



Dave Yost • Auditor of State





# Dave Yost • Auditor of State

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

Board of Trustees  
Clinton County Convention and Visitors Bureau  
Clinton County  
Wilmington, Ohio 45177

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Clinton County Convention & Visitors Bureau (the Bureau), on the receipts, disbursements and balances recorded in the Bureau's cash basis accounting records for the years ended December 31, 2015 and 2014 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Bureau. The Bureau is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2015 and 2014 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Bureau. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

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.

This report only describes exceptions exceeding \$10.

### Cash

1. We recalculated the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Quickbooks Balance Sheet to the December 31, 2013 bank reconciliation balances in the prior year. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Quickbooks Balance Sheet. The amount for 2014 agreed. The amount for 2015 had a \$17.49 variance. The variance was created by the Main Checking account having \$16.19 in interest that was not included in the ending balance. The remaining \$1.30 was created by Savings Account #2 not including two interest receipts in their ending balance.
4. We confirmed the December 31, 2015 bank account balances with the Bureau's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected the two reconciling debits (such as outstanding checks) from the December 31, 2015 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found 1 check dated October 5, 2015, in the amount of \$20.86 that did not clear the bank.

- b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
- 6. We traced interbank account transfers occurring in December of 2015 and 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

**Cash Receipts**

- 1. We confirmed with Clinton County and the City of Wilmington the lodging taxes they paid to the Bureau during the years ending December 31, 2015 and 2014. The County and City confirmed the following amounts:

<b>Year Ended</b>	<b>Amount</b>
December 31, 2015	
Clinton County	\$222,988.56
City of Wilmington	121,993.73
Total	\$344,982.29
December 31, 2014	
Clinton County	\$176,735.16
City of Wilmington	107,397.44
Total	\$284,132.60

- 2. We compared the amounts from step 1 to amounts recorded as lodging tax receipts on the Bureau's Quickbooks Profit and Loss Budget vs Actual Report. We found no exceptions.

**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. City of Wilmington Resolution 1393
- d. Ohio Rev. Code Section 5739.09(A)(2)
- e. Clinton County Convention & Visitor's Bureau Internal Policies and Procedures Manual

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.

City Resolution 1393 permits the Bureau to spend lodging taxes only to promote and publicize the City of Wilmington, bring patronage to Wilmington businesses, promote the heritage and attractions, and contribute to the quality of life in Wilmington.

2. We haphazardly selected forty disbursements of lodging taxes from the years ended December 31, 2015 and 2014 in addition to all disbursements exceeding \$1,000, 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 the following exceptions:

- The date that the Bureau posted expenditures did not always coincide with the date of the check. There were instances in which expenditures were posted to the accounting system weeks before the check was dated.
- The accounting system description of some expenditure transactions was noted as miscellaneous or gifts.
- Check numbers were not always entered into the accounting system
- The Bureau purchased gift items for gift baskets to give to stake holders and businesses with which the Bureau does business. The Bureau should document the purpose and content of gift baskets to ensure that they are for an allowable purpose.
- The Bureau purchased board member gifts, office displays, and flowers. When purchases of this nature are made, the board should memorialize the approval and purchase of such gifts in order to document the proper public purpose of the expenditure.
- The Bureau paid financial charges and late fees in four instances totaling \$147
- The former Bureau Executive Director received two cash advances in the amount of \$1,000 to travel to Bureau functions. Although the Bureau presented receipts to support the advances and the Bureau's policy allows for employee reimbursement of expenses with a receipt, the Bureau has not adopted a policy allowing for the use of cash advances.
- The Bureau Board did not formally authorize salary for the Executive Director and Assistant in a contract or in the board minutes. Salary amounts were based on budgets submitted at the beginning of the year. We recommend the Board document employees' salaries in a contract and approve salary amounts and bonuses in the minutes.

#### **Unsupported Expenditures/Proper Public Purpose - Finding for Recovery Repaid Under Audit**

**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.

**Ohio Rev. Code Section 2921.41** prohibits committing any theft offense when the offender uses the offender's office in the aid of committing the offense and the property or service involved is owned by the state, any other state, the United States, a county, a municipal corporation, a township, or any political subdivision, department, or agency of any of them, is owned by a political party, or is part of a political campaign fund. Whoever violates this section is guilty of theft in office.

**State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

**Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

**AG Op. Nos. 83-054 and 2003-039**, provide added support that a convention and visitors bureau must use public monies for the public purposes of conventions and tourism.

The Bureau did not provide supporting documentation for the following expenditures. We were unable to determine whether these expenditures were allowable:

- Former Executive Director Debbie Stamper was paid for \$173 as reimbursement for business expenses, however she only provided \$149 in receipts to document her expenses. As a result Ms. Stamper was overpaid \$24.
- The Bureau did not provide support to document proper public purpose for 19 credit card expenditures totaling \$659.

In accordance with the forging facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the estate of former Executive Director Debbie Stamper and her bonding company, Ohio Casualty Insurance, Co., jointly and severally in the amount of \$683, and in favor of the Clinton County Convention and Visitor's Bureau's operating fund.

