



**Auditor of State
Betty Montgomery**

HIGHLAND COUNTY CONVENTION AND VISITORS BUREAU
HIGHLAND COUNTY

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**Auditor of State
Betty Montgomery**

Highland County Convention and Visitors Bureau
Highland County
1575 N. High Street
Suite 400
Hillsboro, Ohio 45133

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

October 6, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Highland County Convention and Visitors Bureau
Highland County
1575 N. High Street
Suite 400
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the accompanying financial statements of the Highland County Convention and Visitors Bureau, Highland County, Ohio (the Bureau), as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Bureau to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 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 years ended December 31, 2005 and 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, 2005 and 2004, 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 fund cash balances of the Highland County Convention and Visitors Bureau, Highland County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Bureau to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 6, 2006, 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.



Betty Montgomery
Auditor of State

October 6, 2006

HIGHLAND COUNTY CONVENTION AND VISITORS BUREAU
HIGHLAND COUNTY

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

Cash	<u><u>\$9,736</u></u>
Net Assets	<u><u>\$9,736</u></u>

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

**HIGHLAND COUNTY CONVENTION AND VISITORS BUREAU
HIGHLAND COUNTY**

**STATEMENT OF SUPPORT, CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

CASH RECEIPTS

Lodging Tax	\$26,016
Interest	83
Miscellaneous	0
	<hr/>
TOTAL CASH RECEIPTS	26,099

CASH DISBURSEMENTS

Advertising	2,706
Booth Exhibits	259
Print Distribution	0
Travel Shows	1,250
Meetings and Seminars	324
Dues	110
Office Expenses	443
Postage	396
Printing	0
Telephone	1,562
Web Expenses	1,110
Mileage	252
Salaries	10,421
Internet Access	212
Economic Impact Study	950
Miscellaneous	250
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TOTAL CASH DISBURSEMENTS	20,245

Change in Net Assets	5,854
	<hr/>
Net Assets, January 1, 2005	3,882
	<hr/>
Net Assets, December 31, 2005	\$9,736
	<hr/> <hr/>

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

HIGHLAND COUNTY CONVENTION AND VISITORS BUREAU
HIGHLAND COUNTY

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

Cash	<u><u>\$3,882</u></u>
Net Assets	<u><u>\$3,882</u></u>

**HIGHLAND COUNTY CONVENTION AND VISITORS BUREAU
HIGHLAND COUNTY**

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

CASH RECEIPTS	
Lodging Tax	\$22,710
Interest	124
Miscellaneous	1,819
	<hr/>
TOTAL CASH RECEIPTS	24,653
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CASH DISBURSEMENTS	
Advertising	1,330
Audit	2,378
Bank Charges	0
Booth Exhibits	0
Print Distribution	158
Travel Shows	2,000
Meetings and Seminars	45
Dues	0
Office Expenses	278
Postage	175
Printing	7,700
Telephone	1,379
Web Expenses	1,554
Mileage	0
Salaries	13,096
Internet Access	202
Economic Impact Study	
Miscellaneous	0
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TOTAL CASH DISBURSEMENTS	30,295
	<hr/>
Change in Net Assets	(5,642)
	<hr/>
Net Assets, January 1, 2004	9,524
	<hr/>
Net Assets, December 31, 2005	\$3,882
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The notes to the financial statements are an integral part of this statement.

**HIGHLAND COUNTY CONVENTION AND VISITORS BUREAU
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Highland County Convention Visitors Bureau, Highland County, Ohio (the Bureau), is a nongovernmental not-for-profit organization. The Bureau is directed by an appointed eleven-member Board of Trustees. Board members are appointed by the Highland County Chamber of Commerce. The Bureau was formed to promote the Highland County area and its facilities and attractions. 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 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.

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

C. Cash Deposits

The Bureau maintains its cash balances in a demand deposit account at a local commercial bank. There were no investments in 2005 or 2004.

D. Hotel and Lodging Bed Tax

The Bureau receives tax receipts as authorized under legislation approved by the Ohio legislature. On January 1, 1996, the Highland County Commissioners levied a three percent excise tax on transactions by which lodging by a hotel or motel is furnished to transient guests within the County. This tax is collected by the County Auditor and distributed to the Convention and Visitors Bureau of Highland County 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.

2. EQUITY IN POOLED CASH AND DEPOSITS

The Bureau maintains a cash and deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	<u>\$9,736</u>	<u>\$3,882</u>
Total deposits	<u><u>\$9,736</u></u>	<u><u>\$3,882</u></u>

**HIGHLAND COUNTY CONVENTION AND VISITORS BUREAU
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS (Continued)

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 but has not received tax exempt status from the Internal Revenue Service. The Bureau has legal counsel currently applying for this tax exempt status. Any potential tax liability is unknown at this time.

4. LEASE

The Bureau occupies office space at Highland County Chamber of Commerce (the Chamber). The Bureau currently has a lease through March 14, 2009 in which the Chamber provides the Bureau with rent free office space.

5. RISK MANAGEMENT

The Bureau has not obtained comprehensive property and general liability insurance coverage.

6. CONCENTRATION OF RISK

The Bureau receives substantial revenue from the lodging excise tax which is levied by Highland 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*

Highland County Convention and Visitors Bureau
Highland County
1575 N. High Street
Suite 400
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the financial statements of the Highland County Convention and Visitors Bureau, Highland County, Ohio (the Bureau), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 6, 2006, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Bureau's management dated October 6, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

We intend this report solely for the information and use of the audit committee, management and board of trustees. It is not intended for 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

October 6, 2006



**Auditor of State
Betty Montgomery**

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HIGHLAND COUNTY CONVENTION AND VISITORS BUREAU

HIGHLAND 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
OCTOBER 23, 2006**