



Dave Yost • Auditor of State





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

Members of the Board of Trustees  
Ross-Chillicothe Convention and Visitors Bureau  
Ross County  
Chillicothe, Ohio

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 recorded all lodging taxes it received from Ross 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 Ross County's canceled checks issued to Ross-Chillicothe CVB 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 | \$244,519.23 |
| December 31, 2012 | \$221,098.24 |

2. We compared the amounts from step 1 to amounts recorded as lodging tax receipts on the Bureau's cash receipts journal transaction list by date. 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. The Bureau's By Laws
- d. Ohio Rev. Code Section 5739.09(A)(2)

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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 haphazardly selected forty disbursements of lodging taxes from the years ended December 31, 2013 and 2012 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 found no instances where the purpose described on the invoice or other supporting documentation described a violation the restrictions listed above.
3. Select all credit card travel related expenses and the Executive Director's travel expense forms for the period of January 1, 2012 through June 30, 2012.
  - a. Determine that supporting documentation is on file.
  - b. Determine that travel expenditures and fuel expenditures were not for the same time period as a mileage reimbursement was paid for the Executive Director.

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

**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, no 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 2012, 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:

- 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.
- 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 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 (2012). 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 \$1,495 in 2012.

| Date              | Amount   | Description  |
|-------------------|----------|--|
| January 18, 2012  | \$ 37.01 | Credit card expenditures for fuel for personal vehicle |
| February 7, 2012  | 40.01    | Credit card expenditures for fuel for personal vehicle |
| February 13, 2012 | 38.00    | Credit card expenditures for fuel for personal vehicle |
| Total             | \$115.02 |  |

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 \$115 in the favor of the Ross-Chillicothe Convention and Visitor's Bureau.

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

May 11, 2015

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# 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  
MAY 26, 2015**