

LAKE COUNTY VISITORS BUREAU

EASTLAKE, OHIO

FINANCIAL STATEMENTS

DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Lake County Visitors Bureau
Eastlake, Ohio

We have reviewed the *Independent Auditor's Report* of the Lake County Visitors Bureau prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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 Lake County Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

May 26, 2005

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**LAKE COUNTY VISITORS BUREAU
FINANCIAL STATEMENTS**

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SNODGRASS

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

Independent Auditors' Report

To the Board of Trustees of
Lake County Visitors Bureau
35300 Vine Street, Suite A
Eastlake, OH 44095

We have audited the accompanying statement of cash receipts, cash disbursements and changes in fund cash balances - general fund of Lake County Visitors Bureau, Lake County, Ohio (the "Bureau") as of and for the year ended December 31, 2004. This financial statement is the responsibility of the Bureau's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in the notes to the financial statements, the Bureau prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above present fairly, in all material respects, the fund cash balance of the Lake County Visitors Bureau, Lake County, Ohio, as of December 31, 2004, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in the notes to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2005 on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Board of Trustees, management and Auditor of the State of Ohio and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended and should not be used by anyone other than these specific parties.

S.R. Snodgrass A.C.

Mentor, Ohio
March 31, 2005

**LAKE COUNTY VISITORS BUREAU
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004
CASH RECEIPTS	
Bed tax	\$ 784,263
Perch fest receipts	54,388
Dues	9,294
Interest income	2,363
Annual meeting	5,900
Miscellaneous receipts	240
Total cash receipts	856,448
 CASH DISBURSEMENTS	
Administrative	
Salaries, fringes and taxes	135,636
Other	94,959
Programs	
Perch festival	95,386
Advertising	54,066
Association dues	5,335
Community awareness	14,953
Media and communications	6,195
Motorcoach market	8,616
Promotion	37,781
Shows and special events	22,484
Stadium bond expense	240,146
Arts and cultural expense	39,262
Total cash disbursements	754,819
Total cash receipts over cash disbursements	101,629
 CASH & CASH INVESTMENTS, JANUARY 1, 2004	245,843
 CASH & CASH INVESTMENTS, DECEMBER 31, 2004	\$ 347,472

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity - The Lake County Visitors Bureau (the "Bureau"), a private non-profit corporation chartered to encourage economic development of Lake County, Ohio through the promotion of tourism by advertising, educational and informational means and public relations. The Bureau's support comes mainly from a hotel/motel bed tax, which is administered by Lake County. In addition, as a membership organization, the Bureau receives support from members' dues and volunteerism.

The Bureau's management believes these financial statements present all activities for which the Bureau is financially accountable.

Basis of Accounting - The financial statements follow the cash receipts and disbursements basis of accounting, where receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of the State of Ohio.

Cash and Investments - Cash is held in interest bearing and non-interest bearing commercial checking accounts and a money market savings account. Investments are recorded at cost.

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Financial Statement Presentation - The Bureau reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Board has designated the investment account totaling \$ 76,759 as its building fund, being reserved for the purpose of building or acquiring its own offices at a future date. This amount is classified as a Board designated amount under unrestricted net assets.

Also, the Board has designated net assets totaling \$ 60,735 for art and cultural activities and \$ 20,012 for the City of Eastlake per an agreement. These amounts are also classified as Board designated amounts under unrestricted net assets.

Budgetary Process - The Bureau is not required to follow budgetary procedures as described by the Ohio Revised Code; however, the Bureau uses internal budgets for planning purposes, which it adopts annually.

Property, Plant and Equipment - Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Income Taxes - The Bureau is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes.

**LAKE COUNTY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

CASH AND CASH INVESTMENTS

The carrying amount of cash at December 31 was as follows:

	2004
Checking	\$ 175
Savings	270,413
Petty cash	125
Total	\$ 270,713

Deposits are insured by the Federal Depository Insurance Corporation up to \$ 100,000.

In addition, as of December 31, 2004, the Bureau has invested in One Group Investor Growth & Income Fund where the dividends are recorded quarterly. The account is an unrestricted Board-designated asset for a building fund. The balance is as follows:

	Book Value/ Cost	Fair Market Value	Unrealized Depreciation
December 31, 2004	\$ 76,759	\$ 46,827	\$ 29,932

Investments are recorded at cost, therefore, unrealized depreciation at December 31, 2004 of \$29,932 has not been recorded.

BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2004 is as follows:

	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General fund	\$ 603,155	\$ 856,448	\$ 253,293

	Budgeted vs. Actual Expenditures		
	Budgeted Expenditures	Actual Expenditures	Variance
General fund	\$ 603,155	\$ 754,819	\$ (151,664)

HOTEL/MOTEL BED TAX

Lake County provides funding to the Bureau by remitting collections from the County's hotel/motel bed tax.

RISK MANAGEMENT

The Bureau has obtained commercial insurance for general liability risks.

**LAKE COUNTY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

OPERATING LEASE COMMITMENTS

Effective April 1, 2003, the Bureau entered in to a lease agreement for office space with the City of Eastlake for \$ 300 per month for 27 months. The total office rent expense for 2004 was \$ 3,300.

The Bureau leased a copier on October 1, 2003 for 36 months at \$ 373 per month. The total copier lease expense for 2004 was \$ 4,429.

The Bureau began leasing a postage machine on April 1, 2002 for 66 months at \$ 443 per month. The total postage machine lease expense for 2004 was \$ 5,799.

The following is a schedule of future minimum lease payments required under the above-listed operating leases as of December 31, 2004:

2005	\$ 11,592
2006	8,673
2007	3,987
2008 and thereafter	<u>-</u>
Total	\$ 24,252

BOARD DESIGNATED FUNDS

The Board has designated the investment account totaling \$ 76,759 as its building fund, being reserved for the purpose of building or acquiring its own offices at a future date.

The understanding that the Lake County Visitors Bureau's Board of Trustees has with the Lake County Commissioners is that as part of the bed tax increase, the Bureau Board would hold approximately \$ 100,000 annually to assist in the funding of art and cultural activities in Lake County. If the bed tax increase would yield less than the projected \$ 448,000 annually, then the \$ 100,000 would be decreased proportionally. The bed tax increase took effect June 1, 2003 and collections by the Bureau would be in August 2003. As of December 31, 2004, the total collected and held in reserve for this purpose was \$ 60,735.

CITY OF EASTLAKE AGREEMENT

On January 23, 2003 the Bureau entered into an agreement with the City of Eastlake to repay debt service on \$ 2,000,000 of the principal amount of the debt incurred by the City to build a ballpark. The money to make the payments would come from the increase in the bed tax effective June 1, 2003. The City and the Bureau agree that should the yield of the bed tax increase be less than the projected \$ 448,000 annually, the remittance to the City shall be reduced by the percentage equal to the decrease in the yield for the previous twelve month period. Semiannual payments of \$ 120,074 will be made to the City for ten years. The total amount expended for the year ended December 31, 2004 was \$ 240,146.

**LAKE COUNTY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

CITY OF EASTLAKE AGREEMENT (CONTINUED)

The following is a schedule of future debt service payments:

2005	\$ 240,147
2006	\$ 240,147
2007	\$ 240,147
2008	\$ 240,147
2009	\$ 240,147
Thereafter	\$ 840,514

EMPLOYEE BENEFIT PLAN

The Bureau has a defined contribution simplified employee pension plan (SEP) for which it deposits 7% of each employee's salary to his/her respective retirement account. Charges to expense relating to the Plan for 2004 were \$ 6,421.

DONATED SERVICES

The Bureau receives a significant amount of donated services from unpaid volunteers who assist in special projects and exhibitions. No amounts have been recognized in the statement because the criteria for recognition under SFAS No. 116 have not been satisfied.

RELATED PARTY TRANSACTIONS

The Bureau occasionally uses the facilities of a Trustee to host a meeting or an exhibit for the Bureau. Expenditures to the Trustee's business for the years ended December 31, 2004 was \$ 7,243.



**Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Trustees
Lake County Visitors Bureau
35200 Vine Street, Suite A
Eastlake, Ohio 44095

We have audited the financial statement of the Lake County Visitors Bureau (the "Bureau") as of and for the year ended December 31, 2004, and have issued our report thereon dated March 31, 2005. In our report, our opinion referred to the financial statements being prepared on a basis of accounting prescribed or permitted by the Auditor of the State of Ohio, which is a comprehensive basis of accounting other than generally accepted auditing standards.

We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Lake County Visitors Bureau, management, Auditor of the State of Ohio and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended and should not be used by anyone other than these specified parties.

S. R. Snodgrass A.C.

Mentor, Ohio
March 31, 2005



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Betty Montgomery**

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LAKE COUNTY VISITORS BUREAU

LAKE 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
JUNE 9, 2005**