

LAKE COUNTY VISITORS BUREAU

EASTLAKE, OHIO

FINANCIAL STATEMENTS

DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

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, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 2, 2007

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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, 2006. 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 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, 2006, 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 May 30, 2007, 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
May 30, 2007

**LAKE COUNTY VISITORS BUREAU
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006
CASH RECEIPTS	
Bed tax	\$ 790,000
Perch fest receipts	79,310
Dues	7,117
Interest income	14,731
Annual meeting	2,695
Total cash receipts	893,853
 CASH DISBURSEMENTS	
Administrative	
Salaries, fringes and taxes	156,474
Other	82,929
Programs	
Perch festival	105,064
Advertising	68,338
Association dues	5,425
Community awareness	8,578
Media and communications	6,040
Motorcoach market	8,367
Promotion	33,249
Shows and special events	23,415
Stadium bond expense	240,146
Arts and cultural expense	81,839
Total cash disbursements	819,864
Total cash receipts over cash disbursements	73,989
 BEGINNING CASH BALANCE JANUARY 1, 2006	422,484
 ENDING CASH BALANCE DECEMBER 31, 2006	\$ 496,473

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 \$ 78,407 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 \$ 107,848 for art and cultural activities and \$ 20,006 for the City of Eastlake per an agreement. These amounts are also classified as Board designated amounts under unrestricted net assets.

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:

	2006
Checking	\$ 5,391
Savings	412,522
Petty cash	153
Total	\$ 418,066

Deposits are insured by the Federal Depository Insurance Corporation up to \$ 100,000. At December 31, 2006, the uninsured balance was \$ 336,549.

In addition, as of December 31, 2006, the Bureau has invested in Chase Investment Services Corporation 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, 2006	\$ 78,407	\$ 53,244	\$ 25,163

Investments are recorded at cost, therefore, unrealized depreciation at December 31, 2006 of \$ 25,163 has not been recorded.

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.

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 2006 was \$ 3,864.

The Bureau leased a copier on October 1, 2003 for 36 months at \$ 373 per month. The lease was terminated and the Bureau signed a new lease on April 28, 2006 for 63 months at \$ 325 per month. The total copier lease expense for 2006 was \$ 3,657.

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 2006 was \$ 5,316.

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

OPERATING LEASE COMMITMENTS (CONTINUED)

The following is a schedule of future minimum lease payments required under the above-listed operating leases as of December 31, 2006:

2007	\$ 12,194
2008	7,764
2009	7,764
2010	5,832
2011	<u>1,950</u>
Total	<u>\$ 35,504</u>

BOARD DESIGNATED MONEYS

The Board has designated the investment account totaling \$ 78,407 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, 2006, the total collected and held in reserve for this purpose was \$ 107,848.

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, 2006 was \$ 240,146.

The following is a schedule of future debt service payments:

2007	\$ 240,147
2008	\$ 240,147
2009	\$ 240,147
2010	\$ 240,147
2011	\$ 240,147
Thereafter	\$ 360,220

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 2006 were \$ 7,952.

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

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, 2006 was \$ 4,323.



**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 statements of the Lake County Visitors Bureau (the "Bureau") as of and for the year ended December 31, 2006, and have issued our report thereon dated May 30, 2007. 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 accounting standards. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bureau's financial statements that is more than inconsequential will not be prevented or detected by the Bureau's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Bureau's internal control.

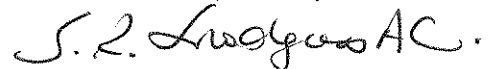
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Bureau in a separate letter dated May 30, 2007.

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

Handwritten signature in black ink that reads "J. R. Ludwig AC".

Mentor, Ohio
May 30, 2007



Mary Taylor, CPA
Auditor of State

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
JULY 17, 2007**