



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HOCKING COUNTY TOURISM ASSOCIATION
HOCKING COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Hocking County 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 County Tourism Association, Hocking County, Ohio (the Association), as of and for the years ended December 31, 2001 and 2000. 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 County Tourism Association, Hocking County, as of December 31, 2001 and 2000, 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 June 27, 2002, 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 the audit committee, 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, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 27, 2002

**HOCKING COUNTY TOURISM ASSOCIATION
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
Cash Receipts:		
Local Taxes	\$ 174,244	\$ 126,333
Interest	3,171	5,475
Membership Fees	28,214	22,272
Lodging System Fees	9,141	9,228
Advertising	1,935	3,085
Donations	869	1,909
Fund Raising Programs		1,109
Event Income	16,431	13,767
Welcome Center Sales	4,795	2,720
Miscellaneous	330	800
	<u>239,130</u>	<u>186,698</u>
Cash Disbursements:		
Payroll	77,465	133,988
Utilities	5,020	16,302
Operations	43,337	40,594
Equipment	30	295
Meetings	2,456	2,606
Advertising	24,576	19,179
Maintenance	6,006	13,809
Welcome Center	5,055	815
Events	8,794	7,114
Miscellaneous		18
	<u>172,739</u>	<u>234,720</u>
Total Cash Receipts Over/(Under) Cash Disbursements	66,391	(48,022)
Cash Balance, January 1	<u>71,208</u>	<u>119,230</u>
Cash Balance, December 31	<u>\$ 137,599</u>	<u>\$ 71,208</u>

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

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**HOCKING COUNTY TOURISM ASSOCIATION
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Hocking County Tourism Association, Hocking County (the Association), is a not-for-profit corporation established as an independent entity. The Association is directed by a 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

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 2001 and 2000 budgetary activity appears in Note 4.

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 COUNTY TOURISM ASSOCIATION
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$ 39,377	\$ 29,164
Certificates of deposit	98,222	42,044
Total deposits	<u>\$ 137,599</u>	<u>\$ 71,208</u>

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

	<u>2001</u>	<u>2000</u>
Budgeted Receipts	\$ 179,065	\$ 176,303
Actual Receipts	<u>239,130</u>	<u>186,698</u>
Variance	<u>\$ 60,065</u>	<u>\$ 10,395</u>

	<u>2001</u>	<u>2000</u>
Appropriation Authority	\$ 199,916	\$ 234,581
Actual Expenditures	<u>172,739</u>	<u>234,720</u>
Variance	<u>\$ 27,177</u>	<u>\$ (139)</u>

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

The Association also provides healthcare insurance to full-time employees through a private carrier.

**HOCKING COUNTY TOURISM ASSOCIATION
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001 AND 2000
(Continued)**

7. SUBSEQUENT EVENTS

The Association applied for and received approval from the Ohio Secretary of State to change the name of the entity to the Hocking Hills Tourism Association. This name change became effective in February 2002.

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Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the accompanying financial statement of the Hocking County Tourism Association, Hocking County, Ohio (the Association), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 27, 2002. 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Association in a separate letter dated June 27, 2002.

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 statements 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 statement 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Association in a separate letter dated June 27, 2002.

Hocking County Tourism Association
Hocking County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

June 27, 2002

**HOCKING COUNTY TOURISM ASSOCIATION
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-60737-001	A material weakness was issued for lack of documentation to support several significant revenue line items.	Yes	N/A
1999-60737-002	A reportable condition was issued for actual expenditures exceeding budgeted expenditures.	Yes	N/A
1999-60737-003	A reportable condition was issued for lodging tax not being recognized as revenue when received by the Association.	Yes	N/A



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JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HOCKING COUNTY 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 27, 2002**