industry and the general business community.

B. Basis of accounting

The Organization's Statement of Cash Receipts and Disbursements and Cash Balances were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis of accounting records cash receipts and cash disbursements. Cash receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying Statements of Cash Receipts and Disbursements and Cash Balances is not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

C. Cash deposits

During the fiscal years 2005 and 2004, the Organization's funds were in an interest bearing checking account.

D. Income taxes

The Organization is exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code.

2. Equity in pooled cash and investments

The Organization maintains a pool of deposits used by all funds. The carrying amount of cash and deposits at December 31 follows:

	<u>2005</u>	<u>2004</u>
Operating account	\$ 8,837	\$ 38,055
Savings account	<u>81,869</u>	<u>55,370</u>
Total	<u>\$ 90,706</u>	<u>\$ 93,425</u>

MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

3. Cash receipts

The Organization's primary source of cash receipts is from the City of Middletown Motel/Hotel Bed Tax. The Organization entered into an agreement with the City of Middletown in October 1993 to provide convention and visitors promotions for the City. The term of the agreement is October 1st to September 30th and automatically renews itself for one year provided that neither party has given written notice to the other of its desire to terminate the agreement.

The City agrees to pay the Organization an amount of money equal to the following percentages of the City's annual receipt from its Motel/Hotel Bed Tax imposed under the provisions of Ordinance 091-63 less cost of collection and intergovernmental obligations.

1. 90% of the first \$75,000.00 plus
2. 80% of the next \$25,000.00 plus
3. 65% of the amount in excess of \$100,000.00

The amount was limited to a maximum of \$120,000 by the City of Middletown for the year ended 2005.

4. Contractual agreement

The Organization contracts with the Mid-Miami Valley Chamber of Commerce to provide bookkeeping services.

The Organization has a contractual agreement with its Executive Director. For \$3,083 per month the director provides certain services outlined in the agreement. The agreement was in effect for 2004 and 2005.

5. Concentration of receipts

The Organization receives almost all of its support from the City of Middletown Motel/Hotel Bed Tax.

INDEPENDENT AUDITOR'S 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



To the Board of Directors
Middletown Convention and Visitors Bureau, Inc.

We have audited the financial statements of the Middletown Convention and Visitors Bureau, Inc. as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 16, 2006, wherein we noted that the Organization 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 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 audits, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions 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 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 Organization's financial statements are 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 Audit Standards*.

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

A handwritten signature in black ink, appearing to read 'CSA', is written over the printed signature line.

May 16, 2006

CERTIFIED PUBLIC ACCOUNTANTS

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MIDDLETOWN CONVENTION AND VISITORS BUREAU, INC.

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2005 AND 2004

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid</u>
No findings were noted in the prior year audit.			



**Auditor of State
Betty Montgomery**

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MIDDLETOWN CONVENTION AND VISITORS BUREAU

BUTLER 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
JUNE 20, 2006**