

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.
Toledo, Ohio

We have reviewed the *Independent Auditor's Report* of the Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, prepared by Weber O'Brien Ltd., 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 Toledo-Lucas County Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

June 15, 2005

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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
AUDITED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.
Toledo, Ohio 43604

We have audited the accompanying statement of net assets of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit, Greater Toledo Convention and Visitors Bureau, (collectively the "Organization") as of December 31, 2004, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements. These financial statements are the responsibility of the Organization'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 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 Organization as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 10, the Organization has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of and for the year ended December 31, 2004.

Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2005 on our consideration of the Organization's internal controls over financial reporting and on 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.

The management's discussion and analysis information on pages 3 - 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Weber O'Brien Ltd.
April 20, 2005

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

Management's Discussion and Analysis

The following Management Discussion and Analysis (MD&A) provides a summary overview of the financial performance of the Toledo Lucas County Convention and Visitors Bureau, Inc. (herein referred to as the TLCCVB) and its discretely presented component unit, Greater Toledo Convention and Visitors Bureau (herein referred to as the GTCVB) (collectively called the Organization) for the year ended December 31, 2004. This information in the MD&A should be read in conjunction with the TLCCVB financial statements and corresponding notes to the financial statements.

Financial Highlights

- Assets exceeded liabilities for the Organization by \$492,052 as of December 31, 2004.
- Net assets increased for the Organization by \$121,267 in 2004.
- Debt decreased \$864,156. There were no new additions.

Overview of the Financial Statements

The Organization's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). Under GASB Statement No. 14, TLCCVB is defined as a "primary government", the GTCVB is considered a discretely presented component unit of the primary government; both entities utilize enterprise fund accounting.

The basic financial statements of the Organization together with the notes, which are essential to a full understanding of the data contained in the financial statements, are the following:

- Statements of Net Assets - This statement presents information on all the Organization's assets and liabilities, with the difference between the two reported as net assets.
- Statements of Revenues, Expenses, and Changes in Net Assets - This statement shows how the Organization's net assets have changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statements of Cash Flows - This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, capital and related financial activities, and investing activities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

Financial Analysis of the Organization's Net Assets and Revenues, Expenses and Changes in Net Assets

The tables below provide a summary of the Organization's financial position and operations for 2004 and 2003, respectively. The Organization implemented Governmental Accounting Standards Board Statement 34, Basic Financial Statements- and Management's discussion and Analysis-for State and Local Governments in 2004. Certain amounts may vary slightly due to differences caused by rounding to thousands.

**Condensed Statements of Net Assets
December 31,
(Amounts in Thousands)**

	<u>TLCCVB</u>			<u>GTCVB</u>		
	<u>2004</u>	<u>2003</u>	<u>Change</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Current Assets	\$ 2,071	\$ 1,983	\$ 88	\$ 713	\$ 573	\$ 140
Restricted Assets	2,990	3,026	(36)	-0-	-0-	-0-
Capital Assets, Net	10,316	11,229	(913)	21	39	(18)
Other Assets	<u>318</u>	<u>347</u>	<u>(29)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	15,695	16,585	(890)	734	612	122
Current Liabilities	1,524	1,527	(3)	80	68	12
Long Term Liabilities, Net	<u>14,333</u>	<u>15,231</u>	<u>(898)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	15,857	16,758	(901)	80	68	12
Invested in Capital Assets	(4,915)	(4,866)	49	-0-	-0-	-0-
Restricted	2,990	3,026	(36)	-0-	-0-	-0-
Unrestricted	<u>1,763</u>	<u>1,667</u>	<u>96</u>	<u>654</u>	<u>544</u>	<u>110</u>
Total Net Assets	(\$ 162)	(\$ 173)	\$ 11	\$ 654	\$ 544	\$ 110

During 2004, net assets increased by \$121,000. The majority of this increase was due to the following:

- Cash has increased \$107,000 from 2003.
- Accounts receivable increased by \$125,000 largely due to event billings. This was due to the timing of some large events, billings to a co-tenant and commissions.
- Capital assets decreased by \$931,000. This is largely due to depreciation. There has been limited spending (approx. \$94,000) for capital improvements due to limited funding.

- Long-term debt decreased by \$864,000 as a result of scheduled debt service payments, which was the largest portion of the decline in long-term liabilities.

