



**Auditor of State
Betty Montgomery**

**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

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**Auditor of State
Betty Montgomery**

Hocking Hills Tourism Association
Hocking County
13178 State Route 664 South
Logan, Ohio 43138

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 statement 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 statement in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents is misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement 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

July 18, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Hocking Hills Tourism Association
Hocking County
13178 State Route 664 South
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statement of the Hocking Hills Tourism Association, Hocking County, Ohio (the Association), as of and for the years ended December 31, 2005 and 2004. This financial statement is the responsibility of the Association's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Association has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Association to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. While the Association does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Association has elected not to reformat its statement. Since this Association 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 statement referred to above for the years ended December 31, 2005 and 2004 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Association as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Hocking Hills Tourism Association, Hocking County, Ohio, as of December 31, 2005 and 2004, and its 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 Association to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Association 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 a part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2006, on our consideration of the Association'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

July 18, 2006

**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
Cash Receipts:		
Local Taxes	\$ 330,724	\$ 310,568
Interest	1,501	1,566
Membership Fees	39,775	40,135
Lodging System Fees	9,450	9,940
Advertising	2,755	9,945
Donations	877	1,503
Event Income	17,546	17,162
Welcome Center Sales	5,437	5,446
Miscellaneous	50	150
Total Cash Receipts	408,115	396,415
Cash Disbursements:		
Payroll	150,323	143,480
Utilities	5,176	4,938
Operations	48,012	58,691
Travel, Entertainment and Meetings	5,472	5,943
Marketing and Advertising	162,772	172,633
Facilities	13,648	11,450
Donations/Contributions	0	3,000
Laurelville Visitor Center	7,312	7,037
Sales and Events	13,615	15,142
Membership	443	690
Prairie / Pioneer Garden	260	239
Sales Tax	211	285
Miscellaneous	98	221
Total Cash Disbursements	407,342	423,749
Total Cash Receipts Over/(Under) Cash Disbursements	773	(27,334)
Cash Balance, January 1	136,487	163,821
Cash Balance, December 31	\$ 137,260	\$ 136,487

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

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**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Hocking Hills Tourism Association, Hocking County (the Association), is a not-for-profit corporation established as an independent entity. The Association is directed by an eleven-member Board of Trustees. The Association promotes and publicizes Hocking County in order to bring the patronage and business of tourists to the area. The Association is partially supported by a lodging tax assessed in Hocking County.

The Association's management believes this financial statement presents all activities for which the Association is financially accountable.

B. Basis of Accounting

This financial statement follows the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Association 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 and Investments

Certificates of deposit are valued at cost. All other cash assets are maintained in an interest-bearing checking account.

D. Budgetary Process

The Association is not subject to the provisions of Ohio Revised Code Chapter 5705, since property taxes are not utilized to finance its operations. However, in accordance with the Association's Code of Regulations, an annual budget is prepared and used as a guideline to control revenue and expenditures.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

The Association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

F. Accumulated Leave

Employees are entitled to vacation and sick leave. Currently, the Association does not have a policy regarding procedures to convert unused leave balances to cash at the termination of employment.

**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

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

2. CASH AND INVESTMENTS

The Association maintains a cash and investments pool. The carrying amount of cash and investments at December 31 follows:

	2005	2004
Demand deposits	\$ 72,812	\$ 56,039
Certificates of deposit	64,448	80,448
Total deposits and investments	\$ 137,260	\$ 136,487

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

Budgeted vs. Actual Receipts		
	2005	2004
Budgeted Receipts	\$ 406,549	\$ 391,943
Actual Receipts	408,115	396,415
Variance	\$ 1,566	\$ 4,472

Budgeted vs. Actual Budgetary Basis Expenditures		
	2005	2004
Appropriation Authority	\$ 419,429	\$ 456,023
Actual Expenditures	407,342	423,749
Variance	\$ 12,087	\$ 32,274

4. LODGING TAX

The Association receives approximately eighty-five percent of the lodging taxes collected by the Hocking County Auditor. The tax, levied by the Hocking County Commissioners, is an excise tax of three percent on lodging furnished to transient guests throughout Hocking County.

5. SOCIAL SECURITY

All of the employees of the Association are covered by the Social Security system. The Association's liability is 6.2 percent of wages paid.

**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

The Association has obtained commercial insurance for the following risks:

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

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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*

Hocking Hills Tourism Association
Hocking County
13178 State Route 664 South
Logan, Ohio 43138

To the Board of Trustees:

We have audited the financial statement of the Hocking Hills Tourism Association, Hocking County, Ohio (the Association), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 18, 2006, wherein we noted the Association follows the 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 Association's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statement 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 statement 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.

Compliance and Other Matters

As part of reasonably assuring whether the Association's financial statement is 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*.

Hocking Hills Tourism Association
Hocking 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 management and the 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

July 18, 2006



**Auditor of State
Betty Montgomery**

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HOCKING HILLS TOURISM ASSOCIATION

HOCKING 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 31, 2006**