



**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**



**Auditor of State
Betty Montgomery**

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

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**Auditor of State
Betty Montgomery**

Hardin County Tourist and Convention Bureau
Hardin County
128 North Main St.
Kenton, Ohio 43326

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 27, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Hardin County Tourist and Convention Bureau
Hardin County
128 North Main St.
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of the Hardin County Tourist and Convention Bureau, Hardin County, (the "Bureau"), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Bureau has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Bureau to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the Bureau does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Bureau has elected not to reformat its statements. Since this Bureau does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Bureau as of December 31, 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Bureau, as of December 31, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Bureau to include Management's Discussion and Analysis for the year ended December 31, 2004. The Bureau has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

September 27, 2005

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash Receipts:

Donations	\$230
Sale of Bicentennial Signs	4,395
Post Card Sales	57
Silent Auction Proceeds	2,150
Interest	946
Lodging Tax - City	8,923
Lodging Tax - County	18,469
Miscellaneous	132
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Total Cash Receipts	35,302

Cash Disbursements:

Current:	
Administrative	5,471
Advertising	3,119
Bicentennial Signs	417
Postcards	120
Insurance	1,005
Miscellaneous	410
Office Expenses	3,981
Payroll and Payroll Taxes	19,300
Rent	4,200
Sales Tax	2,973
Seminar and Travel	438
Telephone	1,165
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Total Cash Disbursements	42,599

Total Receipts (Under) Disbursements (7,297)

Fund Cash Balance, January 1

79,237

Fund Cash Balance, December 31

\$71,940

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

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

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

Cash Receipts:

Advertising	\$9
Donations	250
Sale of Bicentennial Signs	124,650
Interest	356
Lodging Tax - City	7,824
Lodging Tax - County	18,615
Miscellaneous	715
	<hr/>
Total Cash Receipts	152,419

Cash Disbursements:

Current:	
Administrative	7,945
Advertising	1,368
Bicentennial Signs	60,161
Insurance	1,215
Miscellaneous	1,062
Office Expenses	1,893
Payroll and Payroll Taxes	21,092
Rent	3,450
Seminar and Travel	1,358
Telephone	1,487
	<hr/>
Total Cash Disbursements	101,031

Total Receipts Over Disbursements 51,388

Fund Cash Balance, January 1 27,849

Fund Cash Balance, December 31 **\$79,237**

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

**TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Hardin County Tourist and Convention Bureau (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. The Bureau is a non-profit corporation under Ohio Revised Code Chapter 1702 and the Internal Revenue Code Section 501(c) 3. The Bureau is directed by a thirteen member Board of Trustees. The mission of the Hardin County Tourist and Convention Bureau is to contribute to the quality of life in Hardin County by promoting travel, tourism, the hospitality of industry, their rich cultural heritage and area attractions to visitors and residents, thereby generating economic growth for business and industry. The Board of Directors establishes programs to plan and implement promotional and marketing strategies that generate travel and tourism related business in Hardin County.

The Bureau's management believes these financial statements present 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

The Bureau's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Bureau reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Bureau maintains a checking account, savings account and certificates of deposit. These accounts are valued at cost.

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 the following type:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

E. Budgetary Process

The Bureau prepares an annual budget. The Bureau is not required to comply with the budgetary requirements of the Ohio Revised Code Section 5705. However, the Bureau's bylaws do require the finance committee to prepare an annual budget. There are no other budgetary requirements. A summary of 2004 and 2003 budgetary activity appears in Note 3.

**TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Bureau maintains a cash and investments pool used by the General Fund. The carrying amount for the Bureau's cash and investments as of December 31, 2004 and 2003 was as follows:

	2004	2003
Demand deposits	\$7,265	\$10,483
Savings accounts	26,946	61,697
Certificates of deposit	37,729	7,057
Total deposits	\$71,940	\$79,237

Deposits: Demand deposits and certificates of deposit are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipt			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,765	\$35,302	(\$6,463)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,765	\$42,599	(\$834)

2003 Budgeted vs. Actual Receipt			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,472	\$152,419	\$23,947

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,260	\$101,031	(\$42,771)

**TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. LODGING EXCISE TAX

The Bureau receives hotel and motel tax monies derived from 3% lodging excise taxes enacted by Hardin County and the City of Kenton. Hardin County remits the full 3% and the City of Kenton remits 1.5% to the Bureau.

5. SOCIAL SECURITY SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 and 2003 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Bureau has obtained commercial insurance for the following risks:

- General liability;
- Property Coverage;
- Public Officials Liability.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Hardin County Tourist and Convention Bureau
Hardin County
128 North Main St.
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of the Hardin County Tourist and Convention Bureau, Hardin County, (the "Bureau"), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 27, 2005, wherein we noted the Bureau follows accounting practices the Auditor of State prescribes rather 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Bureau's management dated September 27, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Hardin County Tourist and Convention Bureau
Hardin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the finance committee, management and Board of Trustees. It is not intended for 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

September 27, 2005

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report on the form utilized by the public office. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The Bureau did not file annual financial statements for 2004 and 2003 or publish notice of availability for 2004 and 2003.

The Bureau should implement controls to help assure that the annual financial report is prepared and filed with the Auditor of State within 60 days of each fiscal year end and that notice is published in a local newspaper stating the financial report is available for public inspection.

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	ORC Sec. 117.38 – The Bureau failed to file annual financial statements and publish notice of availability.	No	Repeated as Finding 2004-001



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

TOURIST AND CONVENTION BUREAU

HARDIN 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
NOVEMBER 10, 2005**