The following table summarizes the changes in revenues and expenses for the Organization between 2003 and 2004:

Condensed Statements of Revenues, Expenses, and Changes in Net Assets
Years ended December 31,
(Amounts in Thousands)

	<u>TLCCVB</u>			<u>GTCVB</u>		
	<u>2004</u>	<u>2003</u>	<u>Change</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
<u>Operating Revenues</u>						
Hotel/Motel Tax	\$ 806	\$ 791	\$ 15	\$1,119	\$1,120	(\$ 1)
Sales	1,362	1,272	90	-0-	-0-	-0-
Lucas County Subsidy	150	250	(100)	-0-	-0-	-0-
Other	<u>733</u>	<u>721</u>	<u>12</u>	<u>88</u>	<u>88</u>	<u>-0-</u>
Total Operating Revenue	3,051	3,034	17	1,207	1,208	(1)
<u>Operating Expenses</u>						
Payroll and benefits	1,771	1,758	13	440	443	(3)
Marketing/Advertising	95	86	9	444	530	(86)
Utilities	484	499	(15)	9	14	(5)
Supplies	263	258	5	7	9	(2)
Insurance	117	120	(3)	-0-	-0-	-0-
Other	<u>156</u>	<u>155</u>	<u>1</u>	<u>179</u>	<u>219</u>	<u>(40)</u>
Total Operating Expense	<u>2,886</u>	<u>2,876</u>	<u>10</u>	<u>1,079</u>	<u>1,215</u>	<u>(136)</u>
Operating Income before						
Depreciation	165	158	7	128	(7)	135
Depreciation	<u>1,004</u>	<u>1,099</u>	<u>(95)</u>	<u>21</u>	<u>22</u>	<u>(1)</u>
Operating Income after						
Depreciation	(839)	(941)	102	107	(29)	136
<u>Non-Operating</u>						
Hotel/Motel Tax	1,689	1,692	(3)	-0-	-0-	-0-
Other	<u>(839)</u>	<u>(882)</u>	<u>43</u>	<u>3</u>	<u>3</u>	<u>-0-</u>
Total Non-operating	<u>850</u>	<u>810</u>	<u>40</u>	<u>3</u>	<u>3</u>	<u>-0-</u>
Net Change in Net Assets	\$ 11	(\$ 131)	\$ 142	\$ 110	(\$ 26)	\$ 136

Operating revenues consist of a portion of Hotel/Motel taxes collected on rooms occupied, with amounts in excess of debt service requirements used for operating purposes. These revenues are a function of price and occupancy. A hotel/motel tax of 3% is levied by Lucas County, Ohio and an additional 3% is levied by the City of Toledo; these taxes are collected by the County and distributed as revenue to the TLCCVB, restricted for Bond interest and debt repayment. An additional 2% of hotel/motel tax is levied for use by the GTCVB, and is distributed directly to the GTCVB.

The remaining revenues largely come from convention facility sales, and funding by the County of Lucas.

- Hotel/Motel Taxes (in total) increased by \$11,000 in 2004. The revenues have been stable for the last 2 years, but down after the events of September 11, 2001.
- Revenues from convention center sales increased by \$90,000 in 2004. It appears that attendance and convention bookings are coming back after the September 11 event.
- Revenue from Lucas County was \$150,000 in 2004, down from \$250,000 in 2003.

Operating expenses

- Interest expense decreased due to the reduction of the Long-Term debt balance.
- Marketing and advertising decreased due to a reduction in expenditures by the GTCVB. In 2003 there were large expenditures to agencies for a new "branding program."
- Utilities have been stable. Any decrease was recognized in the electric area.
- Other expenses were down largely due to a reduction in printing & photography costs on the GTCVB side due to the branding program in 2003.

Capital Assets

At the end of 2004, the Organization had \$10,337,000 (net of accumulated depreciation) invested in capital assets. The investment in capital assets includes the convention facility with over 75,000 square feet of exhibit hall space, a 374-car underground parking garage, and related meeting and back of house space and supporting furniture, fixtures and equipment.

The investment in capital assets decreased by \$931,000 during 2004. The primary change in capital assets was the current year depreciation expense of \$1,025,000.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

Debt Administration

At December 31, 2004 the Bureau had total long-term debt outstanding of \$15,231,000 compared to \$16,095,000 at December 31, 2003. During 2004, the Organization repaid \$858,000 in principal on outstanding debt. This debt includes a capital lease for a copier.

