



OHIO AUDITOR OF STATE  
**KEITH FABER**





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

Clermont County Convention and Visitors Bureau  
Clermont County  
PO Box 100  
410 East Main Street  
Batavia, Ohio 45103

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Clermont County Convention & Visitor Bureau (the Bureau) 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. Additionally, we performed the procedures listing below as "Other Procedures," which were also agreed to by the Board of Trustees. The extent of those procedures are outside the time frame enumerated above and have been defined within the specific procedures themselves. 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 December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the QuickBooks General Ledger for the General Fund to the December 31 2015 balances in the prior year Agreed-Upon Procedures working papers. We agreed the January 1, 2016 beginning fund balances recorded in the QuickBooks General Ledger for the Sports Development Corporation to the Bureau's December 31, 2015 balances. We also agreed the January 1, 2017 beginning fund balances recorded in the QuickBooks General Ledgers for the General Fund and Sports Development Corporation to the December 31, 2016 balances in the QuickBooks General Ledgers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the QuickBooks General Ledgers for the General Fund and the Sports Development Corporation. The amounts agreed.

4. We observed the year-end bank balances on the financial institution's websites. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
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 statements. 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. There were no exceptions.
6. 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 summarized lodging taxes the Clermont County Auditor's cash disbursement journal reported as payments to the Bureau during the years ending December 31, 2017 and 2016. The total reported disbursements were as follows:

<b>Year Ended</b>	<b>Amount</b>
December 31, 2017	\$748,243
December 31, 2016	\$635,600

2. We compared the amounts from step 1 to amounts recorded as lodging tax receipts on the Bureau's QuickBooks cash receipts journal. The Bureau posted the lodging receipts at the net amount instead of at gross amount for 2016 and 2017. Receipts and administrative expenses were each understated by \$2,000 for 2016 and \$2,000 for 2017.

**Non-Payroll 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/Code of Regulations
- d. 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.

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.

2. We haphazardly selected forty disbursements of lodging taxes from the years ended December 31, 2017 and 2016 in addition to all disbursements exceeding \$5,000, 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 the following exceptions:

- a. On January 13, 2016, Mark Calitri was reimbursed for employee expenses that included an alcohol purchase of \$3.53. On May 25, 2016, Mark Calitri used the Bureau's credit card to purchase \$60.05 in alcohol. Ohio Rev. Code Section 5739.09(A)(2) does not permit using lodging taxes for this purpose. Accordingly, we are hereby issuing a finding for recovery against Mark Calitri in the amount of \$63.58 in favor of the Clermont County Convention and Visitors Bureau General Fund. The \$63.58 was repaid under audit.
- b. On December 1, 2017, Joel Barnhill used the Bureau's credit card to purchase \$11.50 in alcohol. Ohio Rev. Code Section 5739.09(A)(2) does not permit using lodging taxes for this purpose. Accordingly, we are hereby issuing a finding for recovery against Joel Barnhill in the amount of \$11.50 in favor of the Clermont County Convention and Visitors Bureau General Fund. The \$11.50 was repaid under audit.
- c. The Bureau assigned credit cards to several employees to make Bureau related purchases, however the Bureau did not provide a comprehensive credit card usage policy.

The following conditions were noted:

- For 2016 and 2017, we reviewed 44 disbursements totaling \$189,070.46 and 39 disbursements totaling \$227,622.40 respectively. Of the disbursements tested, detailed receipts, invoices or other supporting documentation were not initially provided for all of the transactions associated with 6 credit card statements. The transactions for 2016 and 2017 totaled \$8,636.25 and \$1,365 respectively. Subsequently, the Bureau was able to locate or obtain receipts, invoices or other supporting documentation to assist in the determination that the expenditures were allowable expenses of the Bureau.
- The Bureau did not provide itemized receipts for 10 expenditures totaling \$357.35. These charges were incurred by three employees with transaction amounts ranging from \$0.53 and \$209.44.

We recommend the Bureau maintain detailed receipts, invoices or other supporting documentation to demonstrate that the expenses are allowable.

The absence of an appropriate policy and thorough monitoring of credit card activity increases the risk of unauthorized and/or otherwise improper expenditures that do not support the expenditures proper purpose.

