



December 15, 2017

Honorable D. Vincent Faris
76 S. Riverside Dr., 2nd Floor
Batavia, OH 45103

Subject: Clermont County Convention and Visitors Bureau (CVB) – Audit Request

Mr. Faris:

This letter is to request your assistance in obtaining an independent audit or the State of Ohio Auditor's office to perform a comprehensive review and reconciliation of the current and past fund practices of the Clermont County Convention and Visitors Bureau (CVB) located here in Batavia, Ohio.

As you are aware, recent opinions by the State of Ohio Inspector General have emphasized that participation by Clermont County Elected Officials and county employees on the CVB Board of Trustees during fiscal years 2012 – 2017 was inappropriate. The Clermont County CVB is operated as an IRS 501 (c) (6) not for profit organization that is granted tax-exempt status. Although a private organization, the CVB gains its funding as allowed by ORC 5739.09 *Administration and Allocation of Lodging Tax*.

The Board of County Commissioners, by resolution in approximately 1980 adopted to levy an excise tax not to exceed three percent (3%) on transactions for lodging by hotels furnished to transient guests. Subsequent to this resolution, the associated townships and cities chose to add their own 3% base excise tax bringing the total excise tax to 6% of the transient guest price per stay in Clermont County hotels and motels. The amount of funds appropriated by the Clermont County Board of Commissioners to the CVB in FY 2017 amounts to \$623,917. The county's obligation is to disperse these monies as they are collected to the CVB on a quarterly basis. ↗

Added comment: The county determines who is the recognized CVB to receive the payments.

ORC 5739.09 *Administration and Allocation of Lodging Tax* limits all money collected by a county and distributed to a convention and visitors' bureau **to be used solely for tourism sales, marketing and promotion, and their associated costs, including but not limited to, operations and administrative cost of the bureau, sales and marketing, and maintenance of the physical bureau structure**. The most recent obtained (2015) OMB No. 1545-0047 Form 990 (501) IRS filing by the Clermont County CVB lists the organization's mission as: **"Promote special events and programs that encourage travel and tourism in Clermont County Ohio"**. Form 990 Part II, *Loans to and/or From Interested Persons* on this filing indicates a loan balance owned by the Executor Director in the amount of \$1010. The Director has since resigned from the CVB in 2017. Subsequent IRS filing documentation is not available for review to ensure that loan repayment was secured. No other loans are indicated on the IRS filing. In addition to the original IRS 501 (c) (6), Clermont County CVB, Board of Directors created another 501 (c) (4) doing business as the **Clermont Sports Development Corp.** The associated (2015) OMB No. 1545-0047 Form 990 lists the mission of this

D. Vincent Faris
December 15, 2017
Page 2

organization as: "The Clermont Sports Development Corporation is organized for the promotion of social welfare through operations directed to the common good of the local community". This mission is outside of the ORC 5739.09 definition for utilizing associated Lodging Tax funds. Line #24 of this filing indicates unsecured notes and loans are payable to an unrelated third party in the amount of \$230,000. It is unknown as to the origin of this third party loan. In addition, the Clermont County Sports Development Corporation IRS filing indicates \$19,453 reported in "other related expenses" and land, building, equipment, and depreciation costs. The CVB is located in a physical structure but it is unknown as to the land, building, and equipment costs for the Clermont County Sports Development Corporation entity. Both filings are signed by the Executive Director of the Clermont County CVB, Mark Calitri. It is unknown concerning the need for both organizations to exist when the Clermont Sports Development Corporation is clearly not within the scope of ORC 5739.09. In addition, Board members from the CVB and the Clermont County Sports Foundations held board positions within the Clermont County Port Authority and the Clermont County CIC, Inc. Board of Trustees. Since members participated on multiple boards and had financial responsibility for revenues collected and expenditures, the audit scope needs to be expanded to these organizations as well.

This audit is being requested to document any reportable conditions, financial activity, past or present, its quantification, cause and consequence including illegal acts and potential fraudulent activities and ensuring that financial statements are correct to document civil liabilities that could support future legal action.

Because new members have already been appointed to the Clermont County Convention and Visitors Bureau, it is requested that the audit be performed as discreetly as possible since the reputations of individuals and the companies they represent are at stake. The audit must be independent and impartial, taking into account both the financial records and the conduct of the Board members in the Clermont County Convention and Visitors Bureau, the Clermont County Sports Development Corporation, the Clermont County Port Authority, and the Clermont County CIC, Inc. organizations.

Sincerely,



David L. Painter
Clermont County Commissioner

Cc: G. Ernie Ramos, Jr.