



Mary Taylor, CPA
Auditor of State

**ADAMS COUNTY TRAVEL AND VISITORS' BUREAU
ADAMS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash and Net Assets – As of December 31, 2006 and December 31, 2005.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - For the Years Ended December 31, 2006 and December 31, 2005.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9
Schedule of Findings.....	11
Schedule of Prior Audit Findings	15

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Mary Taylor, CPA
Auditor of State

Adams County Travel and Visitors' Bureau
Adams County
110 N. Manchester Street
West Union, Ohio 45693

To the Members of the Board:

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.

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Mary Taylor, CPA
Auditor of State

October 15, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Adams County Travel and Visitors' Bureau
Adams County
110 N. Manchester Street
West Union, Ohio 45693

To the Members of the Board:

We have audited the accompanying financial statements of the Adams County Travel and Visitors' Bureau, Adams 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 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require Authorities to reformat their statements. The Bureau has elected not to follow GAAP statement formatting requirements. 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 Bureau as of December 31, 2006 and 2005, 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 combined cash balances of The Adams County Travel and Visitors' Bureau, Adams County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 October 15, 2008, 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.

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

Mary Taylor, CPA
Auditor of State

October 15, 2008

ADAMS COUNTY TRAVEL AND VISITORS' BUREAU
ADAMS COUNTY

STATEMENT OF CASH AND NET ASSETS
AS OF DECEMBER 31, 2006 AND 2005

	2006	2005
Cash	<u>\$7,837</u>	<u>\$21,412</u>
Net Assets, Unrestricted	<u>\$7,837</u>	<u>\$21,412</u>

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

**ADAMS COUNTY TRAVEL AND VISITORS' BUREAU
ADAMS COUNTY**

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

	2006	2005
Support and Cash Receipts:		
Lodging tax	\$30,541	\$35,315
Dues	1,668	1,813
Donation	1,000	
Interest	120	
Miscellaneous	40	1,038
	33,369	38,166
Total Cash Receipts	33,369	38,166
Cash Disbursements:		
Marketing	10,650	11,525
Postage	4,915	3,185
Festivals and Shows	370	360
Office Expenses	609	177
Travel Expenses	20	443
Payroll Expenses	13,745	6,131
Federal, State, and Local Payroll Taxes	898	1,278
Repairs and Maintenance	366	1,220
Telephone and Internet	4,474	4,672
Rent	4,800	3,397
Audit Fees	3,178	1,477
Insurance	405	170
Shared Expenses		3,902
Utilities	3,466	1,468
Capital Outlay		8,851
Professional Fees	1,750	
Miscellaneous	1,078	436
	50,724	48,692
Total Cash Disbursements	50,724	48,692
Total Cash Receipts Over/(Under) Cash Disbursements	(17,355)	(10,526)
Other Financing Receipts:		
Other Financing Receipts	3,780	5,431
	3,780	5,431
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(13,575)	(5,095)
Fund Cash Balances, January 1	21,412	26,507
Fund Cash Balances, December 31	\$7,837	\$21,412

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

**ADAMS COUNTY TRAVEL AND VISITORS' BUREAU
ADAMS COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

Adams County Travel and Visitors' Bureau, Adams County, Ohio (the Bureau), is a non-governmental not-for-profit organization. The Bureau is directed by an elected nine-member Board of Trustees. Board members are elected by the members of the Bureau. The Bureau was formed to promote travel and tourism in Adams County as a part of the county's overall economic development program. 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 Deposits

The Bureau maintains its cash balances in a demand deposit account at a local commercial bank. Demand deposits are collateralized by the Federal Depository Insurance Corporation. There were no investments in 2005 or 2006.

D. Hotel and Lodging Bed Tax

The Bureau receives tax receipts as authorized under legislation approved by the Ohio Legislature. On April 1, 1998, the Adams County Commissioners levied a three percent excise tax on transactions by which lodging by a hotel or motel is furnished to transient guests within Adams County. This tax is collected by the County Auditor and is distributed to the Bureau on a quarterly basis.

E. Budgetary Process

The Bureau prepares an annual budget for its internal use. However, there is no legal requirement for the Bureau to prepare a budget.

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. INCOME TAX STATUS

The Bureau was formed as a non-profit corporation in Ohio and has received tax exempt status from the Internal Revenue Service as of October 3, 2003.

**ADAMS COUNTY TRAVEL AND VISITORS' BUREAU
ADAMS COUNTY**

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

3. RISK MANAGEMENT

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Auto non-owned and hired

4. CONCENTRATION OF RISK

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



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*

Adams County Travel and Visitors' Bureau
Adams County
110 N. Manchester Street
West Union, Ohio 45693

To the Members of the Board:

We have audited the financial statements of the Adams County Travel and Visitors' Bureau, Adams County, Ohio (the Bureau), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 15, 2008, wherein we noted the Bureau followed 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-003.

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. We believe the significant deficiency described above is not a material weaknesses.

We also noted certain internal control matters that we reported to the Bureau's management in a separate letter dated October 15, 2008.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-002

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



Mary Taylor, CPA
Auditor of State

October 15, 2008

**ADAMS COUNTY TRAVEL AND VISITORS' BUREAU
ADAMS COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Material Noncompliance

Ohio Rev. Code, Section 9.38, states that monies should be deposited with the Treasurer or designated depository within 24 hours of collection.

