

**MANSFIELD/RICHLAND COUNTY CONVENTION AND VISITORS
BUREAU, INC.**

RICHLAND COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Long, Cook & Samsa, Inc.
CERTIFIED PUBLIC ACCOUNTANTS



Mary Taylor, CPA

Auditor of State

Board of Directors
Mansfield Richland County Convention and Visitors Bureau
124 North Main Street
Mansfield, Ohio 44902

We have reviewed the *Independent Accountants' Report* of the Mansfield Richland County Convention and Visitors Bureau, prepared by Long, Cook & Samsa, Inc., for the audit period January 1, 2005 through December 31, 2006. 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 Mansfield Richland County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 14, 2008

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**MANSFIELD/RICHLAND COUNTY CONVENTION AND VISITORS BUREAU, INC.
RICHLAND COUNTY**

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Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

INDEPENDENT ACCOUNTANTS' REPORT

Mansfield/Richland County Convention
and Visitors Bureau, Inc.
Richland County
124 North Main Street
Mansfield, Ohio 44902

To the Board of Directors:

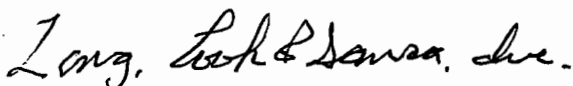
We have audited the accompanying statements of cash receipts and disbursements of the Mansfield/Richland County Convention and Visitors Bureau, Inc., Richland County, Ohio, (the Bureau) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the 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 audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Bureau 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 balance of the Bureau as of December 31, 2006 and 2005, and its cash receipts and disbursements on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2007, 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.



Long, Cook & Samsa, Inc.
December 12, 2007

Mansfield/Richland County Convention and Visitors Bureau, Inc.
Statements of Cash Receipts, Cash Disbursements And
Changes in Cash Balance
For The Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating Cash Receipts:		
County Bed Tax	\$ 397,802	\$ 374,601
City Bed Tax	101,741	100,726
Project	21,170	28,043
Membership dues	19,995	19,009
Miscellaneous revenues	6,172	96,025
Interest	361	36
	547,241	618,440
Operating Cash Disbursements:		
Compensation, fringe benefits and payroll taxes	222,655	211,119
Advertising	71,624	63,196
Operations	58,331	64,478
Local promotion	54,403	53,018
Brochures	43,291	48,991
Capital improvements	33,349	29,053
Telephone	12,497	14,079
Travel	10,293	7,898
Tourist information	8,368	8,348
Utilities	6,769	5,860
Legal and professional	6,488	3,602
Auto	5,851	5,934
Dues and subscriptions	5,476	5,095
Trade and conventions	3,865	2,574
Annual meeting	3,517	2,154
Accounting	2,560	4,443
Board meetings	977	748
Continuing education	641	286
Theft and cash shortage	-	26,822
	550,955	557,698
Total cash disbursements	550,955	557,698
Total operating cash receipts over cash disbursements	(3,714)	60,742

See accompanying notes and accountants' report.

Mansfield/Richland County Convention and Visitors Bureau, Inc.
Statements of Cash Receipts, Cash Disbursements And
Changes in Cash Balance
For The Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Financing Activity:		
Loan proceeds	\$ 31,924	\$ 23,528
Loan and interest payments	<u>(17,514)</u>	<u>(48,457)</u>
Net financing activity	<u>14,410</u>	<u>(24,929)</u>
Total cash receipts over cash disbursements	10,696	35,813
Cash balance, January 1	<u>66,735</u>	<u>30,922</u>
Cash balance, December 31	<u>\$ 77,431</u>	<u>\$ 66,735</u>

See accompanying notes and accountants' report.

**MANSFIELD/RICHLAND COUNTY CONVENTION AND VISITORS BUREAU, INC.
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mansfield/Richland County Convention and Visitors Bureau, Inc., Richland County, Ohio (the Bureau), is a non-governmental not-for-profit organization. The Bureau is governed by a Board of Directors. 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 Richland County.

B. Basis of Accounting

These financial statements follow the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the results of operations in conformity with accounting principles generally accepted in the United States of America.

These statements include adequate disclosure of material matters, as described by the cash basis of accounting.

C. Cash and Investments

The Bureau maintains its cash balances in a demand deposit account and short term bank certificates of deposit at a local commercial bank. There were no investments in 2006 and 2005. The Bureau values certificates of deposit at cost.

D. Hotel and Lodging Bed Tax

The Bureau's primary source of revenue is a bed tax levied by the City of Mansfield and the Richland County Auditor against occupied hotel and motel rooms located in the city of Mansfield and Richland County. The tax is collected by the various county and city agencies and distributed monthly to the Bureau.

E. Budgetary Process

The Bureau is not subject to the provisions of Section 5705 of the Revised Code as property tax revenues are not utilized to finance its operations.

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 statements.

(Continued)

**MANSFIELD/RICHLAND COUNTY CONVENTION AND VISITORS BUREAU, INC.
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Debt

Increases in debt (borrowings) are recorded as receipts when received. Reductions of debt (payments) are recorded as expenditures when paid. Debts are not reflected as liabilities in the financial statements.

H. 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.

I. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH

Cash deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. At times the Bureau's cash deposits exceeded the insurance limits.

