

LAKE COUNTY VISITORS BUREAU

EASTLAKE, OHIO

FINANCIAL STATEMENTS

DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

Board of Trustees
Lake County Visitors Bureau
35300 Vine Street, Suite A
Eastlake, Ohio 44095

We have reviewed the *Independent Auditors' Report* of the Lake County Visitors Bureau prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2005 through December 31, 2005. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 19, 2006

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**LAKE COUNTY VISITORS BUREAU
FINANCIAL STATEMENTS**

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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 financial statements of the Lake County Visitors Bureau, Lake County, Ohio (the "Bureau") as of and for the year ended December 31, 2005. 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 has prepared these financial statements on the cash receipts and disbursements basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 11, 2006, 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 grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

S.R. Snodgrass A.C.

Mentor, Ohio
April 11, 2006

**LAKE COUNTY VISITORS BUREAU
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005
CASH RECEIPTS	
Bed tax	\$ 773,472
Perch fest receipts	67,701
Dues	4,166
Interest income	8,301
Annual meeting	1,895
Total cash receipts	855,535
 CASH DISBURSEMENTS	
Administrative	
Salaries, fringes and taxes	143,510
Other	75,188
Programs	
Perch festival	97,150
Advertising	65,278
Association dues	4,566
Community awareness	7,063
Media and communications	10,210
Motorcoach market	2,335
Promotion	38,601
Shows and special events	25,435
Stadium bond expense	240,146
Arts and cultural expense	71,041
Total cash disbursements	780,523
Total cash receipts over cash disbursements	75,012
 BEGINNING CASH BALANCE JANUARY 1, 2005	347,472
 ENDING CASH BALANCE DECEMBER 31, 2005	\$ 422,484

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 Bureau's Statement of Cash Receipts and Disbursements and Cash Balances were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis of accounting records cash receipts and cash disbursements. Cash receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying Statements of Cash Receipts and Disbursements and Cash Balances is not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

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 \$ 77,527 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 \$ 86,191 for art and cultural activities and \$ 20,008 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:

	2005
Checking (overdraft)	\$ (4,304)
Savings	349,221
Petty cash	40
Total	\$ 344,957

Deposits are insured by the Federal Depository Insurance Corporation up to \$ 100,000. At December 31, 2005, the uninsured balance was \$ 257,778.

In addition, as of December 31, 2005, the Bureau has invested in JP Morgan 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 Value	Unrealized Depreciation
December 31, 2005	\$ 77,527	\$ 49,172	\$ 28,355

Investments are recorded at cost, therefore, unrealized depreciation at December 31, 2005 of \$28,355 has not been recorded.

BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2005 is as follows:

	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
Operating	\$ 884,250	\$ 855,535	\$ (28,715)

	Budgeted vs. Actual Expenditures		
	Budgeted Expenditures	Actual Expenditures	Variance
Operating	\$ 884,250	\$ 780,523	\$ (103,727)

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 Bureau exercised its option to renew the lease for a period of five years beginning July 1, 2005. The new lease amount is \$ 322 per month. The total office rent expense for 2005 was \$ 4,032.

The Bureau leased a copier on October 1, 2003 for 36 months at \$ 373 per month. The total copier lease expense for 2005 was \$ 4,250.

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 2005 was \$ 5,799.

The following is a schedule of future minimum lease payments required under the above-listed operating leases as of December 31, 2005:

2006	\$ 12,570
2007	5,193
2008	3,864
2009	3,864
2010	<u>1,932</u>
Total	<u>\$ 27,423</u>

BOARD DESIGNATED MONEYS

The Board has designated the investment account totaling \$ 77,527 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, 2005, the total collected and held in reserve for this purpose was \$ 86,191.

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, 2005 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:

2006	\$ 240,147
2007	\$ 240,147
2008	\$ 240,147
2009	\$ 240,147
2010	\$ 240,147
Thereafter	\$ 600,367

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 2005 were \$ 7,555.

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, 2005 was \$ 3,259.



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**Report on Internal Control Over Financial Reporting And On
Compliance And Other Matters 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, 2005, and have issued our report thereon dated April 11, 2006. In our report, our opinion referred to the financial statements being prepared on a cash receipts and disbursements basis of accounting, 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.

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 reportable 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 caused by error or fraud 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.

Compliance And Other Matters

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 grant agreements, 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*.

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
April 11, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 1, 2006**