



Office of the City Auditor

**Audit of the Tourism Investment Program (TIP) and
Tourism Advertising Program (TAP)
Special Revenue Fund**

Report Date: November 22, 2019

Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, Virginia 23456
757.385.5870

"Promoting Accountability and Integrity in City Operations"



**Office of the City Auditor
Audit of the Tourism Investment Program (TIP) and
Tourism Advertising Program (TAP) Special Revenue Fund**

Office of the City Auditor

"Promoting Accountability and Integrity in City Operations"

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Office of the City Auditor Transmittal Letter

Date: November 22, 2019

To: Thomas A. Leahy, P.E., Acting City Manager

Subject: Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Funds



I am pleased to present the report of our Audit of the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Funds. The objectives of our audit was to determine that the TIP and TAP Special Revenue Funds are receiving revenue in accordance with specified allocation rates and that the expenditures from those funds are appropriate. Findings considered to be of insignificant risk have been discussed with management. We completed our fieldwork on October 11, 2019.

The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all other City Departments. This report is intended solely for the information and use of the Audit Committee, City Council, and appropriate city management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We would like to thank the management and staff of the Department of Finance, Management Services Department, and the Convention and Visitors Bureau for their cooperation and responsiveness to our requests and questions during our audit.

If you have any questions about this report, or any audit-related issue, I can be reached at 385-5872 or via email at lremias@vb.gov.

Respectfully submitted,

Lyndon S. Remias, CPA, CIA
City Auditor

lsr/rc

c: City Council Members
Audit Committee Members
Ronald H. Williams, Jr., Deputy City Manager
David Bradley, Acting Deputy City Manager
Alice M. Kelly, Director, Department of Finance
Ron Kuhlman, Co-Interim, Convention and Visitors Bureau
Courtney Dyer, Co-Interim, Convention and Visitors Bureau
Kevin M. Chatellier, Co-Interim Director, Management Services
Jonathan L. Hobbs, Co-Interim Director, Management Services



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Office of the City Auditor Audit of the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Fund

Purpose

The purpose of the audit was to determine whether the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Funds were receiving revenue in accordance with specified allocation rates and that the expenditures from those funds were appropriate. This audit was included in our FY 2019 Audit Plan.

Scope and Objectives

The scope of the audit was for the period FY 2016 – FY 2019.

The objectives of the audit were to determine that:

1. Trust fund receipts were properly allocated in accordance with the specified rates.
2. Expenditures made from the TIP/TAP Special Revenue Funds were appropriate.

Methodology

To accomplish our objectives, we performed the following:

- Met with City management and staff
- Reviewed applicable city resolutions, policies and procedures, and other related documents
- Reviewed TIP/TAP Special Revenue financial reports
- Reviewed documentation to support expenditures

Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained during this audit provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all City Departments. This report will be distributed to the City's Audit Committee, City Council, and appropriate management within the City of Virginia Beach. This report will also be made available to the public through the Office of the City Auditor's webpage.



Office of the City Auditor Audit of the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Fund

Background

The Tourism Investment Program (TIP) Fund

On July 1, 2011, City Council established the Tourism Investment Program (TIP) fund by merging two existing funds: the Tourism Growth Investment (TGIF) Fund and the Major Projects Fund. Revenue streams from both of these funds come from Trustee Taxes¹, which were diverted to the TIP Fund operating budget upon its creation. The purpose of each fund is explained below:

- Tourism and Growth Investment Fund (TGIF) – Established by City Council in FY 1993 - 1994. The TGIF fund provided funding for tourism-related capital projects and initiatives with dedicated revenue streams of ten percent of the Amusement Tax, two percent of the Hotel Room Tax, and one-half percent of the Hotel Room Tax for Beach Events. This program also included dedicated revenues for oceanfront entertainment events.
- Major Projects Fund – Established by City Council in FY 2001 – 2002 to provide funding for the construction and debt costs surrounding the rebuilding of the Convention Center, the Sandler Center for the Performing Arts, and the Virginia Aquarium parking lot expansion. Using dedicated revenue streams of 80 percent of the Amusement tax diverted from TGIF, 2.5 percent of the Hotel Room Tax, 0.56 percent of the Restaurant Meal Tax and 5 percent of the Cigarette Tax.

The merging of the two funds into the TIP enabled revenues to be reinvested and contributed back to the General Fund.

The Tourism Advertising Program (TAP) Fund



The TAP Fund was established in 1995 to provide additional funding for the City's advertising and marketing program to foster and stimulate growth of tourism, including the operation of the Visitor Information Center, and to promote and increase tourist visitation to the City. Funding also comes from the Trustee Taxes; specifically from one percent of the hotel tax, one-half of a percent of the restaurant tax and one-dollar flat tax per room night.

