

ROSS-CHILLICOTHE CONVENTION  
AND VISITORS BUREAU  
ROSS COUNTY

AGREED-UPON PROCEDURES

YEARS ENDED DECEMBER 31, 2011 AND 2010



*Whited Seigneur Sams & Rabe, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

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213 South Paint Street, Chillicothe, Ohio 45601-3828  
Phone: (740) 702-2600 • Fax: (740) 702-2610 • Audit Fax: (740) 702-2612  
email@wssrcpa.com • <http://www.wssrcpa.com>





# Dave Yost • Auditor of State

Board of Directors  
Ross-Chillicothe Convention and Visitors Bureau  
45 East Main Street  
Chillicothe, Ohio 45601

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Ross-Chillicothe Convention and Visitors Bureau, Ross County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## **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 2913.02(A)-(B)** states in part, [n]o person, with purpose to deprive the owner of property or services, shall knowingly obtain or exert control over either the property or services in any of the following ways:(1) Without the consent of the owner or person authorized to give consent;(2) Beyond the scope of the express or implied consent of the owner or person authorized to give consent;(3) By deception... . (B)(1) Whoever violates this section is guilty of theft.

*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 the 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 Expenditures of Public Funds/Proper “Public Purpose”** states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

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

During 2010 and 2011 Kyrsten Walton served as Executive Director and used the Bureau's credit card for travel related expenditures.

The Convention Bureau's Travel Policy requires the following:

1. If a company vehicle is not available for travel, the employee or volunteer will keep a record of the traveled mileage for the Bureau. The Bureau will reimburse the employee or volunteer per mile.
2. The employee or volunteer is responsible for all receipts associated with purchases for travel. Purchases made without receipts will not be reimbursed.

The following credit card travel related expenditures in 2010 and 2011 did not have supporting documentation.

Year	\$ Amount	Description
2011	\$2,155	Bureau's credit card expenditures for various travel related items, supplies and merchandise
2010	<u>\$1,545</u>	Bureau's credit card expenditures for various travel related items, supplies and merchandise
Total	<u>\$3,700</u>	

The following credit card expenditures were fuel purchases for the Executive Director's personal car. It was noted that the Executive Director also submitted travel expense reports whereby she received reimbursement from the Bureau for mileage for her personal car during the same time period (2010-2011). The Bureau could not explain why the Executive Director was reimbursed for fuel mileage during the same time period the credit card was used to purchase fuel for her personal vehicle. The Bureau's records indicate that the Executive Director was reimbursed for mileage of approximately \$5,791 in 2010 and \$5,500 in 2011.

Year	\$ Amount	Description
2011	\$1,168	Credit card expenditures for fuel for personal vehicle
2010	<u>\$651</u>	Credit card expenditures for fuel for personal vehicle
Total	<u>\$1,819</u>	

**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 use of public funds to purchase alcohol will be considered arbitrary and incorrect and will be cited by the Auditor of State's Office

The Bureau expended public funds in the amount of \$130 for the purchase of alcoholic beverages, as summarized below for 2011. The alcohol purchases were noted on the Executive Director's travel expense forms.

Year	Description	\$ Amount
2011	Kalahari Resort	\$7
2011	Old Canal Smoke House	\$113
2011	Andiano Riverfront	\$10
Total		\$130

The Executive Director traveled to Washington, D.C. for Bureau related business. On November 29, 2010, the Bureau's credit card was charged for a plane ticket to Washington D.C., however the Director was reimbursed \$415 for mileage to and from Washington D.C. for the same trip.

On April 4, 2010 and February 21, 2011, the Bureau's credit card was charged for the use of a rental vehicle. The Executive Director received mileage reimbursement of \$186 in 2010 and \$265 in 2011 for trips associated with the use of the rental cars. The Bureau's policy is to not reimburse mileage unless a personal vehicle is used.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money illegally expended is hereby issued against former Executive Director, Kyrsten Walton and her bonding company, Cincinnati Insurance Company, jointly and severally, in the amount of \$6,515 and in favor of the Bureau's General Fund.

On October 25<sup>th</sup> 2012, \$6,515 was repaid in full by Kyrsten Walton and the funds were deposited and recorded as a receipt to the Bureau's General Fund. This finding was completely repaid under audit.