Receipts during the audit period for the sale of merchandise were not deposited with the Bureau Treasurer or designated depository until November 23, 2007. Failure to deposit monies could result in daily receipts to be lost or misplaced without being detected in a timely manner. The Bureau should properly safeguard receipts and implement House Bill 220 (Auditor of State Bulletin 99-020) relative to depositing requirements and procedures. This House Bill requires that monies be deposited on the next business day if the amount of daily receipts exceeds \$1,000. If daily receipts do not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

The Adams County Travel and Visitors Bureau maintained a "petty" cash fund in an unlocked desk drawer, which was used to make change and to deposit proceeds from the sale of tourism items such as t-shirts, tote bags and post cards. The tourism merchandise was purchased with Bureau monies. A cash journal was maintained to record receipts for the sale of the tourism items for the "petty" cash fund. This journal recorded the amount received, item sold, date, and was initialed by the person who collected the money. Steve Caraway was custodian over the "petty" cash fund. Mr. Caraway resigned at December 31, 2006 as Director of the Bureau. In February of 2007, the office secretary reviewed the cashbook for this "petty" cash fund and discovered that there should have been \$578.90 on hand, however, there were no monies in the fund. Upon further inquiry, the secretary discovered that Mr. Caraway had taken the money with him when he resigned. Mr. Caraway indicated to us that that someone had tried to break into the building and he kept it for safekeeping.

We footed the petty cash journal and determined that the cash balance in the "petty" cash fund should have been \$578.90. Additionally, we found \$72.40 in supporting documentation for petty cash disbursements, which reduced the recalculated petty cash balance to \$506.50. On November 23, 2007, Mr. Caraway returned \$416.91 to the TVB secretary. As a result \$89.59 remains unaccounted for.

FINDING NUMBER 2006-002

Material Noncompliance

Ohio Rev. Code, Section 149.43(B), provides in part that all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours in order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection.

In addition, **Ohio Rev. Code, Section 149.351(A)**, establishes guidelines against the destruction or damage of records and states in part that "all records are the property of the public office concerned and shall not be removed destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law."

On April 28, 2005 the board approved obtaining a debit card. This card had a spending limit of \$1,000 per day. The Bureau has not established internal controls over debit card expenditures. We reviewed the expenditures made with the card for the period May 24, 2005 through the period ending December 31, 2007. Receipts for debit card purchases were not always retained as supporting documentation identifying the purpose of the transaction. Additionally, the following expenditures, totaling \$396, did not have supporting documentation to determine if they were for a proper public purpose:

2005 Vendor	Amount
WalMart	\$187.05
Office Max	53.82
Carter Lumber Company	15.99
Debit Card Withdrawals	5.00
Prathers IGA	13.52
Total	\$275.38

2006 Vendor	Amount
Christian Book Store	\$11.77
WalMart	16.63
Total	\$28.40

2007 Vendor	Amount
WalMart	\$4.50
Intuit Software	87.72
Total	\$92.22

On November 26, 2006 the Former Director Steve Caraway used the Travel & Visitor's Bureau's debit card twice for personal use in the amount of \$253.20. Mr. Caraway repaid the Bureau \$253.20 on August 3, 2007, for the personal expenditures.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Bureau's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose. Failure to keep proper supporting documentation could result in findings for recovery for improper expenditure of public funds.

FINDING NUMBER 2006-003

Significant Deficiency – Disbursements

Ohio Administrative Code Section 117-2-01 states that public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of certain objectives. Additionally OAC Section 117-2-01 (D) states when designing the public office's system of internal control and the specific control activities, management should consider the following:

1. Ensure that all transactions are properly authorized in accordance with management's policies
2. Ensure that accounting records are properly designed.
3. Ensure adequate security of assets and records,
4. Plan for adequate segregation of duties or compensating controls.

The Bureau has not established internal control procedures over disbursements. The following conditions were noted:

- A disbursement in the amount of \$59.49 to the Ohio News Bureau did not have an invoice; however, we were able to perform alternative audit procedures to determine that this expenditure was for a proper public purpose;
- Check number 640 in the amount of \$100, was not recorded in the Bureau's records. However, this check was written and did clear the bank in January 2005.
- Disbursements were made for meals for the media or for travel and tourism personnel, however, there is no policy in effect stating that the board will allow this type of disbursement.
- The Board did not develop a debit card policy that outlined the use of the Bureau's debit card.

Failure to maintain appropriate accounting records may adversely affect the decisions of management and could result in illegal expenditures, inaccurate financial reports and misuse of funds. To improve accountability over disbursements, we recommend the following:

- Invoices should be maintained as supporting documentation for all expenditures.
- When checks are voided or reissued this should be noted in the cashbook and the bank reconciliation. All checks should be accounted for. Checks should be issued in numerical order, prenumbered and posted to the year in which they were issued
- A policy should be adopted stating the board's intention regarding entertaining media and travel and tourism personnel. The policy should address the amount that could be spent, who is eligible for these meals, the amount or the percentage of tip, and prohibit payment for alcoholic beverages. This would clarify the board's position on these items.
- The Bureau should adopt a policy regarding the use of the debit card. The policy should define their expectations on the use of the card in the form of an adopted policy. The policy should detail such items as: who is to have charge of the card, type of records to be maintained, and what type of purchases it can be used for. Documentation such as receipts and invoices should be maintained for all disbursements. The card should not be used for personal use by any employee.

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**ADAMS COUNTY TRAVEL AND VISITORS' BUREAU
ADAMS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Disbursements did not have original invoices, posting errors, outstanding checks not handled properly, checks not issued sequentially and all pre-numbered, dual signatures not always obtained	No	Reissued in current audit report as finding 2006-002
2004-002	Payroll rates/salary amounts not properly documented or approved in the minutes, payroll records not maintained in an organized manner, W-2 not correct.	No	Partially corrected. Reissued in current audit management letter.



Mary Taylor, CPA
Auditor of State

ADAMS COUNTY TRAVEL AND VISITORS BUREAU

ADAMS 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
DECEMBER 9, 2008**