



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Financial Position As of December 31, 2006 and 2005	3
Statement of Activities For the Year Ended December 31, 2006 and 2005.....	4
Statement of Cash Flows For the Year Ended December 31, 2006 and 2005.....	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

|

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying Statement of Financial Position of the Lima/Allen County Convention and Visitors Bureau, Allen County, (The Bureau), as of and for the years ended December 31, 2006 and 2005, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lima/Allen County Convention and Visitors Bureau, Allen County, as of December 31, 2006 and 2005, and the respective changes 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 November 5, 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 did 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 5, 2007

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

This page intentionally left blank.

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

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006 AND 2005**

Assets	2006	2005
Current Assets:		
Cash and Cash Equivalents	\$590,020	\$532,270
Accounts Receivable - Other	84,432	76,768
Prepaid Expenses	500	500
Total Current Assets	674,952	609,538
Property and Equipment		
Furniture & Equipment	26,266	18,991
Less Accumulated Depreciation	(18,449)	(17,531)
Total Property and Equipment	7,817	1,460
Other Assets:		
Deposit - OBWC	94	94
Total Other Assets	94	94
Total Assets	682,863	611,092
Liabilities and Net Assets		
Current Liabilities:		
Due to LACC	2,742	2,786
Accounts Payable	835	833
Account Payable - Allen County Commissioners	39,403	35,971
Other Payables	19,349	16,912
Sales Tax Collected	24	31
EBP - 401K	523	576
Accrued Payroll	5,262	4,758
Accrued Accounting Fees	2,000	2,000
Total Current Liabilities	70,138	63,867
Net Assets		
Unrestricted	379,798	344,491
Board designated for capital improvements (Note 1.F)	232,927	202,734
Total Net Assets - Unrestricted	612,725	547,225
Total Liabilities and Net Assets	\$682,863	\$611,092

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 YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
Changes in unrestricted net assets:		
Revenue:		
TIC - Sale of Materials	\$651	\$582
Advertising	40,975	
American Township	6,787	9,289
Bath Township	41,018	34,966
City Lima	72,726	67,091
Perry Township	94,527	88,280
Allen County	394,037	359,707
Interest Income	12,318	7,837
Total Revenue	663,039	567,752
Expenses		
Wages and Benefits	175,725	162,682
Buildings and Services	18,793	18,793
Total Expenses	194,518	181,475
Project Expenses		
Civic Center	143,824	131,293
Allen County Commissioners -Civic Center Expansion	39,404	35,971
City Civic Center Expansion	39,211	40,965
Special Events	8,397	6,714
Publications	43,718	3,453
TIC	4,896	5,163
Miscellaneous Projects/Downtown	10,000	5,000
Additional Downtown Support		5,000
Marketing Grant	1,750	3,950
Retention Grant	10,000	
Square Fair	5,000	5,000
Total Project Expenses	306,200	242,509
Other Expenses		
Advertising	30,637	27,964
Auto and Travel	5,218	6,760
Professional Fees	9,982	15,582
Postage	5,050	4,678
Printing	5,016	4,513
Office Supplies	2,568	2,507
Computer Expenses	2,152	2,639
Staff Education/Sear	525	1,291
Business Promotions	7,818	5,366
Telephone	5,303	4,893
Depreciation	1,213	1,610
Dues/Subscriptions	5,502	4,179
Meeting/Conferences	5,153	5,329
Miscellaneous Expenses	2,672	2,366
Shared Services	4,765	5,138
Insurance	3,062	3,462
Equipment Rental	185	148
Total Other Expenses	96,821	98,425
Increase in Net Assets	65,500	45,343
Net Assets, beginning of period	547,225	501,882
Net Assets, end of period	\$612,725	\$547,225

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 YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
Cash Flows From Operating Activities:		
Change in Net Assets	\$65,500	\$45,343
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,213	1,610
Changes in operating assets and liabilities:		
(Increase)/Decrease in accounts receivable	(7,664)	
(Increase)/Decrease in prepaids		(500)
Increase/(Decrease) in accounts payable	5,820	1,912
Increase/(Decrease) in accrued payroll and other expenses	451	1,075
Total Adjustments	(180)	4,097
Net Cash Provided by Operating Activities	65,320	49,440
Net Cash used for Capital Activities		
Furniture and Equipment	(7,570)	(799)
Net Increase in cash and cash equivalents	57,750	48,641
Cash and cash equivalents at beginning of year	532,270	483,629
Cash and cash equivalents at end of year	\$ 590,020	\$532,270