3. RETIREMENT SYSTEMS

All employees over 21 years of age with 1,000 annual hours of service are eligible to participate in the Bureau's defined contribution retirement plan, a 401(k) plan. The Bureau contributes 7 percent of each participant's eligible compensation as defined by the plan. In addition, employee elective contributions are allowed up to 10 percent of eligible compensation. The Bureau's contributions to the retirement plan totaled \$9,304 and \$13,481 for the years ended December 31, 2006 and 2005, respectively.

4. RISK MANAGEMENT

The Bureau has obtained commercial insurance for general liability risks.

5. CONCENTRATION OF RISK

The Bureau receives substantial revenue from the lodging excise tax which is levied by Richland County and the City of Mansfield. A reduction of that tax could have a significant impact on the operations of the Bureau.

6. LEASES

The Bureau leases one automobile, and the office space. The automobile lease calls for monthly rentals of \$356 and expired December 2006. The office lease has monthly rentals of \$1,770 and expires April, 2009. Under the office lease the Bureau pays utilities, maintenance, and other operating costs.

**MANSFIELD/RICHLAND COUNTY CONVENTION AND VISITORS BUREAU, INC.
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

7. DEBT

In August of 2003 the Bureau borrowed \$50,000 from a local bank to help finance the construction of a visitor's center. The note called for monthly payments of interest plus \$417 through July of 2013. The balance of the loan was paid off in October of 2005.

In December 2005, the Bureau borrowed \$23,528 to purchase office equipment. In December 2006, the Bureau borrowed \$ 31,924 at no interest to purchase a van. The note calls for sixty monthly payments of \$ 532. As of December 31, 2006 and 2005, the loan balances were \$39,061 and \$49,068, respectively.

The Bureau has entered into a line of credit agreement with a local bank. The agreement calls for a maximum loan of \$50,000 and is to be used to help the Bureau meet its seasonal cash needs. As of December 31, 2006 and 2005, there was no outstanding balance on the line of credit.

The future scheduled maturities on long-term debt are as follows for the years ended December 31:

2007	\$ 8,026
2008	8,117
2009	8,214
2110	8,316
Thereafter	<u>6,388</u>
	<u>\$39,061</u>

8. RICHLAND SPORTS CAR CLUB OF AMERICA COMMITTEE

The Bureau receives donations on behalf of the Richland Sports Car Club of America (SCCA) Committee, of which it is a member. The Bureau is responsible for the disbursement and the depositing of funds into a separate checking account. These receipts, disbursements, and cash balances are not reflected in the accompanying financial statements.

As a member of SCCA, the Bureau also makes contributions to help SCCA accomplish its objective of attracting race fans to an annual Formula 500 races held in Mansfield. Bureau contributions totaled \$3,000 and \$14,100 for the years ended December 31, 2006 and 2005, respectively. The last year the National Championship was held in Mansfield was 2005.

9. RELATED PARTY TRANSACTIONS

Some members of the Board of Directors are employees, owners, or partners of entities that do business with the Bureau. These businesses include the Bureau's bank and others that are active in the tourism industry and benefit from the Bureau's success. For the year ended December 31, 2006, the Bureau made payments to a director's law firm of \$1,257 and for the year ended December 31, 2005, the Bureau made payments to a director's law firm of \$3,602.

10. EMPLOYEE THEFT

In June 2005 management discovered funds missing that were used by a Bureau employee for personal expenses. Management estimates the amounts missing were \$34,067, \$18,170 and \$26,822 for the years ended December 31, 2005, 2004 and 2003, respectively. The total estimated missing amount is \$79,059. In 2005 the Bureau received all but \$100 of the estimated loss and it is reflected as miscellaneous income.

Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

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

Mansfield/Richland County Convention and Visitors Bureau, Inc.
Richland County
124 North Main Street
Mansfield, Ohio 44902

To the Board of Directors:

We have audited the financial statements of the cash receipts and disbursements of the Mansfield/Richland County Convention and Visitors Bureau, Richland County, Ohio, (the Bureau) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 12, 2007. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Bureau's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Bureau's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency: 2006-001

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Bureau's internal control will not prevent or detect a material financial statement misstatement.

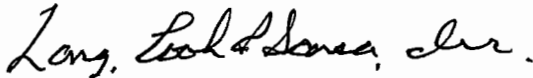
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency number 2006-001 described above is also a material weakness.

We also noted certain internal control matters that we reported to the Bureau's management and board in a separate letter dated December 12, 2007.

Compliance

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect 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*.

We intend this report solely for the information and use of management and board of the Bureau. We intend it for no one other than these specified parties.



Long, Cook & Samsa, Inc.
December 12, 2007

**MANSFIELD/RICHLAND COUNTY CONVENTION AND VISITORS BUREAU, INC.
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

INTERNAL CONTROL – MATERIAL WEAKNESS

During the period under audit we noted that the Bureau's accounting/bookkeeping personnel are limited in training, experience and expertise to prepare financial statements and board reports that present fairly the Bureau's financial results. Given the lack of training and expertise there is more than a remote likelihood that the cash basis financial statements will be materially misstated.

Management is aware of this weakness and has hired another firm of Certified Public Accountants to assist in the Bureau's bookkeeping, accounting, and reporting.

**MANSFIELD/RICHLAND COUNTY CONVENTION AND VISITORS BUREAU, INC.
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number 2004-001

Finding Summary: Internal controls surrounding cash procedures contained weaknesses

Fully Corrected: Yes



Mary Taylor, CPA
Auditor of State

MANSFIELD RICHLAND COUNTY CONVENTION AND VISITORS BUREAU

RICHLAND 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 6, 2008**