Note: The City formed the Virginia Beach Advertising Advisory Committee (AAC) to review the City's advertising programs and marketing strategies and to recommend advertising and marketing initiatives to aid the Convention and Visitors Bureau in stimulating tourism in the City.

¹ Trustee Taxes, also called Fiduciary Taxes, are collected and remitted by a business on behalf of the individuals who actually pay the taxes. In essence, the business collecting the tax is serving as a trustee or agent holding the funds in trust until they are remitted to the taxing authority. Trustee Tax includes Hotel Tax, Restaurant/Meal Tax, Amusement Tax, and Cigarette Tax.



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Audit of the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Fund

Allocation of Trustee Tax Revenues Collected

Trustee Tax and associated fee revenues not only benefit the TIP and TAP funds, but also the General Fund, the Open Space Program Fund, and the City's Economic Development Investment Program (EDIP) Funds. Table 1 below explains the current general allocation of Trustee Tax and fee revenues received and a description of each fund.

Table 1: Description of Funds and General Allocation of Trustee Tax and Fee Revenues

| Allocation of Trustee Tax Revenues Collected | | | | | | |
|--|-----------------|---|---|---|--|--|
| Tax Category | Tax Rate | TIP Fund | TAP Fund | General Fund | Open Space | EDIP |
| | | Used for tourism related projects such as the Sports Center, Convention Center, and improvements made on Atlantic and Pacific Avenue. | Funds tourism advertising and marketing nationally and internationally, including social media and influencers. | General operating fund of the City, which is used to account for all of the financial resources, except those required to be accounted for in another fund. | Funds for areas taken for preservation and open space. | Funds economic development grants for qualifying businesses. |
| <i>Hotel Tax*</i> | 8% | 5% + \$1 a night | 1% + \$1 a night | 2% | N/A | N/A |
| <i>Restaurant/Meal Tax</i> | 5.50% | 1.06% | 0.50% | 3.50% | 0.44% | N/A |
| <i>Amusement Tax</i> | 5% or 10% | 100% of tax collected | N/A | N/A | N/A | N/A |
| <i>Cigarette Tax</i> | \$0.75/pack | \$.05 cents a pack | N/A | \$0.54 cents a pack | N/A | \$0.16 cents a pack |
| <i>Other Fees: Open Air Café Application Fees, Mobile Vendor Fees, Beach Rentals, etc.</i> | | Various | N/A | N/A | N/A | N/A |

*Note: Sandbridge SSD Fund Tax Rate is 6.5%

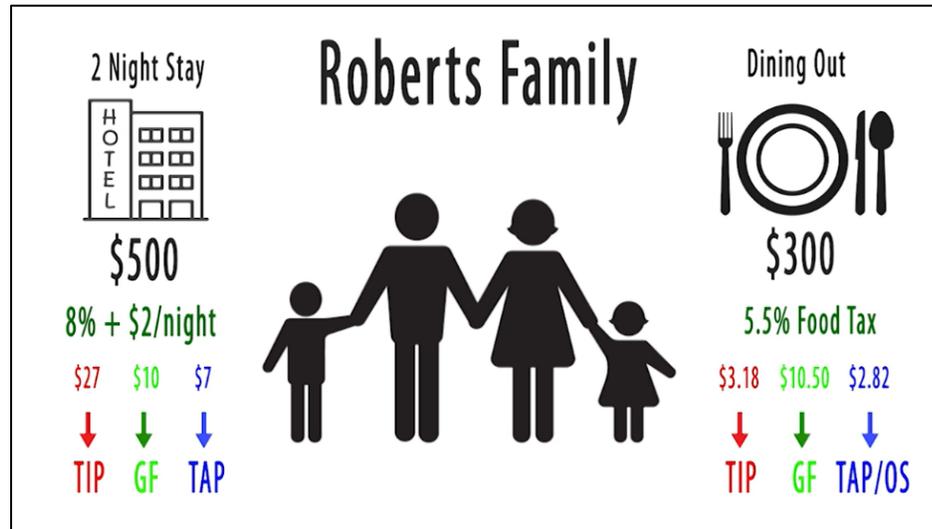


Office of the City Auditor Audit of the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Fund

Example of the Allocation of Tax Revenues Collected Applied to a Family Visiting Virginia Beach

Figure 1 below is an example of a family visiting Virginia Beach and how they contribute to the General Fund, TIP Fund, and TAP Fund through their spending on hotels and meals.

