



Mary Taylor, CPA
Auditor of State

**GREATER HAMILTON CONVENTION AND VISITORS BUREAU
BUTLER COUNTY**

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Mary Taylor, CPA
Auditor of State

Greater Hamilton Convention and Visitors Bureau
Butler County
1 High Street Suite 2
Hamilton, Ohio 45011

To the Board of Directors:

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

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October 8, 2008

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INDEPENDENT ACCOUNTANTS' REPORT

Greater Hamilton Convention and Visitors Bureau
Butler County
1 High Street Suite 2
Hamilton, Ohio 45011

To the Board of Directors:

We have audited the accompanying financial statements of the Greater Hamilton Convention and Visitors Bureau, Butler County, Ohio (the Bureau), as of and for the years ended December 31, 2007 and 2006. 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.

The accompanying financial statements present receipts and disbursements totals only. Ohio Administrative Code, Section 117-2-02(A), requires governments to classify receipt and disbursement transactions.

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 Bureaus 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, except for the omission of receipt and disbursement classifications, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Greater Hamilton Convention and Visitors Bureau, Butler County, as of December 31, 2007 and 2006, and its unclassified receipts and unclassified 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 8, 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.



Mary Taylor, CPA
Auditor of State

October 8, 2008

**GREATER HAMILTON CONVENTION AND VISITORS BUREAU
BUTLER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Cash Receipts:		
Unclassified Receipts	\$78,043	\$109,481
Cash Disbursements:		
Unclassified Disbursements	<u>72,747</u>	<u>82,871</u>
Excess of Unclassified Cash Receipts over Unclassified Cash Disbursements	<u>5,296</u>	<u>26,610</u>
Cash Balances, January 1	<u>60,733</u>	<u>34,123</u>
Cash Balances, December 31	<u><u>\$66,029</u></u>	<u><u>\$60,733</u></u>

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

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**GREATER CONVENTION AND VISITORS BUREAU
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Greater Hamilton Convention and Visitors Bureau, Butler County, Ohio (the Bureau), is a non-governmental not-for-profit organization. The Bureau is directed by an elected eleven-member Board of Directors. Board members are elected by the members of the Bureau. The Bureau was formed to promote travel and tourism in the Greater Hamilton area as 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. Accounting Basis

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

The Bureau did not classify its receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-2-02(A). This Ohio Administrative Code Section requires classifying receipts and disbursements.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Bureau maintains its cash balance in a demand deposit account at a local commercial bank and maintains a \$200 petty cash fund that is recorded on the books. Demand deposits are collateralized by the Federal Depository Insurance Corporation. There were no investments in 2007 and 2006.

D. Hotel and Lodging Bed Tax

The Bureau receives tax receipts as authorized under legislation approved by the Ohio Legislature. In 1998 the City of Hamilton levied a six percent excise tax on transactions by which lodging by a hotel or motel is furnished to transient guests within the City of Hamilton. The tax is collected by the City of Hamilton and is distributed 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

The Bureau records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**GREATER HAMILTON CONVENTION AND VISITORS BUREAU
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. Equity in Pooled Cash and Investments

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

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$66,029</u>	<u>\$60,733</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Income Tax Status

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

4. Risk Management

The Bureau has obtained commercial insurance for the following risks:

- Comprehensive property and general liability

5. Concentration of Risk

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

6. Retirement Systems

The Bureau's full-time employee paid into Social Security (FICA) and Medicare. For 2007 and 2006, this employee contributed 7.65%, with the Bureau contributing the same percentage.

7. Subsequent Events

The Bureau's main source of income is the six percent lodging/bed tax charged by motels and hotels on certain transient guests within the City of Hamilton. The Hamiltonian Hotel is the largest hotel in the City which closed in November 2006 for renovations and other improvements. Its reopening has been delayed several times. The Hotel is currently set to reopen in early 2009. This has resulted in a significant decline in revenue and a decreasing fund balance. The Bureau has an unaudited fund balance of \$26,431 at September 30, 2008. The Bureau laid-off their employee in 2008 to help preserve fund balance.



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Auditor of State

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

Greater Hamilton Convention and Visitors Bureau
Butler County
1 High Street Suite 2
Hamilton, Ohio 45011

To the Bureau Board of Directors:

We have audited the financial statements of the Greater Hamilton Convention and Visitors Bureau, Butler County, Ohio (the Bureau), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 8, 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 also qualified our opinion since the Bureau did not classify receipts and disbursements in its financial statements. 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 may be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency 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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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 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 that are also material weaknesses. However, we believe the significant deficiency described above, finding number 2007-001, is also a material weakness.

We also noted certain internal control matters that we reported to the Bureau's management in a separate letter dated October 8, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

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



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Auditor of State

October 8, 2008

**GREATER HAMILTON CONVENTION AND VISITORS BUREAU
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Noncompliance/Material Weakness

Ohio Admin. Code, Section 117-2-02(A), requires that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Ohio Admin. Code, Section 117-2-02(D), states all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purpose order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution.

The Bureau used Quickbooks to maintain its financial records. However, the Bureau was unable to provide an accurate cash journal, receipt ledger, or appropriation ledger and therefore could not present transaction line items on their financial statements. Also, the Bureau did not retain sufficient documentation to support classification of receipt and disbursement transaction line item classifications. Auditors were able to test total receipts and disbursements through alternative procedures and bank records.

Failure to maintain accurate journals and ledgers and retain documentation supporting transactions increases the risk that material financial statement misstatements, error, theft or fraud could occur and not be detected in a timely manner. We recommend that the Bureau maintain accurate journals and ledgers and retain appropriate supporting documentation.

Officials' Response:

We did not receive a response from Officials regarding this finding.



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GREATER HAMILTON CONVENTION AND VISITORS BUREAU

BUTLER 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 13, 2008**