



Mary Taylor, CPA
Auditor of State

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

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Mary Taylor, CPA

Auditor of State

Hardin County Tourist and Convention Bureau
Hardin County
225 S. Detroit St.
Kenton, Ohio 43326

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.

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

Mary Taylor, CPA
Auditor of State

October 30, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hardin County Tourist and Convention Bureau
Hardin County
225 S. Detroit St.
Kenton, Ohio 43326

To the Members of the Board:

We have audited the accompanying financial statements of the Hardin County Tourist and Convention Bureau, Hardin County, (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.

Instead of the fund the accompanying financial statement presents, GAAP requires presenting entity wide statements. While the Bureau does not follow GAAP, generally accepted auditing standards require 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 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 fund cash balance of the Hardin County Tourist and Convention Bureau, Hardin County, as of December 31, 2006 and 2005, and its 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 30, 2007, 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 30, 2007

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

Cash Receipts:

Fundraising	\$409
Interest	1,784
Grants	1,700
Lodging Tax - City	8,397
Lodging Tax - County	18,223
Miscellaneous	203
Total Cash Receipts	<u>30,716</u>

Cash Disbursements:

Current:

Administrative	229
Advertising	1,590
Awards	1,095
Insurance	770
Dues-Partnerships	1,310
Postage & Delivery	409
Special Events	6
Utilities	6,560
Office Expenses	138
Miscellaneous	61
Payroll and Payroll Taxes	7,610
Total Cash Disbursements	<u>19,778</u>

Total Receipts Over Disbursements 10,938

Fund Cash Balance, January 1 62,165

Fund Cash Balance, December 31 \$73,103

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

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

Cash Receipts:

Donations	\$3,506
Fundraising	1,804
Interest	997
Lodging Tax - City	9,805
Lodging Tax - County	<u>21,758</u>
Total Cash Receipts	<u>37,870</u>

Cash Disbursements:

Current:	
Administrative	3,589
Advertising	3,656
Fundraising	782
Insurance	1,834
Marketing/Promotion Expenses	10,069
Miscellaneous	334
Office Expenses	6,739
Payroll and Payroll Taxes	19,562
Seminar/Professional Development	<u>1,080</u>
Total Cash Disbursements	<u>47,645</u>

Total Receipts (Under) Disbursements (9,775)

Fund Cash Balance, January 1 71,940

Fund Cash Balance, December 31 \$62,165

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

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Hardin County Tourist and Convention Bureau (the Bureau), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Bureau is a non-profit corporation under Ohio Revised Code Chapter 1702 and the Internal Revenue Code Section 501(c) 3. The Bureau is directed by a thirteen member Board of Trustees. The mission of the Hardin County Tourist and Convention Bureau is to contribute to the quality of life in Hardin County by promoting travel, tourism, the hospitality of industry, their rich cultural heritage and area attractions to visitors and residents, thereby generating economic growth for business and industry. The Board of Directors establishes programs to plan and implement promotional and marketing strategies that generate travel and tourism related business in Hardin County.

On September 1, 2006, the Bureau merged into the newly formed Hardin County Chamber and Business Alliance (HCCBA). HCCBA is a non-profit organization operated exclusively for one or more of the purposes as specified in Section 501(c)6 of the Internal Revenue Code of 1986, including any lawful act or activity for which nonprofit corporations may be formed under Chapter 1702 of the Ohio Revised Code.

The Alliance'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 and Investments

The Bureau's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Bureau reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Bureau maintains a checking account, savings account and certificates of deposit. These accounts are valued at cost.

D. Fund Accounting

The Bureau uses fund accounting to segregate cash and investments that are restricted as to use. The Bureau classifies its fund into the following type:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Bureau prepares an annual budget. The Bureau is not required to comply with the budgetary requirements of the Ohio Revised Code Section 5705. However, the Bureau's bylaws do require the finance committee to prepare an annual budget. There are no other budgetary requirements. A summary of 2006 and 2005 budgetary activity appears in Note 3.

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. EQUITY IN POOLED CASH

The Bureau maintains a cash pool used by the General Fund. The carrying amount for the Bureau's cash as of December 31, 2006 and 2005 was as follows:

	2006	2005
Demand deposits	\$18,674	\$1,479
Savings Account	27,313	29,673
Certificates of deposit	27,116	31,013
Total deposits	\$73,103	\$62,165

In 2006 the Hardin County Chamber and Business Alliance held the Bureau's assets. The savings account and certificate of deposit has been designated as the Bureau's assets. The demand deposits are a pool of the Hardin County Chamber and Business Alliance and the Hardin County Tourist and Convention Bureau assets.

Deposits: Demand deposits, savings accounts, and certificates of deposit are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipt			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,457	\$30,716	(\$7,741)
	\$38,457	\$30,716	(\$7,741)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$38,457	\$19,778	\$18,679
	\$38,457	\$19,778	\$18,679

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Receipt			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,513	\$37,870	(\$9,643)
	\$47,513	\$37,870	(\$9,643)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,513	\$47,645	(\$132)
	\$47,513	\$47,645	(\$132)

4. LODGING EXCISE TAX

The Bureau receives hotel and motel tax monies derived from 3% lodging excise taxes enacted by Hardin County and the City of Kenton. Hardin County remits the full 3% and the City of Kenton remits 1.5% to the Bureau.

5. SOCIAL SECURITY SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006 and 2005 employees contributed 6.2% of their gross salaries. The Bureau contributed an amount equal to 6.2% of participant's gross salaries through December 31, 2006.

6. RISK MANAGEMENT

Commercial Insurance

The Bureau has obtained commercial insurance for the following risks:

- General liability;
- Property Coverage;
- Public Officials Liability.

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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*

Hardin County Tourist and Convention Bureau
Hardin County
225 S. Detroit St.
Kenton, Ohio 43326

To the Members of the Board:

We have audited the financial statements of the Hardin County Tourist and Convention Bureau, Hardin County, (the Bureau) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 30, 2007, 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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: 2006-001.

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.

**Internal Control Over Financial Reporting
(Continued)**

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. However, we believe the significant deficiency described above as 2006-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the Bureau's management in a separate letter dated October 30, 2007.

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*.

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



Mary Taylor, CPA
Auditor of State

October 30, 2007

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2006-001

Material Weakness

Presentation of Annual Financial Statements

An entity should have procedures in place to help assure that the annual financial statements include all activity, include the fund balances, and are in agreement with the supporting ledgers. The Bureau's 2006 financial statement did not include beginning and ending fund balance, some revenue line items did not agree to the supporting ledgers, and did not include \$289 of interest revenue. The 2005 financial statements did not include \$162 of interest revenue, \$186 of fundraising revenue, and \$348 of expenditure activity.

The failure to prepare complete annual financial statements that agree to the supporting ledgers inhibits the user's ability to fully understand the results of operations.

The Bureau should implement review procedures to help prevent errors in the annual financial statements.

OFFICIAL'S RESPONSE

We did not receive a response from officials to this finding.

**HARDIN COUNTY TOURIST AND CONVENTION BUREAU
HARDIN 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	ORC Sec. 117.38 – The Bureau failed to file annual financial statements and publish notice of availability.	Yes	



Mary Taylor, CPA
Auditor of State

HARDIN COUNTY TOURIST AND CONVENTION BUREAU

HARDIN 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 27, 2007**