

**HOLMES COUNTY TOURISM BUREAU
HOLMES COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**



Dave Yost • Auditor of State

Board of Trustees
Holmes County Tourism Bureau
35 N. Monroe Street
Millersburg, Ohio 44654

We have reviewed the *Independent Auditors' Report* of the Holmes County Tourism Bureau, Holmes County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 Holmes County Tourism Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 9, 2011

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HOLMES COUNTY TOURISM BUREAU
HOLMES COUNTY

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663
Phone (330) 602-1322 • Fax (330) 602-2610

INDEPENDENT AUDITORS' REPORT

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

To the Board of Trustees:

We have audited the accompanying statements of cash receipts, cash disbursements, and changes in cash balances 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, 2010 and 2009. 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 *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 in Note 1 described in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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 aspects, the cash receipts, cash disbursements, and cash balances arising from the cash transactions of the Tourism Bureau as of December 31, 2010 and 2009, and 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 June 9, 2011, on our consideration of the Tourism Bureau's internal control structure over financial reporting and on 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 and audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in accessing the results of our audit.

Willoughby & Company, Inc. - Certified Public Accountants

June 9, 2011

**HOLMES COUNTY TOURISM BUREAU
HOLMES COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH RECEIPTS:		
Hotel/Motel Tax	\$ 285,095	\$ 281,232
Grants	67,880	66,960
Advertising Income	17,121	193,683
Special Projects	3,879	68,210
Interest	448	716
Miscellaneous	<u>321</u>	<u>683</u>
Total Cash Receipts	374,744	611,484
CASH DISBURSEMENTS:		
Current:		
Administrative	122,986	127,219
Postage/Distribution	34,857	29,565
Advertising	140,052	212,941
Special Projects	80,319	48,838
Grants in Aid	60,163	48,800
Miscellaneous	<u>2,493</u>	<u>1,886</u>
Total Cash Disbursements	<u>440,870</u>	<u>469,249</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(66,126)	142,235
Cash Balances, January 1	<u>338,291</u>	<u>196,056</u>
Cash Balances, December 31	<u>\$ 272,165</u>	<u>\$ 338,291</u>

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

**HOLMES COUNTY TOURISM BUREAU
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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)(6) 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 (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 Bureau is financially accountable.

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. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

The Tourism Bureau has been determined to be a non-profit entity subject to non-profit 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 7.

F. Date of Management's Review

Subsequent events have been evaluated through June 9, 2011, which is the date the financial statements were available to be issued.

**HOLMES COUNTY TOURISM BUREAU
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

5. EQUITY IN CASH AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Demand Deposits (Checking)	\$ 262,355	\$ 328,481
Money Market Investment Account	9,712	9,712
Cash on Hand	98	98
Total Cash and Investments	<u>\$ 272,165</u>	<u>\$ 338,291</u>

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

5. HOTEL/MOTEL TAX

The Commissioners provide funding to the Tourism Bureau by remitting collections from the County's hotel/motel tax, as imposed by them. The amounts received during 2010 and 2009 are shown on Page 2. Effective June 2001, the Commissioners passed a resolution increasing the hotel/motel tax from 1% to 3%. See Note 4 for additional information.

4. GRANTS

As noted above, the Commissioners collect a 3% hotel/motel tax, a portion of which, is distributed quarterly to the Tourism Bureau. Per agreement with the Tourism Bureau, of the last 1% that is collected and paid out, 50% of it is to be used and given out as grants to various local Organizations upon approval by the Commissioners. Once approved by the Commissioners, an invoice is provided to the Tourism Bureau and a check is written to the Commissioners for them to distribute the funds accordingly. As of December 31, 2010 and 2009, the Tourism Bureau had in its checking account \$77,132 and \$69,415, respectively, that was hotel/motel tax received but earmarked and controlled by the Commissioners.

5. RISK MANAGEMENT

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

6. 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 2010 and 2009, the Tourism Bureau's portion of disbursements paid to the Chamber of Commerce was \$120,892 and \$119,702, respectively. This allocation of disbursements ranges from individual line item disbursements based on a previous time study performed in 2003 by the former Director and Board Members. Any new future changes will be tied to 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.

**HOLMES COUNTY TOURISM BUREAU
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

7. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$ 454,000</u>	<u>\$ 374,744</u>	<u>\$ (79,256)</u>

2010 Budget vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	<u>\$ 445,460</u>	<u>\$ 440,870</u>	<u>\$ 4,590</u>

2009 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$ 432,243</u>	<u>\$ 611,484</u>	<u>\$ 179,241</u>

2009 Budget vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	<u>\$ 419,822</u>	<u>\$ 469,249</u>	<u>\$ (49,427)</u>

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 for either 2010 or 2009.



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Certified Public Accountants

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Phone (330) 602-1322 • Fax (330) 602-2610

**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***

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

To the Board of Trustees:

We have audited the accompanying statements of cash receipts, cash disbursement, and cash balances of the Holmes County Tourism Bureau, Holmes County, (the Tourism Bureau) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 9, 2011, wherein we noted the Tourism Bureau followed the cash 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 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 Tourism Bureau's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tourism Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tourism Bureau's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

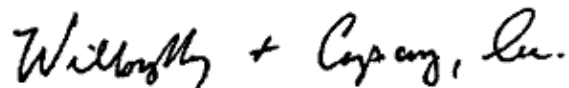
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Holmes County Tourism Bureau
Holmes County
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*

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Tourism Bureau'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 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 those charged with governance and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.



Willoughby & Company, Inc. - Certified Public Accountants

June 9, 2011



Dave Yost • 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
AUGUST 23, 2011**