During 1996 the Bureau issued Fixed Rate Special Revenue Bonds, refunding the Series 1988 and 1991 Demand Special Revenue Bonds that were outstanding. These Bonds were for the construction of the Convention Centre and its furniture and fixtures. Accrued interest from October 1985 through September 1991 on the 1991 Variable Rate

Demand and Special Revenue bond of \$753,000 still exists and is payable in October, 2010.

Interest on the Series 1996 Bonds is payable semiannually on April 1 and October 1 of each year. Interest rates on the Bonds range from 4.85% - 5.70% through 2015. Interest has been accrued on all bonds through December 31, 2004.

Annual debt service requirements for the bonds are met through the collection of hotel/motel taxes. The Bond Indenture requires that proceeds from the hotel/motel tax as well as from earnings received through investments must first be used to meet annual debt service obligations. Only after these obligations are met can tax proceeds and investments be used to offset on-going improvements to and operations of the convention center. The Organization has pledged all present and future receipts at the 6% level consisting of the hotel/motel tax receipts and any deposit accounts, along with investment income to be used for the debt service requirements.

In accordance with the Bond Indenture, a bond service reserve fund has been established as special trust funds to provide for the payment of the bond principal and interest in the event the amount in the debt service fund is insufficient. The balance in this fund is currently approximately \$1,701,000. Also included in restricted funds are hotel/motel tax receipts collected between debt service payment dates.

Outstanding Debt at December 31,
(In Thousands)

	<u>2004</u>	<u>2003</u>	<u>Change</u>
Bonds Payable	\$14,460	\$15,305	\$(845)
Notes Payable	753	753	0
Capital leases	18	25	(7)
Other	<u>0</u>	<u>12</u>	(12)
Total Debt	\$15,231	\$16,095	(\$864)

Economic Factors

Economic factors, as well as events of September 11, 2001, have impacted the convention and travel industry nationwide. This is true in Toledo/Lucas County as well. Revenues resulting from hotel/motel usage decreased in 2001 after years of growth. Convention attendance, as well as booking also decreased during this period of time. This caused a decline in facility income that parallels the decrease in hotel/motel taxes. The good news is that over the past year, the hotel/motel market and booking are beginning to improve.

Even with reduced levels of hotel/motel revenue, the Organization has been able to meet all debt service obligations without using reserve funds. The reduced levels of revenue have decreased the amount of excess hotel/motel funds available for other expenses. This has caused the Organization to carefully review expenses and cut staff in non-critical areas.

Contacting the Organization's Financial Management

This financial report is designed to provide a general overview of the Organization's finance for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Finance Director, Toledo Lucas County Convention and Visitor's Bureau, Inc., 401 Jefferson Avenue, Toledo, Ohio 43604

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 STATEMENT OF NET ASSETS
 December 31, 2004

ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,537,754	\$ 553,885
Accounts receivable		
Trade, net of allowance of \$6,000 and \$2,030, respectively	210,905	9,473
Hotel/motel tax receivables	322,722	138,736
Prepaid expenses	62	10,573
Total Current Assets	2,071,443	712,667
RESTRICTED ASSETS FOR DEBT SERVICE		
Trustee held investments	2,990,295	-0-
Total Restricted Assets	2,990,295	-0-
CAPITAL ASSETS		
Building	26,120,422	-0-
Furniture and fixtures	3,196,702	171,920
Other capital assets	351,270	-0-
Total depreciable capital assets	29,668,394	171,920
Accumulated depreciation and amortization	(19,352,384)	(150,889)
Net depreciable capital assets	10,316,010	21,031
OTHER ASSETS - Deferred Bond Issuance Costs	317,807	-0-
TOTAL ASSETS	15,695,555	733,698

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF NET ASSETS, CONTINUED
December 31, 2004

LIABILITIES AND NET ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 136,741	29,781
Current portion of long term liabilities	897,387	-0-
Accrued payroll and payroll taxes	150,567	14,074
Accrued interest	200,752	-0-
Accrued real estate taxes and special assessments	45,617	-0-
Other accrued liabilities	12,559	1,553
Security deposits	70,522	-0-
Deferred revenue	9,776	34,233
	1,523,921	79,641
LONG TERM LIABILITIES		
Bonds payable	14,459,684	-0-
Note payable - non-interest bearing	753,331	-0-
Capital lease obligations	18,011	-0-
Subtotal	15,231,026	-0-
Less: Current portion	(897,387)	-0-
	14,333,639	-0-
TOTAL LIABILITIES	15,857,560	79,641
NET ASSETS:		
Invested in capital assets, net of related debt	(4,915,016)	-0-
Restricted for debt service	2,990,295	-0-
Unrestricted	1,762,716	654,057
TOTAL NET ASSETS (DEFICIT)	(\$ 162,005)	\$ 654,057

