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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Visitors Bureau of Highland County
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, 2015 and 2014. 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

1. There are no bank reconciliations for December 31, 2015 or December 31, 2014.
2. We could not agree the January 1, 2014 beginning fund balances to the December 31, 2013 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers because Fund Balance Reports were not kept until March of 2014. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Report to the December 31, 2014 balances in the Fund Report. We found no exceptions.
3. There are no bank reconciliations to agree the Fund Balance Report to for December 31, 2015 or 2014.
4. We confirmed the December 31, 2015 bank account balance with the Bureau's financial institution. We found no exceptions.
5. There are no bank reconciliations; therefore we could not test reconciling debits.
6. There are no bank reconciliation; therefore we could not test reconciling credits.

Recommendations:

Accurate reconciliation procedures are a key component of an effective accounting system required to enable the Bureau to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud and errors in a timely manner.

We noted that formal, written bank reconciliations were not performed.

We recommend the Bureau prepare formal written bank reconciliations on a monthly basis.

Cash Receipts

1. We confirmed with Highland County the lodging taxes it paid to the Bureau during the years ending December 31, 2015 and 2014. The County confirmed the following amounts:

Year Ended	Amount
December 31, 2015	\$34,926
December 31, 2014	\$30,866

We confirmed with the City of Hillsboro the lodging taxes it paid to the Bureau during the years ending December 31, 2015 and 2014. The City of Hillsboro confirmed the following amounts:

Year Ended	Amount
December 31, 2015	\$3,085
December 31, 2014	\$4,123

2. We compared the amounts from step 1 to amounts recorded as lodging tax receipts on the Bureau's Fund Report and/ or Bank Statements. We found no exceptions.

While comparing amounts in step 1 to the Fund Reports and/or Bank Statements, we identified the following instances of noncompliance:

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. The Bureau should 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 receipted into the Bureau's bank account for January through March of 2014 as recorded on the Bureau's Bank Statement. From April 2014 through December 2015, we compared amounts to the fund report. We found no exceptions.

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 Rev. Code and Attorney Opinion 2013-010, the City hotel lodging excise tax should not have been levied.

We recommend that the 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, 2015 and 2014 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 maintain supporting documentation for 2 of the expenditures in 2014 and 4 in 2015. We were able to perform alternative procedures such as inquiring with 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.

While reviewing the disbursements as described in step 2, we identified the following instances of noncompliance:

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. The Bureau did not maintain supporting documentation for 2 of the expenditures in 2014 and 4 in 2015.

We recommend the Bureau maintain invoices and supporting documentation to document the validity of expenditures.

Finding for Recovery Repaid Under Audit:

The Executive Director of the Visitors Bureau of Highland County is paid an annual salary of \$11,000.60 and an annual expense reimbursement of \$1,200, at total of \$12,200 a year.

In 2015, the Executive Director was paid a total of \$13,294.94, which resulted in an overpayment of \$1,094.94. In 2014, The Executive Director was paid a total of \$12,228.80, which resulted in an overpayment of \$28.20

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 Visitors Bureau of Highland County Executive Director Robert Lambert, in the amount of \$1,123.14, and in favor of the Visitors Bureau of Highland County.

Upon discovery of the facts, Mr. Lambert made repayment in full to the Bureau via a personal check on July 25, 2016.

We were not engaged to, and did not examine 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. 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

July 26, 2016



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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
AUGUST 9, 2016**