Figure 1: Example Tourist Family Spending on Hotel and Meals
Contributing to TIP and TAP Funds



Source of Example and Graphic: City Manager's Office

The Roberts family stayed for two nights spending \$500 for their lodging. Total taxes generated from their stay was \$44 (8% x \$500 plus \$2/night x 2 nights). Using the tax rates as shown in Table 1, the breakdown of the \$44 hotel tax between the TIP fund, TAP fund, and General Fund is calculated below:

- **TIP Fund** received \$25 (5%) of the \$500 plus \$1 per night (\$2) for a total of \$27.
- **TAP Fund** received \$5 (1%) plus the \$1 per night (\$2) for a total of \$7.
- **General Fund** receives the remaining 2%, or \$10.

The Roberts family also spent \$300 on meals during their stay. The total meal taxes generated from their dining experience was \$16.50 (5.5% x \$300). Per Table 1, the breakdown of the \$16.50 meal tax between the TIP Fund, TAP Fund, Open Space Program, and General Fund is calculated below:

- **TIP Fund** received \$3.18 (1.06%) of the \$300.
- **TAP Fund** received \$1.50 (0.50%) while the Open Space program received \$1.32 (0.44%), both totaling \$2.82.
- **General Fund** received the remaining \$10.50.

Overall, the Roberts family paid \$38.68 into the TIP and TAP funds during their 2-night stay just from their hotel and meals spending.



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Budgeted Amounts and Fund Balances of the TIP and TAP Fund for FYs 2016 to 2019

Charts 1 and 2 below show the budgeted amounts for expenditures for the TIP and TAP funds respectively for FYs 2016 to 2019 versus actual expenditures.

Chart 1: Budgeted Amounts versus Actual Expense Totals for the TIP Fund

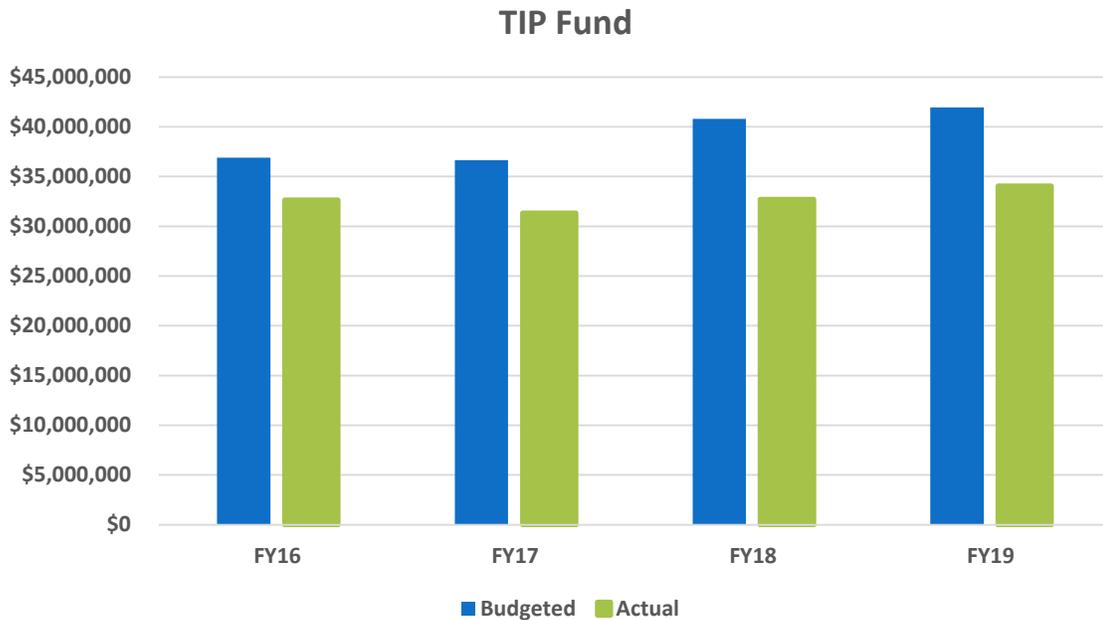
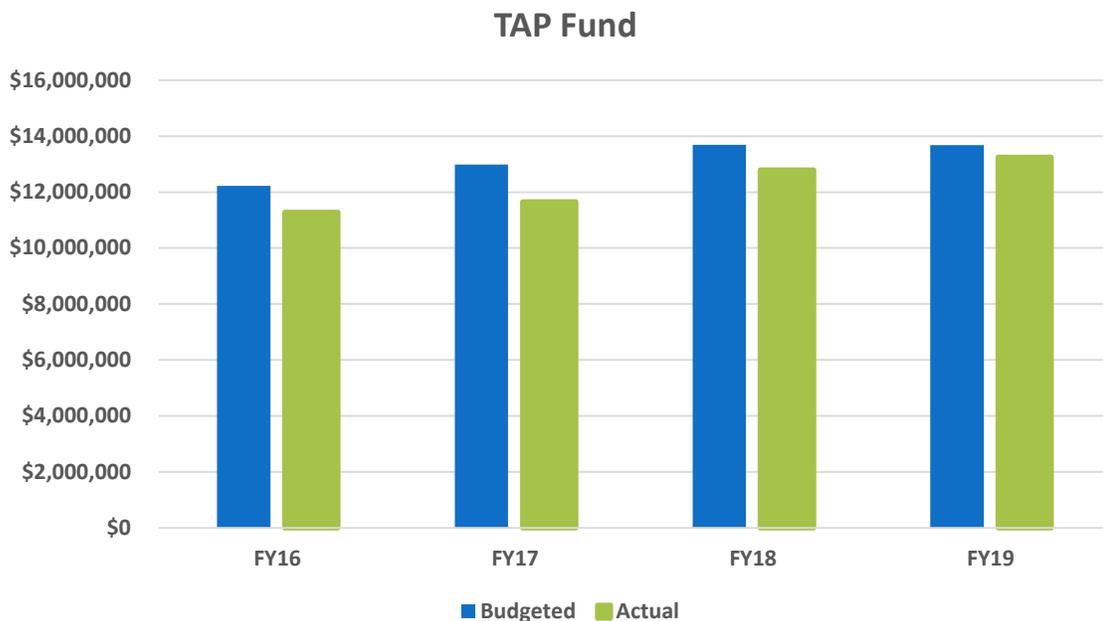