Board of Directors  
Ross-Chillicothe Convention and Visitors Bureau  
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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 Ross-Chillicothe Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost  
Auditor of State

November 6, 2012

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

(740) 702-2600—Phone  
(740) 702-2610—Fax  
(740) 702-2612—Audit Fax  
email@wssrcpa.com  
http://www.wssrcpa.com



213 South Paint Street, Chillicothe, OH 45601-3828

Jerry B. Whited, CPA  
Donald R. Seigneur, CPA  
John R. Sams, CPA  
Barry L. Rahe, CPA  
Kathleen M. Alderman, CPA  
Nathan C. Baldwin, CPA

## Independent Accountants' Report on Applying Agreed-Upon Procedures

June 12, 2012

Board of Directors  
Ross-Chillicothe Convention and Visitors Bureau  
Ross County  
Chillicothe, Ohio 45601

We have performed the procedures enumerated below, to which the management of the Ross-Chillicothe Convention and Visitors Bureau (the Bureau) agreed, solely to assist the Bureau in evaluating whether it 1) recorded all lodging taxes it received from Ross County; 2) to help evaluate whether the Bureau disbursed these lodging taxes for allowable purposes; 3) to help evaluate whether the Bureau's Policies were followed for usage of the Bureau's credit card; 4) to help evaluate whether the Bureau's Policies were followed regarding expenses and reimbursements associated with travel; 5) to help evaluate whether the Bureau's Policies were followed regarding the accrual and usage of the Executive Director's leave benefits; and 6) to help evaluate whether petty cash was being properly maintained as 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 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 confirmed with Ross County the lodging taxes they paid to the Bureau during the years ending December 31, 2011 and 2010. They confirmed the following amounts in total:

December 31, 2010	\$	169,643.78
December 31, 2011	\$	193,759.03

2. We compared the amounts from step 1 to amounts recorded as lodging tax receipts on the Bureau's Profit and Loss Detail Report. We found no exceptions for 2011 and 2010.

## 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 Restriction:

- The Bureau's Articles of Incorporation
- The Bureau's 501(c)(6) Tax Exemption
- Ohio Revised Code Section 5739.09(A)(2)
- Management Agreement with Ross County Commissioners dated September 5, 2000
- Auditor of State of Ohio Technical Bulletins
- Ross-Chillicothe Convention & Visitors Bureau Policy and Procedure Handbook & Bylaws

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

Ohio Revised 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.

The Management Agreement with Ross County Commissioners dated September 5, 2000 requires the Bureau to perform the operational and administrative functions related to the promotion of tourism and growth in Ross County.

2. We haphazardly selected a sample of ten disbursements from all non-payroll items greater than \$2,000 and then using Excel's random number generator, selected a random sample of sixty disbursements from the remaining population of disbursements from the years ended December 31, 2011 and 2010 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 described a violation of the restrictions listed above.
3. We examined all payments made to Chase Card Services during 2011 and 2010. We traced each transaction to a receipt and reviewed for proper public purpose.

- a. The following charges were not supported with a receipt:

Transaction Date	Merchant Name or Transaction Description	Amount
12/2/2010	DLX for Business	\$ 103.41
12/5/2010	Wal-Mart	17.38
12/11/2010	Bath & Body Works	21.40
1/7/2011	Kroger	126.02
1/12/2011	Intuit Payroll	319.93
1/21/2011	WCP Fern Exposition Sv	112.10
1/23/2011	Target	44.15
1/27/2011	McDonald's	5.58
2/1/2011	Ohio Assoc of Conventi	35.00
2/18/2011	Epay Fee	9.95
2/26/2011	Mad River Mountain Inc	225.00



<u>Transaction Date</u>	<u>Merchant Name or Transaction Description</u>	<u>Amount</u>
3/8/2011	Speedway	\$ 35.03
3/10/2011	APLASTICBAG COM INC	818.35
3/13/2011	MURPHY6699ATWALMRT	48.00
3/16/2011	Schmidt's Restaurant	59.37
3/22/2011	Norton Software	53.48
3/23/2011	APLASTICBAG COM INC	758.35
3/25/2011	Papa Johns	31.22
3/14/2011	Epay Fee	9.95
5/3/2011	Enterprise Rent-A-Car	101.28
5/19/2011	Hobby Lobby	15.95
6/12/2011	CVS Pharmacy, Celina OH	50.00
6/3/2011	Sam's Club	89.01
7/1/2011	Annual Membership Fee	25.00
8/1/2011	Ohio Travel Assn	45.00
8/23/2011	Ohio Travel Assn	432.50
8/27/2011	Tecumseh Chillicothe	78.90
8/29/2011	Hampton Inn & Suites Chill OH	0.01
10/11/2011	WM Supercenter Chill	63.41
	Total 2011	<u>\$ 3,734.73</u>