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2004

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
OPERATING REVENUES		
Hotel/motel tax receipts	\$ 805,949	\$ 1,118,763
Convention facilities	1,361,741	-0-
Parking, net of expenses of \$362,778	396,782	-0-
Gladieux subsidy	269,535	-0-
Lucas County subsidy	150,000	-0-
Membership dues	-0-	76,674
Earnings from sale of exclusive rights	52,000	-0-
Cooperative projects	-0-	9,262
Other	15,387	2,144
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Total Operating Revenues	3,051,394	1,206,843
OPERATING EXPENSES		
Payroll and fringe benefits	1,771,324	439,576
Utilities	483,804	8,916
Supplies, maintenance and other	263,097	7,087
Security	138,902	-0-
Miscellaneous	130,074	24,746
Building and equipment rent	119,850	11,977
Insurance	117,411	-0-
Marketing and advertising	95,500	444,277
Legal and Accounting	34,539	1,830
Real estate taxes and special assessments	19,911	-0-
Travel and entertainment	13,309	27,905
Dues, memberships and subscriptions	6,931	3,416
Provision for losses on accounts receivable	6,000	-0-
Postage	3,900	51,276
Photography, printing and publications	-0-	52,890
Sales tax expense	-0-	4,498
Less: Expenses reimbursed by The University of Toledo and other co-tenants	(318,329)	-0-
	<hr/>	<hr/>
Total Operating Expenses	2,886,223	1,078,394
Operating Income before Depreciation	165,171	128,449
Depreciation	1,004,835	21,073
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Operating Income (Loss)	(839,664)	107,376
NONOPERATING REVENUES (EXPENSES)		
Hotel/motel tax receipts	1,688,983	-0-
Interest and amortization of bond discount and finance costs	(877,347)	-0-
Interest income	63,683	3,163
Unrealized loss on investments	(24,927)	-0-
	<hr/>	<hr/>
Net Nonoperating Revenues (Expenses)	850,392	3,163
CHANGE IN NET ASSETS	10,728	110,539
NET ASSETS (DEFICIT) - BEGINNING	(172,733)	543,518
	<hr/>	<hr/>
NET ASSETS (DEFICIT) - ENDING	(\$ 162,005)	\$ 654,057

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO - LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2004

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
CASH FLOWS FROM OPERATIONS		
Cash Received from Customers, Taxes and Subsidies	\$ 2,932,080	\$ 1,208,198
Cash Payments to Suppliers for Goods and Services	(1,119,176)	(659,664)
Cash Payments to Employees for Services	(1,790,023)	(407,215)
NET CASH PROVIDED BY OPERATIONS	22,881	141,319
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received for debt service	1,688,983	-0-
Repayment of Long Term Debt	(857,233)	-0-
Repayment of Capital Lease Obligations	(6,923)	-0-
Interest paid	(858,027)	-0-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(33,200)	-0-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	63,686	3,163
Purchases of Property and Equipment	(91,538)	(3,223)
NET CASH USED BY INVESTING ACTIVITIES	(27,852)	(60)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,171)	141,259
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,575,925	412,626
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,537,754	\$ 553,885
CASH FLOWS FROM OPERATIONS		
Operating income (loss)	(\$ 839,664)	\$ 107,376
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,004,835	21,073
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	(116,132)	(3,093)
Hotel/motel tax receivables	(5,482)	4,261
Other assets and liabilities	(1,523)	4,317
Security deposits	(32,867)	-0-
Accrued real estate taxes	650	-0-
Accounts payable	18,794	14,184
Accrued payroll and payroll taxes	(14,031)	(10,314)
Deferred revenue	8,301	3,515
Total adjustments	862,545	33,943
NET CASH PROVIDED BY OPERATIONS	\$ 22,881	\$ 141,319

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Toledo-Lucas County Convention and Visitors Bureau, Inc. (TLCCVB) operates the SeaGate Centre (a convention and convocation center) in the City of Toledo. The SeaGate Centre is comprised of two components: (1) a convention facility which is owned by TLCCVB and (2) convocation space (classrooms and meeting rooms) which is owned by The University of Toledo. The Greater Toledo Convention and Visitors Bureau (GTCVB), a component unit, was established to encourage and promote the utilization of convention, restaurant, hotel, motel and entertainment facilities in Toledo and the surrounding areas. Upon the dissolution of GTCVB, any remaining assets after payment of all obligations will be distributed to the TLCCVB. TLCCVB is supported primarily through hotel/motel taxes that account for approximately 60% of revenue in 2004.