Chart 2: Budgeted Amounts versus Actual Expense Totals for the TAP Fund

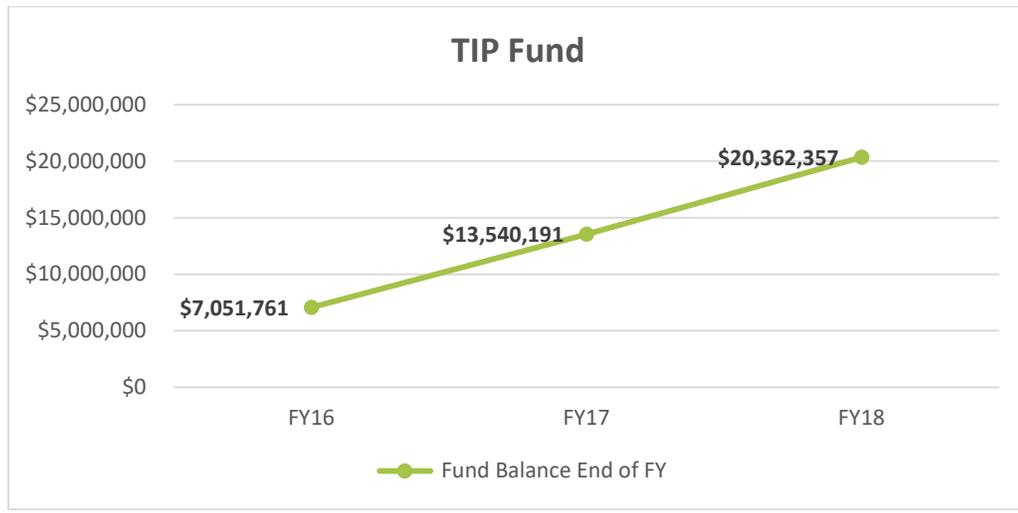




Office of the City Auditor Audit of the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Fund