We recommend the Bureau develop, adopt and implement a comprehensive credit card usage policy to strengthen and maintain internal controls over credit card transactions. The policy should outline the type of expenses allowable and include written procedures that could include the following provisions:

- i. Designation of the person or persons who are empowered to authorize and approve credit card transactions;

- ii. The names and job titles of officers or employees who are authorized to use the cards;
- iii. Limits on the total dollar amount each authorized card user may incur as part of any individual transaction;
- iv. A clear indication that the credit card may be used only for official business and for the benefit of the Bureau;
- v. 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 Bureau expenditure/purpose or in violation of the Bureau's policies and procedures;
- vi. A prohibition of cash withdrawals;
- vii. A description of the documents which are to be created or secured, and maintained so as to create and preserve an appropriate audit trail;
- viii. A statement signed by each potential card user acknowledging that he/she has read, understands and agrees to abide by the credit card policy;
- ix. 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;
- x. A stipulation that cardholders immediately notify their direct supervisor if the credit card is lost or stolen.

Additionally, review procedures should be implemented that include a detailed examination of charges and resolution of questioned items.

The Bureau approved a Credit Card policy and a Meal and Beverage Policy on March 11, 2019.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll direct deposit for five employees from 2017 and one payroll direct deposit for five employees from 2016 from the Paychex payroll journal and:
  - a. We compared the hours and pay rate, or salary recorded in the Paychex payroll journal to supporting documentation (legislatively-approved rate or salary).

We identified exceptions relating to a lack of specific Board- approved rate or salary for Mark Calitri, Executive Director during his employment through early-2017. Mr. Calitri's original October 2013 contract included a base salary of \$65,000 per year and included a provision providing for health premium reimbursement up to \$1,000 per month (or \$12,000 annually).

The Bureau provided no documentation of the following increases to the base salary in the contract, although current management indicated that these increases were approved by the Board:

- Mr. Calitri received an 8% increase in his base salary between October 2013 and December 2015.

- Mr. Calitri received a \$712.97 per paycheck increase beginning with the payroll received April 9, 2015. The March 24, 2015 Bureau minutes indicated that “. . . in order to be compliant with current regulations, the health care allowance received each month by Director Mark Calitri is required to be booked as compensation rather than part of a benefits package.” The \$712.97 per pay period calculates to \$18,537 per year, which is \$6,537 in excess per year of the \$12,000 annual amount stated in the original employment contract. Current management indicated that this additional amount was intended to cover payroll taxes; however, the Bureau provided no documentation of that calculation.
- Mr. Calitri received a 5% increase at the end of November 2015 based on a letter from Mr. Calitri to the Bureau's Payroll processor. Mr. Calitri's original October 2013 contract/compensation package also included a provision for quarterly bonus opportunities based on the Executive Director's job responsibilities, including both administrative and sales duties. The bonus was set at 75 cents per room booked based on the Executive Director being the procuring cause for securing of various groups and events to Clermont County hotels. The package also included a provision for quarterly bonus opportunities based on Team performance of 25 cents per room booked. The target annual bonus was stated as \$11,350. The actual bonuses paid to Mr. Calitri in 2016 totaled \$9,488; however the Bureau did not provide detailed calculations supporting the bonuses paid.

We recommend that any changes to the Executive Director's rate of pay and or employment contract terms be approved by the Bureau's Board documented in the minutes.

We recommend that the Board retain calculations and documentation of Board approval related to bonuses paid to the Executive Director and other employees.

2. For any new employees selected in procedure 1 we compared the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department and fund to which the direct deposit should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding.
  - f. Any other deduction authorizations (deferred compensation, etc.)

Except as noted in step 1, we found no exceptions related to procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2017. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2018	January 4, 2018	\$2,730.56	\$2,730.56
State income taxes	January 31, 2018	January 16, 2018	\$521.29	\$521.29
Batavia income taxes	January 31, 2018	January 31, 2018	\$591.74	\$591.74