TLCCVB is affiliated with GTCVB by virtue of being the sole member of GTCVB, as provided under GTCVB's code of regulations. Consequently, TLCCVB has controlling interest in GTCVB, and is responsible for appointing and removing GTCVB's Board of Trustees.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. Based on these criteria, GTCVB is determined to be a component unit.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in single enterprise funds.

Enterprise funds are used to account for the costs of providing goods and services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided. The Organization does not meet the above criteria, however, it qualifies for enterprise accounting under the transition rules of GASB 34 whereby it previously reported as a not-for-profit under the American Institute of CPAs not-for-profit model at the date of the GASB 34 statement.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting, Continued

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Organization follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Organization also follows Financial Accounting Standards Board Statements and Interpretations, issued after November 30, 1989 that are developed for business enterprises, except those that conflict with or contradict GASB pronouncements.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Organization are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Organization finances and meets the cash flow needs of its enterprise activity.

Use of Estimates

The preparation of financial statements in accordance 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Substantially all cash is held at one financial institution.

Investments

Investments are stated at fair values.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Bond Issuance Costs

Deferred bond issuance costs are stated at cost and are being amortized over the life of the related indebtedness on the straight-line basis.

Accounts Receivable - Trade

A reserve for uncollectible accounts is determined based on prior history and individual account status. An account is delinquent at 30 days past due and finance charges at a rate of 1.5% monthly or 18% annually are charged per the policy indicated on every invoice. A phone call is made first in an attempt to collect and notify the customer of the finance charges applied. If the account becomes between 60 and 90 days past due, it is sent to a collection agency. In the first phase, which can span another 90 days, 100% of the invoice can be collected. Approximately only half of the original invoice can be collected in the second phase. The third phase is to file suit against the customer.

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Contributed assets are stated at fair value at the time of contribution.

Depreciation is recorded using the straight-line method over the estimated useful lives of the depreciable assets.

Revenues

A hotel/motel tax of 3% is levied by Lucas County, Ohio and an additional 3% is levied by the City of Toledo; these taxes are collected by the County and distributed as revenue to TLCCVB for bond interest and debt repayment. The excess of annual hotel/motel tax receipts over debt service payments is distributed to the Organization and can be used for operating purposes. Effective September 1997, a 1% hotel/motel tax was enacted by Lucas County, Ohio, to be collected by the County and distributed as revenue to GTCVB and is to be used for marketing purposes. In February 1998, the rate was increased to 1½% through June 1998 and 2% thereafter. This revenue is recognized in the period in which the underlying hotel/motel tax revenue is generated as evidenced by collection by the County. A portion of the tax is classified as non-operating as it is restricted for payments relating to debt service. Approximately 52% of the TLCCVB's total revenues and 92% of GTCVB's total revenues for 2004 were derived from this source. Accounts receivable from this source approximated 60% of total accounts receivable at December 31, 2004. Accounts receivable from this source are considered to be fully collectible; accordingly, no allowance for uncollectible accounts is required.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Compensated Absences

The Organization follows GASB Statement No. 16, Accounting for Compensated Absences, which requires that a liability be accrued if it is probable that the employee will be compensated through cash payment.

Deferred Revenue

Income from membership dues and scheduled events is deferred and recognized over the periods to which the dues relate and scheduled events take place.

Income Taxes

TLCCVB and GTCVB are both incorporated under the laws of the State of Ohio as not-for-profit corporations and are exempt from state and local income taxes. The Internal Revenue Service has determined TLCCVB and GTCVB to be exempt from federal income taxes under Section 501(c)(3) and Section 501 (c)(6), respectively, of the Internal Revenue Code. However, income from certain activities not directly related to their tax-exempt purpose is subject to taxation as unrelated business income.

Unrelated business income is immaterial. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Restricted net assets consist of monies and other resources that are restricted to satisfy debt service requirements as specified in debt agreements.