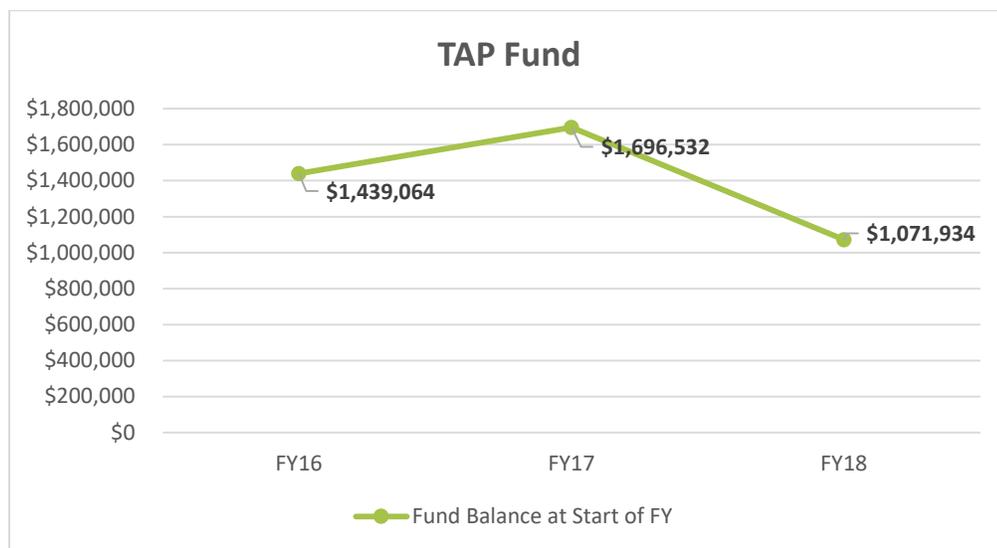
Charts 3 and 4 below show the ending balance of the TIP and TAP funds for FYs 2016 to 2018. At the end of FY 2018, the TIP Fund balance was \$20,362,357 and the TAP Fund Balance was \$1,071,934. The unaudited fund balance amounts for FY 2019 for the TIP fund was \$27,665,029 and the TAP Fund \$818,934.

Chart 3: Ending Balance of the TIP Fund from FYs 2016 to 2018



The City has anticipated planned projects to be funded by the TIP fund for which debt has yet to be issued. The City has conservative debt management practices to assist in obtaining high bond ratings. One of the practices is to issue debt at the optimal time, typically on a reimbursement basis. Projects such as the Sports Center, Central Beach/Convention Center Parking, Pacific Avenue and 19th Street Road improvements have been started and the debt to pay for the majority of expenditures for these projects will be issued in FY 2020.

Chart 4: Ending Balance of the TAP Fund from FYs 2016 to 2018





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Results

1. Revenues Collected Were Properly Allocated

Based on our review, we determined that the various Trustee Tax revenues collected were, in fact, allocated to the designated funds in accordance with the specified rates below:

| Table 2: Allocation of Trustee Tax Revenues Formula | | | | | | |
|--|------------------|-----------------------|------------------|---------------------|-------------------|---------------------|
| Tax Category | Tax Rate | TIP Fund | TAP Fund | General Fund | Open Space | EDIP |
| <i>Hotel Tax*</i> | 8% + \$2 a night | 5% + \$1 a night | 1% + \$1 a night | 2% | N/A | N/A |
| <i>Restaurant/Meal Tax</i> | 5.50% | 1.06% | 0.50% | 3.50% | 0.44% | N/A |
| <i>Amusement Tax</i> | 5% or 10% | 100% of tax collected | N/A | N/A | N/A | N/A |
| <i>Cigarette Tax</i> | \$0.75/pack | \$.05 cents a pack | N/A | \$0.54 cents a pack | N/A | \$0.16 cents a pack |

*Note: Sandbridge SSD Fund Tax Rate is 6.5%

For FY 2019, the above allocation yielded the following distribution among the specified funds:

| Table 3: Allocation of Trustee Tax Revenues Collected - FY 2019 | | | | | | | |
|--|------------------|---------------------|---------------------|---------------------|--------------------|--------------------|----------------------|
| Tax Category | Tax Rate | TIP Fund | TAP Fund | General Fund | Open Space | EDIP | Total |
| <i>Hotel Tax*</i> | 8% + \$2 a night | \$22,665,719 | \$6,819,044 | \$7,623,425 | N/A | N/A | \$37,108,188 |
| <i>Restaurant/Meal Tax</i> | 5.50% | \$13,315,991 | \$6,281,128 | \$43,967,894 | \$5,527,392 | N/A | \$69,092,405 |
| <i>Amusement Tax</i> | 5% or 10% | \$6,891,258 | N/A | N/A | N/A | N/A | \$6,891,258 |
| <i>Cigarette Tax</i> | \$0.75/pack | \$752,771 | N/A | \$7,407,083 | N/A | \$2,408,867 | \$10,568,721 |
| | Total | \$43,625,739 | \$13,100,172 | \$58,998,402 | \$5,527,392 | \$2,408,867 | \$123,660,572 |

*Note: Sandbridge SSD Fund Tax Rate is 6.5%



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2. TIP/TAP Fund Expenditures Were Appropriate

We determined that expenditures made from the TIP/TAP Special Revenue Funds were appropriate. For informational purposes, below were the top 16 vendors with their cumulative expense totals for the last three fiscal years for both the TIP and the TAP Funds. All figures were extracted and compiled from the City's financial system.

