



**Mary Taylor, CPA**  
Auditor of State



HOLMES COUNTY TOURISM BUREAU  
HOLMES COUNTY

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Mary Taylor, CPA  
Auditor of State

Holmes County Tourism Bureau  
Holmes County  
35 N. Monroe St.  
Millersburg, Ohio 44654

To the Council:

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 an 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 adverse 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

October 8, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Holmes County Tourism Bureau  
Holmes County  
35 N. Monroe St.  
Millersburg, Ohio 44654

To the Council:

We have audited the accompanying financial statements of the Holmes County Tourism Bureau, Holmes County, Ohio, (the Tourism Bureau) a division of the Holmes County Chamber of Commerce as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Tourism 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 Tourism 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Tourism Bureau larger (i.e. major) funds separately. While the Tourism 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 its statements. The Tourism Bureau has elected not to reformat its statements. 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 years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Tourism Bureau as of December 31, 2006 and 2005, or their 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 Holmes County Tourism Bureau, Holmes County, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Tourism 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 October 8, 2007, on our consideration of the Tourism 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.

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

**Mary Taylor, CPA**  
Auditor of State

October 8, 2007



**HOLMES COUNTY TOURISM BUREAU  
HOLMES COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>Cash Receipts:</b>		
Hotel/Motel Tax	\$177,614	\$166,912
Grants	40,000	40,000
Advertising Income	5,366	62,630
Special Projects	8,585	5,356
Interest	1,722	811
Miscellaneous	678	360
Total Cash Receipts	233,965	276,069
<b>Cash Disbursements:</b>		
Current:		
Administrative	113,949	103,642
Postage/Distribution	18,110	27,071
Advertising	82,022	93,231
Special Projects	49,192	25,653
Miscellaneous	3,140	7,550
Total Cash Disbursements	266,413	257,147
Total Cash Receipts Over/(Under) Cash Disbursements	(32,448)	18,922
Cash Balances, January 1	106,869	87,947
<b>Cash Balances, December 31</b>	<b>\$74,421</b>	<b>\$106,869</b>

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

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**HOLMES COUNTY TOURISM BUREAU  
HOLMES COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Holmes County Tourism Bureau, Holmes County, Ohio, (the Tourism Bureau) is a division of the Holmes County Chamber of Commerce (Chamber), a 501 (c) (3) corporation. The Chamber has appointed a nine member Board of Trustees as a Council to oversee the Tourism Bureau's operations. The Holmes County Commissioners have contracted with the Chamber to promote tourism in Holmes County.

The Tourism Bureau's management believes these financial statements present all activities for which the Authority is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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.

The Tourism Bureau has been determined to be a governmental non-profit entity subject to government accounting and financial reporting standards.

**C. Cash and Investments**

The Tourism Bureau maintains a non-interest bearing checking account and a money market account.

**D. Fund Accounting**

The Tourism Bureau uses fund accounting to segregate cash that is restricted as to use. The Tourism Bureau classifies its fund as a General Fund which is the general operating fund, and it is used to account for all financial resources of the Tourism Bureau.

**E. Budgetary Process**

The Tourism Bureau is not required to follow budgetary procedures as prescribed by the Ohio Revised Code; however, the Tourism Bureau uses internal budgets for planning purposes which they adopt annually.

A summary of budgetary activity appears in Note 6.

**HOLMES COUNTY TOURISM BUREAU  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**2. Equity in Cash and Investments**

The carrying amount of cash and investments at December 31 follows:

	2006	2005
Demand Deposits	\$65,250	\$98,058
Money Market Investment Account	9,073	8,713
Cash on Hand	98	98
Total Cash and Investments	\$74,421	\$106,869

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. Hotel/Motel Tax**

Holmes County provides funding to the Tourism Bureau by remitting collections from the County's hotel/motel tax. During 2006 and 2005, the Tourism Bureau received \$177,614 and \$166,912 in hotel/motel tax revenue, respectively. The Holmes County Commissioners passed a resolution effective June 2001, increasing the hotel/motel tax from 1% to 3%.

**4. Risk Management**

The Tourism Bureau has obtained commercial insurance for general liability risks.

**5. Related Party Transactions**

The Tourism Bureau shares Chamber of Commerce monthly operational and administrative expenditures which include rent, phone utilities, and salaries for the Chamber of Commerce employees, in addition to travel reimbursement for promotion of Tourism Bureau's business. During 2006 and 2005, the Tourism Bureau's portion of disbursements paid to the Chamber of Commerce were \$97,119 and \$99,855, respectively. This allocation of disbursements ranges from of individual line item disbursements based on a time study performed in 2003 by the former Director and Board Members. Any new or future changes will be tied to a significant change in the number of employees.

A member of the Chamber is employed by Rea & Associates, Inc., an independent accounting firm, who performs various accounting services for the Tourism Bureau including payroll tax services.

**6. Budgetary Activity**

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$265,400	\$233,965	(\$31,435)

**HOLMES COUNTY TOURISM BUREAU  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**6. Budgetary Activity (Continued)**

2006 Estimated vs Actual Expenditures		
Budgeted Expenditures	Actual Expenditures	Variance
\$263,600	\$266,413	(\$2,813)

2005 Budgeted vs Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$260,350	\$276,069	\$15,719

2005 Estimated vs Actual Expenditures		
Budgeted Expenditures	Actual Expenditures	Variance
\$260,100	\$257,147	\$2,953

Budgetary Amounts are for the period of October 1 through September 30, the Tourism Bureau's fiscal year. Actual amounts reflect receipt and expenditure activity reported for the period January 1 through December 31 as required by the agreement with the Holmes County Commissioners. Therefore, no exception will be taken for the actual expenditures exceeding budgeted expenditures in 2006.

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# Mary Taylor, CPA

Auditor of State

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

Holmes County Tourism Bureau  
Holmes County  
35 N. Monroe St.  
Millersburg, Ohio 44654

To the Council:

We have audited the financial statements of the Holmes County Tourism Bureau, Holmes County, Ohio, (the Tourism Bureau) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 8, 2007, wherein we noted the Tourism Bureau follows the 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 Tourism 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 Tourism Bureau's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Tourism 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 Tourism 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 Tourism Bureau's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Tourism Bureau's management in a separated letter dated October 8, 2007.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Tourism 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Council. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

October 8, 2007





**Mary Taylor, CPA**  
Auditor of State

**HOLMES COUNTY TOURISM BUREAU**

**HOLMES 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 29, 2007**