



Mary Taylor, CPA
Auditor of State

**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

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Mary Taylor, CPA
Auditor of State

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require the Association 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 adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement present 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.

Mary Taylor

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Auditor of State

September 8, 2008

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Mary Taylor, CPA

Auditor of State

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, 2007 and 2006. 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 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require convention and visitor's bureaus to reformat their statements. The Association 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 statement referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006, 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 balances of the Hocking Hills Tourism Association, Hocking County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2008, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 8, 2008

**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

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

	<u>2007</u>	<u>2006</u>
Cash Receipts:		
Local Taxes	\$ 416,587	\$ 376,743
Grants Income		4,506
Interest	5,086	4,238
Membership Fees	45,731	42,526
Lodging System Fees	11,760	9,940
Advertising	2,045	1,875
Donations	1,188	929
Event Income	22,822	20,449
Welcome Center Sales	5,078	4,899
Miscellaneous		150
	<u>510,297</u>	<u>466,255</u>
Cash Disbursements:		
Payroll	150,381	157,917
Utilities	5,461	4,847
Operations	56,536	57,346
Travel, Entertainment and Meetings	2,996	4,602
Marketing and Advertising	214,645	168,607
Facilities	18,635	7,432
Laurelville Visitor Center	7,487	7,431
Sales and Events	16,958	16,068
Membership	329	327
Prairie / Pioneer Garden	75	75
Sales Tax	127	185
Transition Costs	6,841	
Volunteer Program	1,798	1,747
Miscellaneous	364	25
	<u>482,633</u>	<u>426,609</u>
Total Cash Receipts Over/(Under) Cash Disbursements	27,664	39,646
Cash Balance, January 1	<u>176,906</u>	<u>137,260</u>
Cash Balance, December 31	<u>\$ 204,570</u>	<u>\$ 176,906</u>

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, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Hocking Hills Tourism Association, Hocking County, Ohio (the Association), is a 501(c)(6) non-profit corporation established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Association is directed by an eleven-member Board of Trustees.

The Association is primarily funded by Hocking County through lodging taxes assessed and collected by the County and distributed to the Association. The Association promotes and publicizes Hocking County within the mission to attract visiting patrons generating economic benefits for the community.

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. Property, Plant, and Equipment

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on accompanying financial statement.

E. Federal Income Taxes

The Association qualifies as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. Accordingly, no such provision for federal income tax is required.

F. 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 2007 and 2006 budgetary activity appears in Note 3.

**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

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

2. CASH

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

	2007	2006
Demand Deposits	\$121,570	\$93,906
Certificates of Deposit	83,000	83,000
Total Deposits	\$204,570	\$176,906

Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$477,527	\$510,297	\$32,770

2007 Budgeted vs. Actual Disbursements		
Budgeted Disbursements	Actual Disbursements	Variance
\$534,944	\$482,633	\$52,311

2006 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$413,464	\$466,255	\$52,791

2006 Budgeted vs. Actual Disbursements		
Budgeted Disbursements	Actual Disbursements	Variance
\$429,640	\$426,609	\$3,031

4. LODGING TAX

A lodging tax is assessed and collected by Hocking County on all hotels and motels within their respective jurisdictions. These taxes are required to be used to promote travel and tourism in the area. The Association pays operational and promotional expenses from these funds. In 2007 and 2006, the Association received lodging tax in the amount of \$416,587 and \$376,743, respectively, from Hocking County.

**HOCKING HILLS TOURISM ASSOCIATION
HOCKING COUNTY**

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

5. SOCIAL SECURITY BENEFITS

The Association's employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006 and 2007, these employees contributed 6.2% of their gross salaries. The Association contributed an amount equal to 6.2% of participant's gross salaries through December 31, 2007.

6. RISK MANAGEMENT

The Association has obtained commercial insurance for the following risks:

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

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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*

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, 2007 and 2006, and have issued our report thereon dated September 8, 2008, wherein we noted the Association 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 Association's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statement, but not to opine on the effectiveness of the Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association's internal control over financial reporting.

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 Association'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 Association's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Association'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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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

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

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

Mary Taylor, CPA
Auditor of State

September 8, 2008



Mary Taylor, CPA
Auditor of State

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
OCTOBER 7, 2008**