



**Auditor of State  
Betty Montgomery**



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

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**Auditor of State  
Betty Montgomery**

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

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

November 21, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

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, 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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 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. Instead of the combined funds the accompanying financial statements present 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and net assets of the Bureau as of December 31, 2004 and 2003, and its support, cash receipts, cash disbursements, and changes in net assets for 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 November 21, 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 and should be read in conjunction with this report in assessing the results of our audit.

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

**Betty Montgomery**  
Auditor of State

November 21, 2005



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

**STATEMENT OF CASH AND NET ASSETS  
AS OF DECEMBER 31, 2004**

Cash	<u>\$26,507</u>
Net Assets	<u>\$26,507</u>

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

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

**STATEMENT OF SUPPORT, CASH RECEIPTS,  
AND CASH DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**Support and Cash Receipts:**

Lodging Tax	\$30,874
Dues	\$1,330
Advertisements	\$2,025
Sales	2,745
Miscellaneous	2,751
	<hr/>
Total Cash Receipts	39,725
	<hr/>

**Cash Disbursements:**

Advertising	12,463
Festivals and Shows	1,631
Office Expenses	1,373
Travel Expenses	440
Wages	8,029
Web Site Maintenance	2,122
Rent	2,220
Telephone	1,757
Audit Fees	1,300
Insurance	530
Miscellaneous	2,705
	<hr/>
Total Cash Disbursements	34,570
	<hr/>

Change in Net Assets	5,155
Net Assets, January 1	21,352
	<hr/>
<b>Net Assets, December 31</b>	<b><u><u>\$26,507</u></u></b>

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

ADAMS COUNTY TRAVEL AND VISITORS' BUREAU  
ADAMS COUNTY

STATEMENT OF CASH AND NET ASSETS  
AS OF DECEMBER 31, 2003

Cash	<u><u>\$21,352</u></u>
Net Assets	<u><u>\$21,352</u></u>

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

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

**STATEMENT OF SUPPORT, CASH RECEIPTS,  
AND CASH DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Support and Cash Receipts:</b>	
Lodging Tax	\$27,967
Grants	\$2,720
Dues	\$982
Advertisements	2,600
Sales	359
Miscellaneous	1,270
	<hr/>
Total Cash Receipts	35,898
	<hr/>
<b>Cash Disbursements:</b>	
Advertising	5,692
Festivals and Shows	4,340
Office Expenses	1,619
Travel Expenses	1,029
Wages	5,743
Web Site Maintenance	1,208
Rent	1,400
Telephone	1,289
Audit Fees	1,100
Insurance	500
Miscellaneous	2,603
	<hr/>
Total Cash Disbursements	26,523
	<hr/>
Change in Net Assets	9,375
Net Assets, January 1	11,977
	<hr/>
<b>Net Assets, December 31</b>	<b><u><u>\$21,352</u></u></b>

*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, 2004 AND 2003**

**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 and maintains a \$200 petty cash fund. Demand deposits are collateralized by the Federal Depository Insurance Corporation. There were no investments in 2004 or 2003.

**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, 2004 AND 2003  
(Continued)**

**3. RISK MANAGEMENT**

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

**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.



**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**

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

To the Board of Trustees:

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, 2004 and 2003, and have issued our report thereon dated November 21, 2005. 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 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Bureau's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2004-001 and 2004-002.

A material weakness is a 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 in amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in the report, that we have reported to management of the Bureau in a separate letter dated November 21, 2005.

**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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by 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

November 21, 2005



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

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Reportable Condition – Disbursements**

During our review of the Bureau's disbursements, the following matters were noted:

- Expenditure support documentation such as original invoices was not maintained on three expenditures of forty tested, however, we were able to perform additional audit procedures to determine the expenditures were for a proper public purpose;
- Invoices the Bureau had made payment on were not attached to a voucher which would reference the invoice to the check that was issued and budget accounts the expenditure was made against;
- Checks processed were not issued sequentially, three checks were not prenumbered;
- Old outstanding checks and voided checks are not being processed and removed from the system, checks marked voided on system were found to not be voided and issued;
- Posting errors were noted in the amount recorded and transactions not recorded in the proper accounting period;
- Dual signatures were not obtained on one check used for payment.

We recommend the Bureau maintain adequate supporting documentation for every check written. Supporting documentation, such as an invoice, should be maintained for every expenditure and attached to a voucher. The voucher can be a copy of the check. The vouchers should be maintained in numerical order.

We recommend check processing practices should include the issuance of sequentially, pre-numbered, properly signed checks with timely, correct posting to the proper accounting period. Outstanding checks should be monitored and after reaching six months of age should be researched, stop-payments requested and be reissued or voided as necessary, ensuring that the account can be properly reconciled.

**FINDING NUMBER 2004-002**

**Reportable Condition – Payroll**

During our review of payroll, the following discrepancies were noted:

- Payroll rates/salary were not properly documented or approved in the minutes;
- Payroll posting errors were noted in the 2004 payroll with two duplicate expenditures out of twenty-three being recorded in the system. These posting errors resulted in the book balance being understated and the withholding submissions and W-2 being incorrect. Audit adjustments were made to correct the payroll errors.
- Payroll records were not maintained in an organized manner.

**FINDING NUMBER 2004-002**  
**(Continued)**

To improve accountability over payroll disbursements:

- The Bureau should approve payroll rates/salaries in the minutes, detailing if it is a yearly salary or an hourly rate. Proper records should be maintained of time worked and be approved by Board President. If an hourly rate is paid, a detailed time sheet of hours worked should be maintained.
- The Bureau should maintain adequate supporting documentation for every check written. A print out of the net pay calculation and time sheet should be attached to each voucher as supporting documentation of the payment to prevent duplicate payments being made. We also recommend the Bureau investigate the correction of the W-2 and withholding submissions overpayment.
- Payroll records should be maintained together for audit and proper retention, including copies of all withholding submission forms, for example, IT4 forms, 941 forms, W-4's, and W-2's. A yearly detailed report of payroll transactions showing the breakdown of gross to net pay and withholding reports should be maintained and documented to show payments were made by showing check number issued for payment.



**Auditor of State  
Betty Montgomery**

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**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 8, 2005**