



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Highland County Convention and Visitors Bureau  
Highland County  
Hillsboro, Ohio

We have performed the procedures enumerated below, to which the management of the Highland County Convention and Visitors Bureau (the Bureau) agreed, solely to assist the Bureau in evaluating whether it recorded all lodging taxes it received from Highland County and City of Hillsboro, and to help evaluate whether the Bureau disbursed these lodging taxes for allowable purposes described below for the years ended December 31, 2013 and 2012. The Bureau is responsible for disbursing lodging taxes for allowable purposes. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the Bureau. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Cash Receipts

1. We summarized lodging taxes Highland County's Cross Reference Report by Vendor Name reported as payments to the Bureau during the years ending December 31, 2013 and 2012. The total reported disbursements were as follows:

Year Ended	Amount
December 31, 2013	\$31,021
December 31, 2012	\$29,766

We confirmed with the City of Hillsboro the lodging taxes it paid to the Bureau during the years ending December 31, 2013 and 2012. The City confirmed the following amounts:

Year Ended	Amount
December 31, 2013	\$3,483
December 31, 2012	\$3,099

2. We attempted to compare the amounts from step 1 to amounts recorded as lodging tax receipts on the Bureau's cash receipts journal, however the Bureau did not maintain a cash receipt journal.

### Noncompliance:

**Ohio Admin. Code § 117-2-02** requires all public officials to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance related legal and contractual requirements and prepare financial statements. This section of the Ohio Administrative Code requires all local public offices to maintain records (manual or automated) that include the following: (1) cash journal; (2) receipts ledger; and 3) appropriation ledger.

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The Bureau did not maintain a cash journal, receipts ledger, or appropriation ledger. We recommend the Bureau maintain the following records:

- A. Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- B. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payer, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- C. Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

Since the Bureau did not maintain the required accounting records, we compared the amounts from step 1 to amounts received into the Bureau's bank account during 2013 and 2012 as recorded on the Bureau's bank statement. We found no exceptions.

**Noncompliance:**

**Ohio Rev. Code § 351.021, 505.56, 5739.08, and 5739.09** authorizes townships, municipal corporations, or counties to levy taxes on transactions by which lodging by a hotel is or is to be furnished to transient guests.

**Attorney General Opinion 2013-010** states in part “. . . legislative authority of a municipal corporation or the board of trustees of a township that is not wholly or partly located in a county that has in effect a resolution levying a hotel lodging excise tax pursuant to R.C. 5739.09(A)(1) may, by ordinance or resolution, levy a hotel lodging excise tax pursuant to R.C. 5739.09(B)(1). . . . In other words, a municipal corporation or township is not permitted to levy a hotel lodging excise tax pursuant to division (B)(1) in parts of the municipal corporation or township; rather the hotel lodging excise tax levied pursuant to division (B)(1) must apply in the same manner to all hotel lodging transactions that occur anywhere within the boundaries of the municipal corporation.”

While completing the agree-upon procedures, it was brought to our attention that Highland County levied a hotel lodging excise tax beginning January 1, 1996, and the City of Hillsboro levied a hotel lodging excise tax beginning January 1, 2006. According to the Ohio Revised Code and Attorney Opinion 2013-010, the City hotel lodging excise tax should not have been levied.

We recommend that the Convention and Visitors Bureau work with the City and appropriate legal counsel to resolve this issue.

### **Cash Disbursements**

1. We inquired of management regarding sources describing allowable purposes or restrictions related to the Bureau's disbursements of lodging taxes. We listed these sources and summarized significant related restrictions below:

#### **Source of Restrictions**

- a. The Bureau's Articles of Incorporation
- b. The Bureau's 501(c)(6) Tax Exemption
- c. Ohio Rev. Code Section 5739.09(A)(2)

The Bureau's tax exemption prohibits it from disbursements supporting a candidate's election.

Ohio Rev. Code Section 5739.09(A)(2) restricts the Bureau to spending lodging tax "specifically for promotion, advertising, and marketing of the region in which the county is located."

Auditor of State Bulletin 2003-005 deems any disbursement of public funds (e.g. lodging taxes) for alcohol to be improper.

2. We selected all disbursements from the years ending December 31, 2013 and 2012 representing uses of lodging taxes and compared the purpose for these disbursements as documented on vendor invoices or other supporting documentation to the sources of restrictions listed in *Cash Disbursements Step 1*. above.

The Bureau did not have supporting documentation for 60 of the expenditures in 2012 and 21 in 2013. We were able to perform alternative procedures such as inquiring with the clerk, reviewing minutes, reviewing similar invoices, and searching websites. We found no instances where the purpose described on the invoice or other supporting documentation described a violation of the restrictions listed above.

#### **Noncompliance:**

**Ohio Rev. Code § 149.351** provides that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Revised Code. We recommend the Bureau maintain invoices and supporting documentation to document the validity of expenditures.

#### **Noncompliance / Finding for Recovery Repaid Under Audit:**

The Executive Director of the Highland County Convention and Visitor's Bureau is paid an annual salary of \$11,000 and an annual expense reimbursement of \$1,200, at total of \$12,200 a year.

In 2013, the Executive Director was paid a total of \$12,919, which resulted in an overpayment of \$719.

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In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Highland County Convention and Visitor's Bureau Executive Director Robert Lambert, in the amount of \$719, and in favor of the Highland County Convention and Visitor's Bureau.

Upon discovery of the facts, Mr. Lambert made repayment in full to the Bureau via a personal check on April 1, 2015.

We were not engaged to, and did not examine the Bureau's lodging tax receipts and disbursements for the years ended December 31, 2013 and 2012, the objective of which would have been to opine on lodging tax receipts and disbursements. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is intended solely for the information and use of the Bureau and is not intended to be, and should not be used by anyone other than the specified party.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

April 21, 2015



# Dave Yost • Auditor of State

**VISITORS BUREAU OF HIGHLAND COUNTY**

**HIGHLAND 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  
MAY 7, 2015**