Table 4: TIP – FY 2019 Top 16 Expenses

| | Vendor | Amount | Description |
|----|--|--------------|--|
| 1 | US Bank NA | \$17,834,901 | Bond Principal/Interest - CIP Projects |
| 2 | Chase Manhattan Bank | \$3,044,327 | Bond Principal/Interest - CIP Projects |
| 3 | Integrated Management Group LLC (Formerly Beach Events) | \$2,453,821 | Oceanfront Entertainment |
| 4 | HRT | \$1,200,548 | Oceanfront Trolley Service |
| 5 | Abacus Corp | \$481,936 | Contracted Manpower |
| 6 | Virginia Beach Neptune Festival | \$275,000 | Sponsorship of Festival |
| 7 | Peterbilt of Springfield | \$153,900 | Garbage Truck Rear Loader (1) – Beach Operations |
| 8 | Blue Bird Bus Sales Of Pittsburgh Inc. | \$135,172 | Shuttle Vans (2) for CVB, transportation to and from the Cape Henry Lighthouse |
| 9 | Hilton Virginia Beach Oceanfront | \$100,000 | Entertainment/Music for 31 st Park (see Note 1 below) |
| 10 | Patriotic Festival Inc. | \$100,000 | Sponsorship of Festival |
| 11 | Virginia Beach Events Unlimited Inc. | \$100,000 | Virginia Symphony at the Beach (four performances) |
| 12 | 25th Street Associates LLC (I Fly) | \$66,000 | Reimbursement Admission Taxes for I-Fly (see Note 2 below) |
| 13 | Eastern Sports Management LLC | \$60,000 | Virginia Beach Sports Center Mgmt. Fees |
| 14 | TFC Recycling | \$58,273 | Waste Removal/Recycling |
| 15 | MOSCA Design Inc. | \$54,919 | Holiday Lights Display |
| 16 | Virginia Museum Of Contemporary Art | \$50,500 | Sponsorship Boardwalk Art Show |

Note 1: Hilton Virginia Beach Oceanfront - Per the 31st Street Development Agreement, the developer is entitled to \$100K reimbursement from the City for entertainment produced by the developer at 31st Park. Integrated Management Group LLC (Beach Events) handles all other entertainment at the various oceanfront venues.

Note 2: 25th Street Associates LLC (I Fly) – Per the 25th Street Development Agreement, the developer is entitled to receive reimbursement incentive payment equal to 90% of admission taxes collected at the iFly facility. Incentive payment is capped at \$1.6 million.



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Table 5: TIP – FY 2018 Top 16 Expenses

| | Vendor | Amount | Description |
|-----------|--|---------------|---|
| 1 | US Bank NA | \$18,436,502 | Bond Principal/Interest - CIP Projects |
| 2 | Chase Manhattan Bank | \$5,572,245 | Bond Principal/Interest - CIP Projects |
| 3 | Beach Events | \$3,308,401 | Oceanfront Entertainment |
| 4 | HRT | \$1,203,932 | Trolley Services at Oceanfront |
| 5 | Abacus Corporation | \$533,378 | Contracted Manpower |
| 6 | Virginia Beach Neptune Festival | \$282,797 | Sponsorship - Neptune Festival & Food Services |
| 7 | Mid-Atlantic Waste Systems | \$180,777 | Garbage Truck Rear Loader (1) – Beach Operations |
| 8 | Hilton Virginia Beach Oceanfront | \$100,000 | Entertainment/Music for 31st Park |
| 9 | Patriotic Festival LLC | \$100,000 | Sponsorship of Festival |
| 10 | Virginia Beach Events Unlimited Inc. | \$100,000 | Virginia Symphony at the Beach (four performances) |
| 11 | 25th Street Associates LLC | \$88,829 | Reimbursement Admission Taxes for I FLY |
| 12 | Carter Machinery Co Inc. | \$85,707 | Mini Bulldozer (1) – Beach Operations |
| 13 | Rubber Plastic & Metal Engineering Co. | \$76,064 | Construction Materials & Supplies |
| 14 | TFC Recycling | \$71,318 | Waste/Refuse Removal, Disposal & Recycling Services |
| 15 | Virginia Museum Of Contemporary Art | \$50,500 | Sponsorship - Boardwalk Art Show |
| 16 | R K Chevrolet Inc. | \$30,411 | Vehicles – Replacement, Silverado 1500 for Beach Operations |



