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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Highland County Convention and Visitors Bureau
Highland County
1575 North High Street
Suite 400
Hillsboro, Ohio 45133

We have performed the procedures enumerated below, to which the management of the Highland County Convention and Visitors Bureau, Highland County, Ohio (the Bureau), agreed, solely to assist the Bureau in evaluating whether it recorded all lodging taxes it received from Highland County and the 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, 2011 and 2010. The Bureau is responsible for disbursing lodging taxes for allowable purposes. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements 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 for any other purpose.

1. We confirmed with Highland County and the City of Hillsboro, the lodging taxes each paid to the Bureau during the years ending December 31, 2011 and 2010. The County and City confirmed the following amounts:

Year Ended	Entity	Amount
December 31, 2011	Highland County	\$26,835
December 31, 2011	City of Hillsboro	\$ 3,085
December 31, 2010	Highland County	\$25,792
December 31, 2010	City of Hillsboro	\$ 3,125

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

Ohio Administrative Code section 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 maintain records (manual or automated) that include the following: (1) cash journal; (2) receipts ledger; and 3) appropriation ledger.

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 2011 and 2010 as recorded on the Bureau's bank statement. We found two exceptions. The second quarter 2011 County hotel lodging tax in the amount of \$6,989 and the third quarter 2011 County hotel lodging tax in the amount of \$8,344 were not deposited into the Bureau's bank account until February 24, 2012.

Ohio Rev. Code, Section 9.38 provides that public money must be deposited with the Fiscal Officer or with the designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of the receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business day following the day of receipt, and the person is able to safeguard the money until they are deposited. The Bureau does not have this extended cash depositing policy. Failing to deposit monies within the required time period could cause receipts to be susceptible to loss or theft. We recommend the Bureau implement procedures to ensure deposits are made timely.

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, 2011 and 2010 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 18 of the expenditures in 2010 and 4 in 2011. 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 the restrictions listed above.

Ohio Rev. Code, Section 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.

We were not engaged to, and did not examine the Bureau's lodging tax receipts and disbursements for the years ended December 31, 2011 and 2010, 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 else.



Dave Yost
Auditor of State

Columbus, Ohio

July 17, 2013

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HIGHLAND COUNTY CONVENTION & VISITORS BUREAU

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
AUGUST 1, 2013**