



**Auditor of State
Betty Montgomery**

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Lima/Allen County Convention and Visitors Bureau
Allen County
147 North Main Street
Lima, OH 45801

To the Board of Trustees:

We have audited the accompanying statements of financial position of the Lima/Allen County Convention and Visitors Bureau (the Bureau) as of and for the years ended December 31, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bureau as of December 31, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2003, 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 4, 2003

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**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2002**

ASSETS

Current Assets:

Cash - Savings for Technology	\$ 50,000
Cash - Savings for Relocation/Remodeling within Chamber Building	123,938
Cash - CD-Sky Bank due 6/23/03	28,213
Cash - CD-Bank One-19 Month - due 4/03	6,515
Cash - Checking Bank One	29,004
Cash - CD-CNB-24 Month - due 7/03	25,825
Cash - CD-Bank One-25 Month - due 11/03	6,627
Restricted	
Cash	99,890
Cash - CD - Liberty Bank - due 7/04	27,526
Accounts Receivable - Other	66,848
Prepaid Special Events	4,348
Total Current Assets	<u>468,734</u>

Fixed Assets:

Furniture & Equipment	18,583
Less Accumulated Depreciation	<u>(12,556)</u>
Total Fixed Assets	6,027

Other Assets:

Deposit - OBWC	<u>94</u>
Total Other Assets	<u>94</u>
Total Assets	<u><u>\$474,855</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Due to LACC	\$ 2,461
Accounts Payable	1,663
Account Payable - Allen County Commissioners	30,433
Other Payables	16,277
Sales Tax Collected	46
EBP - United Way	60
EBP - Employee Fund	109
EBP - 401K	391
Accrued Payroll	3,103
Accrued Accounting Fees	1,500
Total Current Liabilities	<u>56,043</u>

Net Assets:

Unrestricted	291,396
Temporarily Restricted (Note 7)	<u>127,416</u>
Total Net Assets	418,812

Total Liabilities and Net Assets	<u><u>\$ 474,855</u></u>
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The Notes to the financial statements are an integral part of this statement.

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Revenue:	
TIC - Sale of Mat	\$819
Advertising	27,827
American Township	9,259
Bath Township	26,922
City Lima	60,614
Perry Township	77,461
Allen County	304,327
Interest Income	10,426
Total Revenue	<u>517,655</u>
 Expenditures:	
Wages & Benefits	163,120
Buildings & Services	18,793
Total Expenditures	<u>181,913</u>
 Project Expenditures:	
Civic Center	111,079
Allen County Commissioners - Civic Center Expansion	30,433
City Civic Ctr Expansion	32,910
Special Events	6,442
Publications	35,059
TIC	4,897
Miscellaneous Projects/Downtown	5,000
Additional Downtown Support	5,000
Total Project Expenditures	<u>230,820</u>
 Other Expenditures:	
Advertising	15,120
Auto and Travel	6,412
Professional Fees	9,091
Postage	5,969
Printing	7,358
Office Supplies	1,299
Computer Expenses	3,442
Staff Education/Sear	836
Business Promotion	2,610
Telephone	6,848
Depreciation	3,589
Dues/Subscriptions	2,597
Meeting/Conferences	6,022
Miscellaneous Expenses	2,604
Shared Services	6,433
Insurance	2,735
Equipment Rental	211
Loss on Donated Equipment	909
Equipment Repairs and Maintenance	120
Total Other Expenditures	<u>84,205</u>
 Increase in Net Assets	 20,717
Net Assets, beginning of period	<u>398,095</u>
 Net Assets, end of period	 <u><u>\$418,812</u></u>

The Notes to the financial statements are an integral part of this statement.

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets		\$ 20,717
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,589	
Changes in operating assets and liabilities:		
Decrease in accounts receivable	750	
Decrease in prepaids	3,611	
Decrease in accounts payable and accrued expenses	(1,777)	
Loss on donated assets	909	
Total Adjustments	<u>7,082</u>	<u>7,082</u>
Net Cash Provided by Operating Activities		<u>27,799</u>
Net Increase in Cash and cash equivalents		27,799
Cash and cash equivalents at beginning of year		<u>369,739</u>
Cash and cash equivalents at December 31, 2002		<u><u>\$ 397,538</u></u>

The Notes to the financial statements are an integral part of this statement.