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Table 6: TIP – FY 2017 Top 16 Expenses

| | Vendor | Amount | Description |
|-----------|--------------------------------------|---------------|--|
| 1 | US Bank NA | \$18,264,804 | Bond Principal/Interest - CIP Projects |
| 2 | Chase Manhattan Bank | \$4,340,403 | Bond Principal/Interest - CIP Projects |
| 3 | Beach Events | \$2,944,273 | Oceanfront Entertainment |
| 4 | Abacus Corporation | \$517,319 | Contracted Manpower |
| 5 | Virginia Beach Neptune Festival | \$275,000 | Sponsorship - Neptune Festival & Food Services |
| 6 | MOSCA Design Inc. | \$203,927 | Holiday Lights Display |
| 7 | Hilton Virginia Beach Oceanfront | \$100,401 | Entertainment/Music for 31st Park |
| 8 | Patriotic Festival LLC | \$100,000 | Sponsorship of Festival |
| 9 | Virginia Beach Events Unlimited Inc. | \$100,000 | Virginia Symphony at the Beach (four performances) |
| 10 | 25th Street Associates LLC (I Fly) | \$86,003 | Reimbursement Admission Taxes for I FLY |
| 11 | Virginia Museum Of Contemporary Art | \$50,500 | Sponsorship/Boardwalk Art Show |
| 12 | BCF | \$34,030 | Local Advocacy of Tourism |
| 13 | Maurice Electric Supply Company | \$32,087 | Electrical Supplies for Oceanfront Lighting |
| 14 | Palm Tree Mart Inc. | \$30,500 | Installation and Removal of Palm Trees at the Oceanfront |
| 15 | Land & Coates Inc. | \$26,628 | STIHL Equipment Parts and Supplies |
| 16 | Treasurer Of Virginia | \$20,239 | Various Expenses Including Work Force Landscape And Lease For Storage Area At Camp Pendleton |



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Audit of the Tourism Investment Program (TIP) and
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Table 7: TAP – FY 2019 Top 16 Expenses

| | Vendor | Amount | Description |
|-----------|-----------------------------|---------------|--|
| 1 | BCF | \$2,811,212 | Advertising, Marketing |
| 2 | Townsend Media Inc. | \$921,250 | Out of State Advertising |
| 3 | Ayzenberg Group Inc. | \$560,612 | Online, Influencer Media Campaign |
| 4 | Simpleview LLC | \$551,116 | Advertising, pay per click |
| 5 | Zimmerman Agency LLC | \$423,632 | Advertising, Marketing |
| 6 | Wilkins Media LLC | \$395,090 | New York City, Washington DC and Charlotte, NC area Advertising, Marketing |
| 7 | TripAdvisor LLC | \$347,500 | Online Advertising, Marketing |
| 8 | WFMYNEWS2.COM | \$340,017 | Advertising, Promotion Media |
| 9 | Cavalier Media Group | \$299,960 | Advertising, Marketing, Talent Fee and Mini Episodes |
| 10 | Vigilant Creative | \$218,940 | Art Services, Winter Campaign Shoot |
| 11 | Travel Spike LLC | \$169,991 | Advertising, Summer and Winter Marketing |
| 12 | Abacus Corp | \$164,187 | Contracted Manpower |
| 13 | Orange142 | \$154,579 | Advertising, Streaming TV |
| 14 | J & A Racing Inc. | \$151,647 | Race Sponsorship - Advertising, Wicked, Shamrock, Surf n Santa |
| 15 | Expedia Inc. | \$150,000 | Advertising, Marketing |
| 16 | Liskey & Sons Printing Inc. | \$143,214 | Records Management, Printing, Reproduction & Photo Services |



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Audit of the Tourism Investment Program (TIP) and
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Table 8: TAP – FY 2018 Top 16 Expenses