The Board of Trustees has designated unrestricted net assets aggregating \$570,124 for capital improvements and expansion, and future debt payments related to the outstanding interest of \$753,331 owed on the 1991 Variable Rate Demand and Special Revenue bonds. The amount designated for capital improvements and expansion was \$258,080 and the amount designated for repayment of the outstanding interest owed on the 1991 bonds was \$312,044. Such amounts are not restricted, and may be designated for other purposes or eliminated at the discretion of the Board.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 2 - CASH AND INVESTMENTS

Deposits

State statutes classify monies held by TLCCVB and GTCVB into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that TLCCVB and GTCVB have identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of TLCCVB and GTCVB's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

TLCCVB and GTCVB's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with the securities held by TLCCVB and GTCVB or its safekeeping agent in their name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in TLCCVB and GTCVB's names. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the name of TLCCVB or GTCVB.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 2 - CASH AND INVESTMENTS, Continued

Deposits, Continued

The carrying value of TLCCVB's unrestricted deposits was \$1,537,754 and the bank balance was \$1,563,858 at December 31, 2004. The following shows the bank balances of TLCCVB's deposits in each category:

- Category 1. \$100,000 was covered by federal depository insurance.
- Category 3. \$1,463,858 of uninsured deposits collateralized with securities held by the pledging financial institution in TLCCVB's name existed as of December 31, 2004.

The carrying value of GTCVB's unrestricted deposits was \$553,885 and the bank balance was \$562,090 at December 31, 2004. The following shows the bank balances of GTCVB's deposits in each category:

- Category 1. \$100,000 was covered by federal depository insurance.
- Category 3. \$462,090 of uninsured deposits collateralized with securities held by the pledging financial institution in GTCVB's name existed as of December 31, 2004.

A reconciliation of the carrying value of TLCCVB and GTCVB's deposits above to the balance sheet follows:

	<u>TLCCVB</u>	<u>GTCVB</u>
Unrestricted Deposits	\$ 871,688	\$352,623
Unrestricted Cash Equivalents	<u>666,066</u>	<u>201,262</u>
Unrestricted Cash and Cash Equivalents Total	<u>\$1,537,754</u>	<u>\$553,885</u>
Restricted Cash	<u>-0-</u>	<u>-0-</u>

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 Year Ended December 31, 2004

NOTE 2 - CASH AND INVESTMENTS, Continued

Investments

State Statute and Board Resolutions authorizes TLCCVB and GTCVB to invest in obligations of U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of TLCCVB or GTCVB, and must be purchased with the exception that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

TLCCVB and GTCVB's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by TLCCVB or GTCVB or their agents in their names. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the name of the Organization. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Organization's name.

TLCCVB's investments consist of the following:

<u>INVESTMENT</u>	<u>CATEGORY B</u>	<u>CARRYING/ FAIR VALUE</u>
U.S. Treasuries and Federal Agency Obligations	\$1,540,127	\$1,540,127
Government Bonds	1,450,168	<u>1,450,168</u>
Total Investments (all restricted)		<u>\$2,990,295</u>

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 Year Ended December 31, 2004

NOTE 2 - CASH AND INVESTMENTS, Continued

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classification of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	<u>TLCCVB</u>	
	<u>Cash</u>	<u>Investments</u>
GASB Statement No. 9	\$ 871,688	\$3,656,361
Certificates of Deposit	<u>666,066</u>	<u>(666,066)</u>
GASB Statement No. 3	<u>\$1,537,754</u>	<u>\$2,990,295</u>
	 <u>GTCVB</u>	
	<u>Cash</u>	<u>Investments</u>
GASB Statement No. 9	\$ 352,623	\$201,262
Certificates of Deposit	<u>201,262</u>	<u>(201,262)</u>
GASB Statement No. 3	<u>\$ 553,885</u>	<u>\$ -0-</u>
Classification in the Statements of Net Assets:	<u>TLCCVB</u>	<u>GTCVB</u>
Cash and Equivalents:		
Current	\$1,537,754	\$553,885
Restricted	<u>-0-</u>	<u>-0-</u>
Total	<u>\$1,537,754</u>	<u>\$553,885</u>
Investments:		
Current	\$ -0-	-0-
Restricted	<u>\$2,990,295</u>	<u>-0-</u>
Total	<u>\$2,990,295</u>	<u>\$ -0-</u>