<u>Transaction Date</u>	<u>Merchant Name or Transaction Description</u>	<u>Amount</u>
11/30/2009	Tim Hortons Chillicothe	\$ 9.14
12/1/2009	Murphy7151atWalmrt Chillicothe	40.47
12/2/2009	Huntington Center PQPS Columbus	15.00
12/2/2009	Doubletree Hotels Columbus	21.84
12/5/2009	Sam's Club Chillicothe	35.00
12/12/2009	Papa Johns	24.64
12/14/2009	McDonald's Chillicothe	4.35
12/15/2009	McDonald's Chillicothe	4.57
12/16/2009	Old Canal Smoke House	175.00
12/17/2009	#38 Stringtown Rd QPS Grove City	30.50
12/20/2009	Marathon Oil Springfield	5.27
12/19/2009	Menards Celina	32.41
12/21/2009	Kroger Chillicothe	192.06
12/21/2009	Wendy Chillicothe	5.99
12/21/2009	Kroger Chillicothe	50.00
12/21/2009	Susies Gifts for All Chillicothe	53.50
12/21/2009	Susies Gifts for All Chillicothe	77.12
12/23/2009	McDonald's Chillicothe	17.77
12/30/2009	Calendars.com	8.99
1/6/2010	Tim Hortons Chillicothe	4.39
1/6/2010	Shell Oil Chillicothe	26.01
1/9/2010	Taco Bell Chillicothe	11.63
1/9/2010	Lowe's Chillicothe	26.86
1/7/2010	Hampton Inn Hotels Gallipolis	95.84
1/9/2010	Kroger Fuel Chillicothe	24.00
1/11/2010	Office Max	101.96
1/13/2010	Tim Hortons Chillicothe	4.39
1/13/2010	Shell Oil Chillicothe	27.00

Transaction Date	Merchant Name or Transaction Description	Amount
1/14/2010	Walmart.com	\$ 3.04
1/14/2010	Rally's Chillicothe	6.11
1/19/2010	Steak-N-Shake Chillicothe	18.49
1/18/2010	Office Max	15.27
1/20/2010	Sam's Club Chillicothe	49.61
1/20/2010	2 in 1 Auto Bath Washington CH	11.00
2/3/2010	McDonald's Chillicothe	4.17
3/18/2010	GotPrint.com	5.00
7/7/2010	McDonald's Chillicothe	3.47
7/1/2010	Annual Membership Fee	25.00
9/8/2010	Chestnut St Garage Columbus	9.00
9/22/2010	Hobby Lobby	11.22
9/27/2010	Burger King Chillicothe	13.80
9/30/2010	Stringtown Rd Grove City	35.00
11/4/2010	Hirsch Fruit Farm	15.00
11/14/2010	Walmart Chillicothe	193.59
	Total 2010	<u>\$ 1,544.47</u>

- b. During an employee's use of a company vehicle, the Bureau's employees may use the Bureau credit card to purchase fuel, or may pay cash that will be reimbursed to the employee upon presentation of receipt(s). If a company vehicle is not available for travel, the employee will keep a record of the traveled mileage and be reimburse. The Bureau does not own a vehicle but occasionally has authorized the use of a rental vehicle. The following are gas charges on the credit card that were not associated with the use of a company vehicle or rented vehicle.

Transaction Date	Merchant Name or Transaction Description	Amount
12/14/2010	S High St Duchess Columbus	\$ 30.01
12/23/2010	Shell Oil Chillicothe	30.30
1/11/2011	Speedway Chillicothe	40.02
1/18/2011	Shell Oil Chillicothe	30.01
1/20/2011	Speedway Chillicothe	23.00
1/28/2011	Sheetz Cambridge	28.51
2/11/2011	Shell Oil Circleville	29.01
2/16/2011	Shell Oil Chillicothe	54.50
2/26/2011	Shell Oil, Chillicothe	24.01
3/8/2011	Speedway Chillicothe	35.03
3/13/2011	MURPHY6699ATWALMRT Wash CH	48.00
3/29/2011	Marathon Oil Coshocton	41.01
4/12/2011	Speedway Col Lewis Center	44.01
4/14/2011	Speedway I-7 Bellville	31.01
5/1/2011	Certified Oil Chillicothe OH	40.01
5/11/2011	Speedway Chillicothe	43.50
5/19/2011	Speedway New Philadelphia	34.01
5/18/2011	Pilot Circleville	72.01
5/20/2011	Shell Oil Chillicothe	45.02
6/2/2011	Shell Oil Chillicothe	50.00
7/8/2011	Woolfe's Huff & Puff New Lexington	35.00
7/21/2011	TH Midwest Columbus	25.39

