



Dave Yost • Auditor of State

ZANESVILLE-MUSKINGUM COUNTY CONVENTION AND VISITORS BUREAU
MUSKINGUM COUNTY

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Zanesville-Muskingum County Convention and Visitors Bureau
Muskingum County
205 N. 5th Street
Zanesville, Ohio 43701

We have performed the procedures enumerated below, to which the management of the Zanesville-Muskingum County Convention and Visitors Bureau, Muskingum County, Ohio (the Bureau), agreed, solely to assist the Bureau in evaluating whether it recorded all lodging taxes it received from Muskingum County, 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 the Muskingum County's Detail Expense Report 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	\$368,204
December 31, 2012	\$364,656

2. We compared the amounts from step 1 to amounts recorded as lodging tax receipts on the Bureau's QuickBooks Income by Customer Detail Report. We found four exceptions due to the timing of receipt postings in the Bureau's accounting system. Receipts were back dated to show up on the income report in the month the lodging taxes were collected instead of recording the lodging taxes on the date received from the County. The following receipts were recorded by the Bureau in a different year from when it was disbursed from the County:

County Warrant Date	Year Posted to Bureau's Quickbooks	Amount
01/13/2012	2011	\$24,149
02/17/2012	2011	\$19,274
03/02/2012	2011	\$2,896 (partial)
01/11/2013	2012	\$31,885

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

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Cash Receipts (Continued)

We recommend the Bureau record the receipts on the date the lodging taxes are received from the County.

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. The Agreement between Muskingum County and the Bureau.
- d. Ohio Rev. Code Section 5739.09(A)(2).
- e. Auditor of State Bulletin 2003-005.

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

The agreement dated June 17, 1993 between the Bureau and Muskingum County Commissioners permits the Bureau to spend lodging taxes exclusively for the promotion and development as mandated by Ohio Rev. Code Section 5739.09.

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 haphazardly selected forty disbursements of lodging taxes from the years ended December 31, 2013 and 2012, in addition to all disbursements exceeding \$2,000, 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. We noted 8 credit card disbursements tested totaling \$2,328 which included purchases that did not have an itemized invoice. Without having a detailed invoice, purchases could be made for items which are not for a proper public purpose. We recommend all purchases be supported by an itemized invoice to document what was purchased.

During our testing, we also noted that employees often used the Bureau's credit card for various purchases without the benefit of having a formal policy governing the use of its credit cards. Without a formal written policy, the likelihood of credit cards being used for unallowable and unauthorized expenditures becomes more likely. We recommend the Bureau adopt a formal policy governing their use including, but not limited to, a list of authorized users, applicable limits on the amounts of purchases, types of purchases allowed and unallowable, and monitoring of use by appropriate levels of management.

We also noted that employees made purchases using credit cards while traveling for items such as hotel rooms, meals, and parking. The Bureau has not adopted a formal travel policy. Without a formal written policy, there are no guidelines or restrictions placed on purchases made by an employee.

Cash Disbursements (Continued)

We recommend the Bureau adopt a formal policy to allow employees to make purchase or to be reimbursed for travel related to official business, training, etc. This policy should, at minimum, identify the types of travel authorized, guidelines for allowable and unallowable expenses, limitation on amount of reimbursement, types of supporting documentation required for reimbursement request, and monitoring of use by appropriate levels of management. Additionally, we recommend that detailed receipts be retained for all travel expenses and credit card purchases.

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.



Dave Yost
Auditor of State

Columbus, Ohio

March 31, 2014

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ZANESVILLE-MUSKINGUM COUNTY CONVENTION AND VISITORS BUREAU

MUSKINGUM 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
APRIL 15, 2014**