The estate of Debbie Stamper repaid \$683 to the Clinton County Convention and Visitor's Bureau while under audit.

### **Credit Card Expenditures**

#### **Expenditures not Allowed/Proper Public Purpose - Finding for Recovery Repaid Under Audit**

**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.

**Ohio Rev. Code Section 2921.41** prohibits committing any theft offense when the offender uses the offender's office in the aid of committing the offense and the property or service involved is owned by the state, any other state, the United States, a county, a municipal corporation, a township, or any political subdivision, department, or agency of any of them, is owned by a political party, or is part of a political campaign fund. Whoever violates this section is guilty of theft in office.

**State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

**Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as

a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

**AG Op. Nos. 83-054 and 2003-039**, provide added support that a convention and visitors bureau must use public monies for the public purposes of conventions and tourism.

During the completion of disbursement procedures above, we found instances in which the former Executive Director used the Bureau's credit card for personal expenses. On November 14, 2016, we met with the Board to discuss expanding our agreed upon procedures to include credit card expenditures from January 1, 2010 to November 15, 2016, 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.

During the period of January 1, 2010 through November 15, 2016, we identified 275 purchases made by the former Executive Director using the Bureau's credit card totaling \$15,107 which we considered not to be for a proper public purpose. These purchases consisted of the following:

- Food/Groceries/Dining out
- Haircuts and Nail Manicures
- Women's Clothing/Shoes/Handbags
- Books
- Cable Bill
- Jewelry
- Hotels
- Gift Cards/Christmas and Birthday Gifts
- Gas and Car Washes
- Pharmacy

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the estate of former Executive Director, Debbie Stamper and her bonding company Ohio Casualty Insurance Co., jointly and severally, in the amount of \$15,107 and in favor of the Clinton County Convention and Visitor's Bureau's operating fund. As of the date of this report, Debbie Stamper issued payments to the Bureau totaling \$8,906. A balance of \$6,201 remained unpaid.

The estate of Debbie Stamper repaid \$6,201 to the Clinton County Convention and Visitor's Bureau while under audit.

### **Credit Card Policy**

If an entity has authority to secure and to use a credit card, the governing body should create and adopt a credit card use policy to strengthen and to maintain internal controls over credit card transactions.

We identified the following conditions related to credit card usage by the Bureau:

- The Bureau did not maintain itemized receipts for 284 expenditures totaling \$8,582. We were able to apply alternative audit procedures and it appears that these expenditures were for a proper public purpose.
- The Bureau did not maintain any supporting documentation for 326 expenditures totaling \$15,785. We were able to perform alternative audit procedures to determine that \$5,347 was expended for proper public purpose. We have issued a finding for recovery for the \$9,779 expenditures that were not allowable, which is included in the \$15,107 finding for recovery above. We were unable to determine if the remaining \$659 was expended for allowable purposes, and have issued a finding for recovery for that amount.
- The Bureau did not document the purpose for \$16,675 in credit card expenditures.
- The Bureau did not have a policy that provided any guidance regarding what type of expenses were allowable.

Failure of the Bureau to provide detailed guidance regarding required supporting documentation, allowable expenses, and review of charges for reasonableness resulted in purchases that were not proper public purposes. The absence of an appropriate policy and thorough monitoring of this activity increases the risk of unauthorized and/or otherwise improper expenditures that do not further the public purpose of the entity and are likely to result in audit findings or other sanctions.

We recommend that the Bureau adopt a credit card policy and develop written procedures that could include the following provisions:

- Designation of the person or persons who are empowered to authorize and approve credit card transactions;
- The names and job titles of officers or employees who are authorized to use cards;
- Limits on the total dollar amount each authorized card user may incur as part of any individual transaction;
- A clear indication that the credit card may be used only for official business and for the benefit of the public entity;
- The disciplinary action or range of disciplinary actions which may be taken in the instances in which the credit card is utilized for other than a proper public expenditure/purpose or in violation of the entity's policies and procedures;
- A prohibition of cash withdrawals;
- A description of the documents which are to be created or secured, and maintained so as to create and preserve an appropriate audit trail;
- A statement signed by each potential card user acknowledging that he/she has read, understands, and agrees to abide by the credit card policy;
- A requirement that the cardholders cannot benefit through any type of awards program offered in connection with credit card use (e.g., frequent flier miles), and:

- A stipulation that cardholders immediately notify their direct supervisor if the credit card is lost or stolen.

We also recommend that procedures be implemented that include a detailed examination of charges and resolution of questioned items.

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*. We were not engaged to, and did not examine or review the Bureau's lodging tax receipts and disbursements for the years ended December 31, 2015 and 2014, the objective of which would have been to opine on lodging tax receipts and disbursements or provide a conclusion. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is for the use of the Bureau to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, and certain compliance requirements related to these transactions and balances, and is not suitable for any other purpose



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 7, 2017

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**CLINTON COUNTY CONVENTION VISITORS BUREAU**

**CLINTON 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  
DECEMBER 5, 2017**