**Other Procedures**

1. For the expenditures that Bureau identified as requiring reimbursement from the former director of the Bureau:
  - a. We inquired of management and inspected the minute records during 2014-2017 for evidence of expenditures made for the former director and subsequent reimbursement by the former director of the Bureau. The former Executive Director, Mark Calitri made personal expenditures via the Bureau's credit cards. As part of the administrative review of credit card charges, the Bureau's accountant identified transactions which were deemed to be personal in nature. The accountant tracked the transactions in an account titled due from Mark Calitri in the QuickBooks General Ledger. As of December 31, 2016 the balance of this account was \$1,763.44. As of May 4, 2017, the balance due had grown to \$2,033.91. Between May 9 and November 22, 2017, Mr. Calitri reimbursed the Bureau for these expenditures.
  - b. We documented and agreed the date, amount, reason, and repayment of the Bureau identified personal credit card charges.
  - c. We inspected the QuickBooks General Ledger for evidence of the repayment and verified the Bureau identified personal credit card charges/obligations were satisfied in full.
2. We haphazardly selected ten disbursements from the Other Related Expenses line item on the 990 form filed by the Bureau for the year ended December 31, 2015 and determined:
  - a. The disbursements were for a proper purpose.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the QuickBooks General Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
3. For the monies issued from the Bureau to the Sports Development Corporation:
  - a. We inquired of management and inspected the minute records during 2014-2017 for evidence of monies issued to the Sport Development Corporation. The monies issued to the Sports Development Corporation in the amount of \$230,000 related to Boat Regatta expenses.
  - b. We observed that the Bureau's accountant recorded the transaction on the Bureau's General Ledger as Due From the Sports Development Corporation.
  - c. A formal repayment schedule was not agreed upon by the parties. Payment was to be made at the discretion of the borrower.



- d. We inspected the QuickBooks General Ledger for evidence of the repayment. No payments were made. The balance was \$230,000 at December 31, 2017.
  - e. As of the date of this report, the Bureau is considering available options, including converting the related transactions to a capital contribution to the Sports Development Corporation as the contribution was used for equipment and structures used in support of the Boat Regatta events. We recommend that the Bureau document in the Board minutes the approval of any changes or updates to the reporting of this activity.
  - f. Additionally, we noted the Bureau provided funds to the Sports Development Corporation to cover expenses related to Boat Regatta events as noted:
    - i. In August 2016, the Bureau provided a total of \$1,047.25. These expenses were reimbursed to the Bureau on August 31, 2016.
    - ii. In February and March 2017, the Bureau provided \$1,157.43. These expenses were reimbursed to the Bureau on March 30, 2017.
    - iii. During the period April 2017 through September 2017, the Bureau provided \$48,144.74. As of December 31, 2017, these obligations were outstanding. We noted subsequently the Sports Development Corporation reimbursed the Bureau for these expenses in March 2018.
4. We evaluated the Board Members for the period of January 1, 2016 through December 31, 2017 for any potential Ohio Ethics Commission (OEC) conflicts of interest.
- a. On October 25, 2016, the Board approved a motion to compensate Jim Comodeca as a consultant at \$125 per hour, with a cap of \$10,000, as of October 1, 2016. Mr. Comodeca, a Board Member, abstained from voting on the matter. We recommend the Board avoid any contracts with Board Members or related parties to avoid the appearance of potential conflicts of interest.
5. We inspected all contracts issued by the Bureau for the period of January 1, 2016 through December 31, 2017 and inquired with current management if they are aware if any of the contracts that were awarded to Board member's business associates. We found no exceptions, except as noted in Other Matters #4 above.
6. We inspected all expenditures for the period 2012-2016 while Commissioner David Uible was on the Board to determine they were for proper purpose. Except for limited instances related to alcohol noted previously, no other exceptions were noted.
7. We inspected all expenditures for travel of Board Members for the period of January 1, 2016 through December 31, 2017 to determine they were for Bureau related travel. We found no exceptions.
8. We identified Bureau expenditures made for the Soccer Project. For these expenditures, we determined if the project was a Bureau, Sports Development Corporation, or a County project. We also inspected documentation to ensure proper contracting procedures were followed. The project was a Bureau project and we found no exceptions.
9. We selected all Bureau disbursements related to the Boat Regatta to determine:
- a. The disbursements were for a proper purpose. We found no exceptions.

- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the QuickBooks General Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The Bureau reimbursed or paid the Sports Development Corporation for Boat Regatta related expenditures. We found no expenditures.

The Bureau provided summary reports of Boat Regatta expenditures but did not identify any specific disbursements related to the Boat Regatta except that all Sports Development Corporation expenditures were for the Boat Regatta.

- 10. We inspected all contracts issued by the Bureau for the period of January 1, 2016 through December 31, 2017 to determine they were properly approved and executed and no indications of conflict of interest exist for Executive Director. We found no exceptions.

The Bureau has responded to issues discussed in this report. You may obtain a copy of their response from Jeff Blom, President of the Bureau at (513) 732-3600.

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 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, certain compliance requirements related to these transactions and balances, and Other Procedures as agreed to by the Board of Trustees and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 12, 2019

OHIO AUDITOR OF STATE  
**KEITH FABER**



**CLERMONT COUNTY CONVENTION AND VISITORS BUREAU**

**CLERMONT 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  
MARCH 26, 2019**