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

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

<u>TLCCVB</u>	Balance at January 1, <u>2004</u>	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, <u>2004</u>
Historical Cost:				
Building	\$26,100,591	\$19,831	\$ -0-	\$26,120,422
Furniture and Fixtures	3,155,679	41,023	-0-	3,196,702
Other Capital Assets	<u>320,586</u>	<u>30,684</u>	<u>-0-</u>	<u>351,270</u>
Total Historical Cost	29,576,856	91,538	-0-	29,668,394
Accumulated Depreciation:				
Building	15,023,958	917,123	-0-	15,941,081
Furniture and Fixtures	3,038,337	68,829	-0-	3,107,166
Other Capital Assets	<u>285,254</u>	<u>18,883</u>	<u>-0-</u>	<u>304,137</u>
Total Accumulated Depreciation	<u>18,347,549</u>	<u>1,004,835</u>	<u>-0-</u>	<u>19,352,384</u>
Capital Assets, Net	<u>\$11,229,307</u>	(\$913,297)	<u>\$ -0-</u>	<u>\$10,316,010</u>
Depreciation Expense Charged to Operating Expense		<u>\$1,004,835</u>		
<u>GTCVB</u>	Balance at January 1, <u>2004</u>	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, <u>2004</u>
Historical Cost:				
Furniture and Fixtures	\$178,907	\$ 3,223	\$10,210	\$171,920
Accumulated Depreciation:				
Furniture and Fixtures	<u>140,026</u>	<u>21,073</u>	<u>10,210</u>	<u>150,889</u>
Capital Assets, Net	<u>\$ 38,881</u>	(\$17,850)	<u>\$ -0-</u>	<u>\$ 21,031</u>
Depreciation Expense Charged to Operating Expense		<u>\$21,073</u>		

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 4 - BONDS AND NOTES PAYABLE

Bonds and notes outstanding at December 31, 2004 are as follows:

	Balance at December 31, <u>2003</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2004</u>	Due Within <u>One Year</u>
Bonds Payable	\$15,304,684	\$ -0-	\$845,000	\$14,459,684	\$890,000
Note Payable	<u>753,331</u>	<u>-0-</u>	<u>-0-</u>	<u>753,331</u>	<u>-0-</u>
Total	<u>\$16,058,015</u>	<u>\$ -0-</u>	<u>\$845,000</u>	<u>\$15,213,015</u>	<u>\$890,000</u>

During 1996 TLCCVB issued \$20,290,000 Fixed Rate Special Revenue Refunding Bonds Series 1996 and refunded the Series 1988 and 1991 Variable Rate Demand Special Revenue Bonds. Accrued interest from October 1985 through September 1991 of \$753,331 on the 1991 Variable Rate Demand and Special Revenue Bonds still exists and is payable in October 2010. It is reported in the financial statements as the note payable, non-interest bearing.

Interest on the Series 1996 Bonds is payable on April 1 and October 1 of each year, with the interest rates fixed at a rate that is adjusted on an annual basis. The interest rate on the Series 1996 Bonds range from 4.85% - 5.70% through 2015. Annual principal retirements are payable October 1 each year.

TLCCVB has pledged all present and future receipts at the 6% level consisting of the hotel/motel tax receipts and any deposit accounts, along with the investment income, held by the trustee for debt service payments on the Series 1996 Bonds. TLCCVB agreed, among other things, not to create any debt against pledged receipts and to maintain a reserve fund and a bond fund to provide for payments relating to principal and interest on the bonds.

The funds held by the trustee under the bond indenture agreements consist of certain investments and are classified in the balance sheet as restricted assets.

When the bonds are paid off TLCCVB will convey to the County the exclusive use and possession of the Convention Center and any additions made to the site. The County also has the right to acquire the Convention Center from the TLCCVB if the County provides sufficient funds to defease the bonds.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 Year Ended December 31, 2004

NOTE 4 - BONDS AND NOTES PAYABLE, Continued

Maturities of bonds and notes payable principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 890,000	\$ 803,000
2006	930,000	758,945
2007	980,000	711,980
2008	1,030,000	658,080
2009	1,090,000	601,430
2010 and Thereafter	<u>10,293,015</u>	<u>2,201,890</u>
Total	<u>\$15,213,015</u>	<u>\$5,735,325</u>

TLCCVB also has a line of credit available for \$100,000 at an interest rate of 1% over the prime rate. This line of credit is renewable every four years and is up for renewal in October, 2005. No amounts are borrowed under this line of credit at December 31, 2004.