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2001**

ASSETS

Current Assets:

Cash - Savings for Technology	\$ 50,000
Cash - Savings for Relocation/Remodeling within Chamber Building	133,988
Cash - CD Ohio Bank - 5 Year	24,759
Cash - CD-Bank One-19 Month - Due 4/03	6,313
Cash - Checking Bank One	21,977
Cash - CD-CNB-24 Month - Due 7/03	24,548
Cash - CD-Bank One-25 Month - Due 11/03	6,459
Restricted:	
Cash	75,628
Cash - CD - Liberty Bank - Due 7/04	26,067
Accounts Receivable - Other	66,848
Accounts Receivable - VG Advertising	750
Prepaid Special Events	7,960
Total Current Assets	<u><u>445,297</u></u>

Fixed Assets:

Furniture & Equipment	29,310
Less Accumulated Depreciation	<u>(18,784)</u>
Total Fixed Assets	<u><u>10,526</u></u>

Other Assets:

Deposit - OBWC	<u>94</u>
Total Other Assets	<u>94</u>
Total Assets	<u><u>\$ 455,917</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Due to LACC	\$ 2,471
Accounts Payable	1,669
Accounts Payable - Allen County Comm	31,916
Other Payables	16,277
Sales Tax Collected	54
EBP - United Way	78
EBP - Employee Fund	177
EBP - 401K	623
Accrued Payroll	2,657
Accrued Accounting Fees	1,900
Total Current Liabilities	<u><u>57,822</u></u>

Net Assets:

Unrestricted	296,400
Temporarily Restricted (Note 7)	<u>101,695</u>
Total Net Assets	<u><u>398,095</u></u>

Total Liabilities and Net Assets	<u><u>\$ 455,917</u></u>
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The Notes to the financial statements are an integral part of this statement.

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2001**

Revenue:	
TIC - Sale of Mat	\$ 1,543
American Township	3,731
Bath Township	29,660
City Lima	59,142
Perry Township	82,119
Allen County	319,157
Hometown Tour	890
Interest Income	14,475
Total Revenue	<u>510,717</u>
Expenditures:	
Wages and Benefits	150,296
Buildings and Services	18,793
Total Expenditures	<u>169,089</u>
Project Expenditures:	
Civic Center	116,492
Allen County Commissioners - Civic Center Expansion	31,916
City Civic Ctr Expansion	20,982
Special Events	9,880
CD Project	5,414
TIC	11,849
Miscellaneous Projects/Downtown	20,000
Temporary/Contract Labor	190
Hometown Tour	2,226
Grant Project	10,000
Total Project Expenditures	<u>228,949</u>
Other Expenditures:	
Advertising	29,376
Auto and Travel	7,382
Professional Fees	13,205
Postage	8,496
Printing	5,096
Office Supplies	1,190
Computer Expenses	2,974
Staff Education/Sear	1,236
Business Promotions	2,335
Telephone	7,899
Depreciation	3,926
Dues/Subscriptions	5,386
Meeting/Conferences	7,209
Miscellaneous Expenses	2,284
Shared Services	6,986
Insurance	1,934
Equipment Rental	225
Total Other Expenditures	<u>107,139</u>
Increase in Net Assets	5,540
Net Assets, beginning of period	<u>392,555</u>
Net Assets, end of period	<u><u>\$398,095</u></u>

The Notes to the financial statements are an integral part of this statement.

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets		\$ 5,540
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,926	
Changes in operating assets and liabilities:		
Decrease in accounts receivable	300	
Decrease in prepaids	4,429	
Decrease in accounts payable and accrued expenses	<u>(2,575)</u>	
Total Adjustments		<u>6,080</u>
Net Cash Provided by Operating Activities		11,620
Net increase in cash and cash equivalents		11,620
Cash and cash equivalents at beginning of year		<u>358,119</u>
Cash and cash equivalents at December 31, 2001		<u><u>\$369,739</u></u>

The Notes to the financial statements are an integral part of this statement.

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization:

The Lima/Allen County Convention and Visitors Bureau, (the Bureau) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Bureau was founded in February, 1997, as a private, not-for-profit organization (501-(C)(6)). The Bureau is directed by an appointed fourteen member Board of Trustees. The Bureau serves the public by encouraging economic development of the County through the promotion of tourism.

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

B. Basis of Accounting:

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The financial statements of the Bureau have been prepared, in all material respects, as recommended by the American Institute of Certified Public Accountants' (AICPA) Audit and Accounting Guide, *Not-for-Profit Organizations*. The audit guide includes the requirements of the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS 117, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Bureau has no permanently restricted net assets.

C. Cash and Cash Equivalents:

The Bureau maintains a checking account, savings accounts, and certificates of deposit which are valued at cost. For purposes of the statement of cash flows, cash and cash equivalents include all demand and time deposits.

D. Fund Accounting:

The Bureau uses fund accounting to segregate cash and investments that are restricted as to use. The Bureau classifies its fund into the following type:

1. General Operating Fund

The general operating fund is used to account for all financial resources except those required by law or contract to be restricted. The fund balance of the operating fund is available to the Bureau for any purpose, provided it is expended or transferred according to the Bureau's regulations.

E. Budgetary Process:

The Bureau prepares an annual budget for its fund. There is no legal requirement for the Bureau to prepare a budget. See Budgetary Activity in Note 3.

F. Board Designated Net Assets:

During 2002, the Bureau's Board of Directors allocated \$24,262 to the reserve for capital improvements. During 2001, \$24,690 was so allocated.

