

**KNOX COUNTY CONVENTION AND
VISITORS BUREAU**

AGREED UPON PROCEDURES

DECEMBER 31, 2017 and 2016



Dave Yost • Auditor of State

Board of Trustees
Knox County Convention and Visitors Bureau
105 South Main Street
Mount Vernon, Ohio 43050

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Knox County Convention and Visitors Bureau, Knox County, prepared by Maloney + Novotny LLC, for the period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Knox County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 27, 2018

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Members of the Board
Knox County Convention and Visitors Bureau
Knox County, Ohio
105 South Main Street
Mount Vernon, Ohio 43050

We have performed the procedures enumerated below, to which were agreed to by the Board of Trustees and the management of the Knox County Convention and Visitors Bureau (the Bureau) and the Auditor of State on the receipts, disbursements and balances recorded in the Bureau's cash basis accounting records for the years ended December 31, 2017 and 2016 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, 2017 and 2016 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 and Investments

1. We recalculated the mathematical accuracy of the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We compared the January 1, 2016 beginning cash balances recorded in the general ledger to the December 31, 2015 balance in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We compared the January 1, 2017 beginning cash balance recorded in the general ledger to the December 31, 2016 balance in the general ledger. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2017 and 2016 cash balances reported in the general ledger. At December 31, 2017, we noted a variance of \$17,697.14 between the checking account bank reconciliation and the general ledger. This is due to seven disbursements and two receipts posted at year end to the general ledger subsequent to the reconciliation. At December 31, 2016, we noted a variance of \$6,744.12 between the checking account bank reconciliation and the general ledger. This is due to six disbursements and one receipt posted at year end to the general ledger subsequent to the reconciliation.
4. We confirmed the December 31, 2017 and 2016 bank account balances with the Bureau's financial institutions. We found no exceptions.

Cash and Investments (continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - 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 selected two reconciling credits (such as deposits in transit) haphazardly from the December 31, 2017 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the receipts register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We inspected investments held at December 31, 2017 and December 31, 2016 to determine that they:
 - a. Were of a type authorized by the Bureau. We found no exceptions.

Cash Receipts

1. We confirmed with the City of Mount Vernon the lodging taxes it paid to the Bureau during the years ended December 31, 2017 and 2016. The City confirmed the following amounts:

Year Ended	Amount
December 31, 2017	\$ 23,751.83
December 31, 2016	\$ 22,492.48

We confirmed with the Knox County Auditor the lodging taxes it paid to the Bureau during the years ended December 31, 2017 and 2016. The County confirmed the following amounts:

Year Ended	Amount
December 31, 2017	\$175,297.66
December 31, 2016	\$199,336.47

2. We compared the amounts from Step 1 to amounts recorded as lodging tax receipts on the Bureau's general ledger. There was a difference of \$578.31 for 2016. Taxes paid by the City in late December were received and recorded by the Bureau in the following month and are not considered exceptions.

We compared the amounts from Step 1 to amounts recorded as lodging tax receipts on the Bureau's general ledger. Taxes paid by the County Auditor in late December were received and recorded by the Bureau in the following month and are not considered exceptions. 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:

Sources of Restrictions:

- a. The Bureau's Articles of Incorporation
- b. The Bureau's By-Laws/Code of Regulations
- c. The Bureau's 501(c)(6) Tax Exemption
- d. Knox County resolution 768-2015 and 895-2010
- e. Auditor of State of Ohio Bulletin 2003-005
- f. Ohio Revised Code Section 5739.09(A)(2)
- g. Contract with the City of Mount Vernon

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

The Knox County resolution 768-2015 and 895-2010 permits the Bureau to spend lodging taxes for the promotion and publicizing of the County in order to bring the patronage and business of tourists and cultural, educational, religious, professional and sports organizations into the County, for the benefit of the citizens of the County and the business community thereof.

The contract with the City of Mount Vernon permits the Bureau to spend lodging taxes to promote tourism and stimulate economic development in the community.

The Bureau's By-Laws/Code of Regulations permits the Bureau to spend the lodging taxes only for the promotion of Knox County, Ohio, as a tourist destination.

2. We haphazardly selected forty disbursements of lodging taxes from the years ended December 31, 2017 and 2016 in addition to all disbursements exceeding \$4,000, 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 found no instances where the purpose described on the invoice or other supporting documentation violated the restrictions listed above.

The Bureau has responded to the issues discussed in this report. You may obtain a copy of their response from Patrick Crow, Executive Director at 740-392-6102.

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, 2017 and 2016, 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

Cash Disbursements (continued)

conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is to provide assistance in the evaluation of the Bureau's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

Delaware, Ohio
September 19, 2018

Meloney + Novotny LLC



Dave Yost • Auditor of State

KNOX COUNTY CONVENTION AND VISITORS BUREAU

KNOX 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
OCTOBER 9, 2018**