NOTE 5 - RELATED PARTY TRANSACTIONS

TLCCVB, under an operating lease agreement, leases the land of the convention center site from the Lucas County Commissioners for a nominal annual fee. Representatives of Lucas County are presently serving as Trustees of the TLCCVB.

TLCCVB retains a law firm of which a Trustee of the TLCCVB is a partner. TLCCVB incurred fees from this firm amounting to \$8,860 in 2004.

The Organization retains a marketing firm of which a Trustee of the TLCCVB is a partner. The Organization incurred fees from this firm amounting to \$56,589 in 2004.

NOTE 6 - RETIREMENT AND OTHER BENEFIT PLANS

TLCCVB and GTCVB both have defined contribution retirement plans for eligible employees, created under the authority of a resolution of the governing board. Under the provisions of the three plans, the TLCCVB salaried employees' retirement plan, the TLCCVB hourly employees' retirement plan and the GTCVB 401(k) plan, TLCCVB and GTCVB contribute an amount equal to 4% of its employees' gross salaries. In addition, TLCCVB makes a matching contribution at a rate of 75% of employee contributions up to a maximum of 1% of gross salary for both its employees and employees of GTCVB. Employer contributions to the plans during 2004 were \$71,000.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 7 - LEASING TRANSACTIONS

TLCCVB and GTCVB lease certain setup equipment and meeting room space from the University of Toledo on an as needed basis. Rentals during 2004 were \$131,827.

TLCCVB also leases a copier under a capital lease. The copier lease requires monthly payments of \$695 including interest at 6.5% through April 2007. The equipment under capital lease obligations is included in property and equipment at December 31, 2004 as follows:

	<u>2004</u>
Equipment	\$35,521
Accumulated amortization (amortization included in depreciation expense)	<u>18,944</u>
Net equipment	<u>\$16,577</u>

Future minimum payments, by year and in the aggregate, under the capitalized lease consists of the following:

<u>Fiscal Year</u>	<u>Amount</u>
2005	\$ 8,340
2006	8,340
2007	2,780
2008	<u>-0-</u>
Total minimum lease payments	19,460
Less amount representing interest	<u>1,449</u>
Present value of minimum lease payments	18,011
Less current portion	<u>7,387</u>
Long-term portion	<u>\$10,624</u>

NOTE 8 - INSURANCE

The Organization maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. There were no significant reductions in coverage from the prior year and settled claims were not in excess of coverage in any of the past three years.

The Organization also maintains Directors' and Officers' liability insurance with an aggregate limit of insurance of \$1,000,000. Subsequent to year end the Organization increased the coverage to \$2,000,000.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2004

NOTE 9 - MANAGEMENT AGREEMENT

TLCCVB entered into a management agreement late in 2001 with the Board of Lucas County Commissioners to manage Lucas County owned parking lots for an annual fee that increases 4% every year through 2011, with the fee to be received by March 1st. The fee is being paid to TLCCVB to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. Management income for 2004 was \$75,712 and is included in parking revenue.

The parking receipts from these lots are to replace the receipts from the lots lost for construction of a new ballpark. Stated in the agreement is a clause that if net parking receipts are less than \$50,000 annually, then the owner will pay the balance up to \$50,000 to TLCCVB. Conversely, if net parking receipts exceed \$50,000, the first \$15,000 will be kept by the manager for a restricted capital reserve account for the lots. Any excess over the \$15,000 will be allocated 40% to TLCCVB and 60% to the owner. Net parking receipts for 2004 were \$63,133.

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures* were adopted by the Organization effective January 1, 2004.

GASB 34 creates new basic financial statements for reporting on the Organization's financial activities. The financial statements now include a statement of net assets, statement of revenues, expenses, and changes in net assets, and a statement of cash flows all prepared on the accrual basis of accounting.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

To the Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.
Toledo, Ohio

We have audited the statement of net assets of Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit, Greater Toledo Convention and Visitors Bureau (Collectively "Organization"), as December 31, 2004 and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated April 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Organization'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization'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 a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Organization in a separate letter dated April 20, 2005.

To the Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.

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

Weber O'Brien Ltd.

April 20, 2005



**Auditor of State
Betty Montgomery**

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TOLEDO – LUCAS COUNTY CONVENTION AND VISITORS BUREAU

LUCAS 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 28, 2005**