



**Auditor of State  
Betty Montgomery**



**HOCKING HILLS TOURISM ASSOCIATION  
HOCKING COUNTY**

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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, 2003 and 2002. This financial statement is the responsibility of the Association's management. Our responsibility is to express an opinion on this 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 discussed in Note 1, the Association prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, as of December 31, 2003 and 2002, and its cash receipts and disbursements 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 May 27, 2004 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 grants. 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 considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, 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

May 27, 2004

**HOCKING HILLS TOURISM ASSOCIATION  
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>Cash Receipts:</b>		
Local Taxes	\$ 277,581	\$ 229,691
Interest	2,588	3,331
Membership Fees	35,675	33,340
Lodging System Fees	8,920	8,430
Advertising	7,857	8,739
Donations	7,470	8,004
Fund Raising Programs		35
Event Income	17,558	14,359
Welcome Center Sales	4,916	4,862
Miscellaneous	500	375
	<u>363,065</u>	<u>311,166</u>
<b>Cash Disbursements:</b>		
Payroll	129,938	89,995
Utilities	4,945	4,547
Operations	57,378	56,704
Equipment		465
Meetings	5,487	3,118
Advertising	126,391	115,762
Maintenance	5,917	5,446
Welcome Center	13,258	6,183
Events	10,390	8,072
Miscellaneous	1,577	1,604
	<u>355,281</u>	<u>291,896</u>
Total Cash Disbursements	<u>355,281</u>	<u>291,896</u>
Total Cash Receipts Over/(Under) Cash Disbursements	7,784	19,270
Cash Balance, January 1	<u>156,037</u>	<u>136,767</u>
<b>Cash Balance, December 31</b>	<b><u><u>\$ 163,821</u></u></b>	<b><u><u>\$ 156,037</u></u></b>

*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, 2003 AND 2002**

**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 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.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**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 2003 and 2002 budgetary activity appears in Note 3.

**E. 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.

**F. Unpaid Vacation and Sick 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, 2003 AND 2002  
(Continued)**

**2. CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$ 67,113	\$ 59,612
Certificates of deposit	96,708	96,425
Total deposits	\$ 163,821	\$ 156,037

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Association.

**3. BUDGETARY ACTIVITY**

	2003	2002
Budgeted Receipts	\$ 332,777	\$ 310,596
Actual Receipts	363,065	311,166
Variance	\$ 30,288	\$ 570

	2003	2002
Appropriation Authority	\$ 389,014	\$ 323,593
Actual Expenditures	355,281	291,896
Variance	\$ 33,733	\$ 31,697

**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.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 accompanying financial statement of the Hocking Hills Tourism Association, Hocking County, Ohio (the Association), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 27, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Association's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. 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. 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 amounts 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Association in a separate letter dated May 27, 2004.

Hocking Hills Tourism Association  
Hocking County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of 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

May 27, 2004



**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  
JULY 6, 2004**