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets:

Fixed assets are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Bureau maintains a capitalization threshold of five hundred dollars. The Bureau does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Depreciation of furniture and equipment is computed using the straight-line method over an estimated useful life of five to seven years.

H. County Hotel/Motel Tax Revenues:

The Bureau receives hotel and motel tax monies from various subdivisions. The annual amount of money received from these subdivisions depends on the current contract. The contracts with various townships are on-going and do not have an expiration date.

I. Taxes Receivable:

Accounts receivable reflect the Bureau's share of the subsequent two months' hotel/motel taxes which were collected by Allen County, Bath Township and Perry Township. The City of Lima collected lodging taxes for the fourth quarter of 2002 and 2001 which were not remitted to the Bureau until February of 2003 and 2002.

J. Other Payables:

The Bureau shares 36.5 percent of what it receives from Allen County in hotel/motel taxes with the Lima/Allen County Civic and Convention Center. Two months taxes are used to determine this payable to match to the receivable described above. The Bureau also passes along 10 percent of what it receives from Allen County in hotel/motel taxes to the Allen County Commissioners to assist in the payment for the Civic Center Expansion project. Additionally, they return all monies paid to them by the hotel built in conjunction with the expansion project, on a monthly basis, in order to pay for the expansion project.

K. Pension Plan:

The Bureau has a 401(k) Pension Plan that covers substantially all employees. The Bureau contributes a percentage of compensation based upon the employees' contribution. Total contributions for 2002 and 2001 were \$1,342 and \$2,976, respectively.

L. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH:

The Bureau maintains a cash and investments pool used by the General Operating Fund. The carrying amount of cash and investments at December 31, was as follows:

	2002	2001
Demand deposits	\$175,416	\$179,898
Certificates of deposit	<u>94,706</u>	<u>88,146</u>
Total deposits	270,122	268,044
Restricted Cash (including Certificate of Deposit)	127,416	101,695
Total deposits and investments	<u>\$397,538</u>	<u>\$369,739</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation in each depository for up to \$100,000. The remaining balances are uninsured and uncollateralized.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2002 and 2001, was as follows:

2002 Budgeted vs. Actual Receipts			
	Budgeted	Actual	Variance
Fund Type	Receipts	Receipts	
General	<u>\$ 510,337</u>	<u>\$ 517,654</u>	<u>\$ 7,317</u>

2002 Budgeted vs. Actual Expenditures			
	Budgeted	Actual	Variance
Fund Type	Expenditures	Expenditures	
General	<u>\$ 513,819</u>	<u>\$ 496,938</u>	<u>\$16,881</u>

2001 Budgeted vs. Actual Receipts			
	Budgeted	Actual	Variance
Fund Type	Receipts	Receipts	
General	<u>\$ 519,373</u>	<u>\$ 510,717</u>	<u>\$ (8,656)</u>

2001 Budgeted vs. Actual Expenditures			
	Budgeted	Actual	Variance
Fund Type	Expenditures	Expenditures	
General	<u>\$ 501,030</u>	<u>\$ 505,177</u>	<u>\$ (4,147)</u>

4. FURNITURE AND EQUIPMENT:

	2002	2001
Furniture and Equipment	\$ 18,583	\$ 29,310
Accumulated depreciation	<u>(12,556)</u>	<u>(18,784)</u>
Net Assets	<u>\$ 6,027</u>	<u>\$ 10,526</u>

**LIMA/ALLEN COUNTY CONVENTION AND VISITORS BUREAU
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. LEASES:

The Bureau subleases office space from the Lima/Allen County Chamber of Commerce (Chamber). The rental charge for the Bureau is based upon the amount of square footage utilized by the Bureau. The sublease agreement calls for an annual payment of \$18,793 per year in monthly increments. The yearly amount shall be adjusted annually to reflect a total annual payment of no more than 28 percent of the Chamber's actual expense related to providing such facility.

The future minimum lease rental payment is as follows:

2003	<u>\$18,793</u>
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6. RISK MANAGEMENT:

The Bureau has obtained commercial insurance for the following risks:

- -General liability
- -Property Coverage
- -Public Officials Liability

7. RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	2002	2001
Remodeling/Relocation	<u>\$127,416</u>	<u>\$101,695</u>

The Bureau has allocated temporarily restricted net assets with a time restriction, and there are no permanently restricted net assets.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Lima/Allen County Convention and Visitors Bureau
Allen County
147 North Main Street
Lima, OH 45801

To the Board of Trustees:

We have audited the accompanying financial statements of the Lima/Allen County Convention and Visitors Bureau, (the Bureau) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 4, 2003. 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.

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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Bureau in a separate letter dated August 4, 2003.

Lima/Allen County Convention and Visitors Bureau
Allen County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 4, 2003



**Auditor of State
Betty Montgomery**

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LIMA / ALLEN COUNTY CONVENTION AND VISITORS BUREAU

ALLEN 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
SEPTEMBER 16, 2003**