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

This page intentionally left blank.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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, pursuant to the laws of the State of Ohio in accordance with Chapter 1702.01, et seq. of the Ohio Revised Code, as a private, not-for-profit organization. The Bureau is exempt from federal taxes under Section 501(C)(6) of the Internal Revenue Code.

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). 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 temporarily restricted or permanently restricted net assets.

C. Accounts Receivable

The Bureau considers accounts receivable to be fully collectible. If amounts become uncollectible, they are charged to operations when that determination is made.

D. Cash and Cash Equivalents

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

E. Budgetary Process

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

F. Board Designated Net Assets

During 2006, the Bureau's Board of Directors designated \$30,193 for a reserve for capital improvements. During 2005, \$27,967 was so designated. The total board designated reserve for capital improvements at December 31, 2006 and 2005 is \$232,927 and \$202,734, respectively. (See Note 7)

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

G. Fixed Assets

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. Accounts Receivable

Accounts receivable reflect the Bureau's share of the subsequent two months' hotel/motel taxes which were collected by Allen County, Bath Township, American Township and Perry Township. The City of Lima collected lodging taxes for the fourth quarter of 2006 and 2005 which were not remitted to the Bureau until February of 2007 and 2006.

J. Prepaid Items

Payments made for services that will benefit periods beyond December 31, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are used.

K. Other Payables

The Bureau passes along 36.5 percent of what it receives from Allen County in hotel/motel taxes to the Veteran's Memorial 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 Commissioner's office to help pay for the Civic Center Expansion project. Additionally, they return all monies paid to them by the new hotel on a monthly basis, in order to pay for the expansion project.

L. 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 2006 and 2005 were \$7,398 and \$7,392, respectively.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

M. 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.

2. EQUITY IN POOLED CASH

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

	2006	2005
Demand deposits	\$495,641	\$440,959
Certificates of deposit	94,379	91,311
Total deposits	\$590,020	\$532,270

Deposits: The bank balances at December 31 were \$603,805 and \$560,187 for 2006 and 2005, respectively. These 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, 2006 and 2005 was as follows:

2006 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$578,900	\$663,039	\$84,139

2006 Budgeted vs. Actual Expenditures		
Budgeted Expenditures	Actual Expenditures	Variance
\$594,900	\$597,539	(\$2,639)

2005 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$523,436	\$567,752	\$44,316

2005 Budgeted vs. Actual Expenditures		
Budgeted Expenditures	Actual Expenditures	Variance
\$527,658	\$522,409	\$5,249

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. FURNITURE AND EQUIPMENT

	<u>2006</u>	<u>2005</u>
Furniture and Equipment	\$26,266	\$18,991
Accumulated depreciation	(18,449)	(17,531)
Net Assets	<u>\$ 7,817</u>	<u>\$ 1,460</u>

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 not more than 28 percent of the Chamber's actual expense related to providing such facility. The final lease rental payment for this lease is due during the year 2008.

6. RISK MANAGEMENT:

The Bureau has obtained commercial insurance for the following risks:

- General liability
- Property Coverage
- Public Officials Liability

7. RESTRICTED NET ASSETS:

The Bureau has no temporarily restricted net assets with a time restriction, or permanently restricted net assets.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Trustees:

We have audited the financial statements of the Lima/Allen County Convention and Visitors Bureau (the Bureau), Allen County, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated November 5, 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we have not opined 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 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 Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Bureau's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Bureau's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

However, we noted certain matters that we reported to the Bureau's management in a separate letter dated November 5, 2007.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 5, 2007



Mary Taylor, CPA
Auditor of State

LIMA/ALLEN SCIENCE AND TECHNOLOGY CAMPUS CORPORATION

FRANKLIN 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
DECEMBER 6, 2007**