| | Vendor | Amount | Description |
|-----------|---------------------------------------|---------------|---|
| 1 | BCF | \$6,169,328 | Advertising, Marketing |
| 2 | Simpleview LLC | \$241,727 | IT Consulting/Advertising |
| 3 | Liskey & Sons Printing Inc. | \$185,662 | Printing & Advertisements |
| 4 | Black Ops Productions LLC | \$171,683 | Advertisement |
| 5 | Abacus | \$165,565 | Contracted Manpower |
| 6 | Capital Region USA | \$155,174 | Advertisement International |
| 7 | Professional Sports Publications Inc. | \$155,000 | Sports Advertisement – Mets Game Program, Baltimore Ravens Yearbook, Cleveland Indians Yearbook Ads |
| 9 | Competitor Group Inc. | \$150,000 | Race Sponsorship - Rock n Roll |
| 8 | DW Communications | \$150,000 | Advertisement Services August - October |
| 9 | J & A Racing Inc. | \$140,100 | Race Sponsorship - Advertising, Wicked, Shamrock, Surf n Santa |
| 10 | Cavalier Media Group | \$130,000 | Advertisement |
| 11 | Bonjour Communications LLC | \$101,387 | Canadian Representative |
| 12 | Hampton Roads Sports Commission | \$94,133 | Junior Olympic Games and Municipal Membership Dues |
| 13 | Hampton Roads Soccer Council | \$53,520 | Sponsorship – Soccer Tournament, Diamond Sports Group Facility Rental |
| 14 | Simmons Research LLC | \$52,875 | Research/Consumers |
| 15 | Entercom | \$48,786 | Air time Advertisement |
| 16 | Matador Ventures Inc. | \$42,500 | VA Beach FY 2018 International Campaign |



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Audit of the Tourism Investment Program (TIP) and
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Table 9: TAP – FY 2017 Top 16 Expenses

| | Vendor | Amount | Description |
|-----------|--|---------------|---|
| 1 | BCF | \$7,379,091 | Advertising |
| 2 | Venture Tours Inc. | \$194,370 | Motor Coach Transportation |
| 3 | Hampton Roads Sports Commission | \$179,523 | Sports Membership Dues and Various Event Sponsorships (Sports Award Table) |
| 4 | Competitor Group Inc. | \$175,000 | Race Sponsorship Rock n Roll |
| 5 | J & A Racing Inc. | \$160,000 | Race Sponsorship - Advertising, Wicked, Shamrock, Surf n Santa |
| 6 | Abacus Corporation | \$157,962 | Contracted Manpower |
| 7 | National High School Coaches Association | \$100,000 | Multiple Sponsorships |
| 8 | Bonjour Communications LLC | \$78,791 | Advertising Canadian Market/Facebook Promotions |
| 9 | Capital Region USA | \$66,678 | Advertisement International |
| 10 | Professional Sports Publications, Inc. | \$62,500 | Sports Advertisements, Washington Nationals Game Program, Full Page NY Nets Baseball Game Program, 2019 Washington Wizards Yearbook |
| 11 | Ungerboeck Systems Inc. | \$60,760 | Event Management Annual Software Maintenance and License Fees (67 Users) |
| 12 | Simpleview LLC | \$37,917 | Customer Relationship Management |
| 13 | Electronic Systems Inc. (ESI) | \$30,071 | Electronic Purchases/Software (Computer, Docking Stations, Creative Cloud Apps) |
| 14 | USA Ultimate | \$25,000 | Sponsorship 2017 USA Ultimate Beach Championship |
| 15 | Michael T White Inc. | \$24,000 | VA Beach Classic Sponsorship |
| 16 | MAC Business | \$23,359 | IPADS, for Marketing, Equipment for Production for Marketing and Communications |



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Conclusion

Overall, we determined that the TIP and the TAP Funds received revenue in accordance with the specified allocation rates and that the expenditures from those funds were appropriate.

Note: During the audit, an issue related to a TAP expenditure was brought to our attention and this issue will be addressed in a separate memo.

Acknowledgements

We would like to thank the management and staff who worked with us during the audit including Finance, Management Services, and Convention and Visitors Bureau for their cooperation and responsiveness to our requests during our audit and their receptiveness to questions, recommendations, and suggestions.



City of Virginia Beach

CONVENTION AND VISITORS BUREAU
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SUITE 500
VIRGINIA BEACH, VA 23451

INTER-OFFICE MEMORANDUM

DATE: November 14, 2019

TO: Lyndon Remias, City Auditor

FROM: Ron Kuhlman, Co-Interim Director, Convention and Visitors Bureau 

SUBJECT: Review of Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Fund Management Response to Audit Report

The City Auditor's staff is to be commended for their time and efforts in conducting an audit of the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Fund. The review was a very thorough and extensive examination of the FY 2016 – FY 2019 period.

The positive results of the audit show that the funds received are in accordance with the specified allocation rates and expenditures from those funds were appropriate.

I want to thank you and your staff for their dedicated efforts in performing this audit and in discussing the outcome at the exit conference.

C: Ronald H. Williams, Deputy City Manager
Courtney Dyer, Co-Interim Director, CVB