Transaction Date	Merchant Name or Transaction Description	Amount
8/4/2011	TH Midwest Heath	\$ 46.50
8/10/2011	SamsClub 4963 Gas Chillicothe	36.78
8/14/2011	Marathon Oil South Bloomfield	43.01
8/15/2011	Sunoco Athens	25.01
8/15/2011	Certified Oil Chillicothe OH	75.00
9/27/2011	Speedway Athens	38.01
10/11/2011	Shell Oil Chillicothe	29.01
10/28/2011	Norwalk	41.01
	Total 2011	<u>\$ 1,167.70</u>

Transaction Date	Merchant Name or Transaction Description	Amount
12/1/2009	Murphy Oil Walmart Chillicothe	\$ 40.47
12/17/2009	Stringtown Rd Grove City	30.50
1/6/2010	Shell Oil Chillicothe	26.01
1/9/2010	Kroger Fuel	24.00
1/13/2010	Shell Oil Chillicothe	27.00
2/24/2010	Certified Oil Chillicothe	35.00
3/3/2010	Speedway Chillicothe	18.00
3/5/2010	Speedway Columbus	18.00
3/9/2010	High & Orange Duchess Chillicothe	33.00
3/13/2010	Speedway Chillicothe	29.00
4/8/2010	Speedway Chillicothe	32.52
6/7/2010	Main & Renick Duchess Chillicothe	27.59
7/7/2010	Speedway Chillicothe	29.01
7/16/2010	TH Midwest Columbus	27.29
7/18/2010	TH Midwest Columbus	34.00
7/29/2010	Shell Oil Mason OH	30.02
8/12/2010	Speedway Chillicothe	30.01
9/10/2010	Speedway Lewis Center	32.01
9/14/2010	Shell Oil Chillicothe	36.01
9/30/2010	Springtown Rd Grove City	35.00
10/15/2010	Shell Oil Mason OH	30.00
11/16/2010	Speedway Chillicothe	26.25
	Total 2010	<u>\$ 650.69</u>

- c. The following charges were for the purchase of alcohol. Auditor of State Bulletin 2003-005 deems any disbursement of public funds (e.g. lodging taxes) for alcohol to be improper.

Transaction Date	Merchant Name or Transaction Description	Amount
10/26/2011	Kalahari Resorts/Restau Sandusky OH	\$ 7.00
11/7/2011	Old Canal Smoke House	113.28
	Total 2011	<u>\$ 120.28</u>

- d. The Bureau's Policies prohibits any personal charges on Bureau credit cards. The Executive Director purchased airline tickets on February 17, 2011, totaling \$614.80 for personal use. The Bureau's credit card is paid in full each month via scheduled electronic payment. This was reimbursed back to the Bureau on February 24, 2012. On August 4, 2010, the Bureau renewed the membership to Sam's Club. A card was issued in the name of the Executive Director's husband.
4. We reviewed all reimbursements paid to employees in 2011 and 2010 and compared the purposes of the expenses to the Bureau's Policy regarding employee expenses and travel. The following describes deviations from the Policy.
    - a. The Executive Director was not reimbursed for \$177.48 of expenses incurred between January 1-15, 2011.
    - b. \$28 of food expenses were reimbursed to the Executive Director without receipts.
    - c. The Executive Director traveled to Detroit, Michigan for a business-related trade show. The Bureau's credit card was charged on February 21, 2011 for a rental vehicle. The Executive Director was paid \$265.20 for mileage reimbursement for the same trip. Also included in expense reimbursements for this trip was \$10 for alcohol.
    - d. The Executive Director traveled to Steubenville, Ohio for a business-related trade show. The Bureau's credit card was charged on April 4, 2010 for a rental vehicle. The Executive Director was paid \$185.50 for mileage reimbursement for the same trip.
    - e. The Executive Director traveled to Washington, D.C. for business. The Bureau's credit card was charged on November 29, 2010 for a plane ticket to Washington, D.C.. The Executive Director was paid \$415.00 for mileage reimbursement for the same trip.
  5. We inspected activity in petty cash during 2011 and 2010. Petty cash was not maintained throughout 2011 or 2010. Receipts presented to reimburse the petty cash on December 30, 2011 included two receipts totaling \$13.33 which were actually charged to the Chase credit card.
  6. We reviewed the Executive Director's accrual and usage of vacation, sick, and personal days. None of the Leave Slips were signed by the Board President to indicate approval. No Leave Slip was found for 8 hours of vacation leave used during the 08/16/10-08/30/10 pay period.

## Other

1. We read the minutes of the Bureau's Board of Trustees.

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 beyond those identified above, 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.

Respectfully submitted,

WHITED SEIGNEUR SAMS AND RAHE CPAs, LLP

*Whited Seigneur Sams & Rahe*



# Dave Yost • Auditor of State

**ROSS CHILLICOTHE CONVENTION AND VISITORS BUREAU**

**ROSS 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  
NOVEMBER 20, 2012**