

Financial Statements
and
Independent Auditors' Report

**ERIE COUNTY VISITORS AND
CONVENTION BUREAU, INC.**

September 30, 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Erie County Visitors and Convention Bureau, Inc.
4424 Milan Road, Suite A
Sandusky, Ohio 44870-5838

We have reviewed the *Independent Auditors' Report* of the Erie County Visitors and Convention Bureau, Inc., prepared by Kraus, Hanck & Co., for the audit period October 1, 2006 through September 30, 2007. 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 Erie County Visitors and Convention Bureau, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 12, 2008

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Erie County Visitors and Convention Bureau, Inc.

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November 28, 2007

INDEPENDENT AUDITORS' REPORT

**Erie County Visitors and
Convention Bureau, Inc.**

4424 Milan Road, Suite A
Sandusky, Ohio 44870-5838

To the Board of Trustees:

We have audited the accompanying statement of financial position of the **Erie County Visitors and Convention Bureau, Inc.** (an Ohio nonprofit corporation), as of September 30, 2007, and the related statements 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 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 **Erie County Visitors and Convention Bureau, Inc.** as of September 30, 2007, and the changes in its net assets and its cash flows for the year 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 28, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of expressing an opinion on the basic financial statements taken as a whole. The Schedule of Allocated Program and Supporting Services Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Certified Public Accountants

STATEMENT OF FINANCIAL POSITION
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
 September 30, 2007
 With Comparative Totals at September 30, 2006

<u>ASSETS</u>	Unrestricted	Temporarily Restricted	<u>Total Memo</u>	
			2007	2006
Current Assets				
Cash and cash equivalents	\$ 244,529	\$ 111,067	\$ 355,596	\$ 352,282
Investments	580	- 0 -	580	767
Intergovernmental receivable – Erie County	76,277	- 0 -	76,277	- 0 -
Accounts receivable	85,267	- 0 -	85,267	96,392
Interclass receivable (payable)	- 0 -	- 0 -	- 0 -	- 0 -
Prepaid expenses	<u>5,302</u>	<u>- 0 -</u>	<u>5,302</u>	<u>4,450</u>
Total Current Assets	411,955	111,067	523,022	453,891
Property and equipment – net	41,697	- 0 -	41,697	29,534
Other Assets				
Deposits	<u>297</u>	<u>- 0 -</u>	<u>297</u>	<u>297</u>
Total Assets	<u>453,949</u>	<u>111,067</u>	<u>565,016</u>	<u>483,722</u>
 <u>LIABILITIES AND NET ASSETS</u> 				
Current Liabilities				
Accounts payable	\$ 6,683	\$ - 0 -	\$ 6,683	\$ 14,263
Salaries and wages payable	8,479	- 0 -	8,479	7,481
Payroll taxes, including employee withholding	3,999	- 0 -	3,999	5,598
Deferred revenue	- 0 -	- 0 -	- 0 -	- 0 -
Capital lease payable – current	<u>5,781</u>	<u>- 0 -</u>	<u>5,781</u>	<u>- 0 -</u>
Total Current Liabilities	24,942	- 0 -	24,942	27,342
Long-term Liabilities				
Capital lease payable	<u>6,416</u>	<u>- 0 -</u>	<u>6,416</u>	<u>- 0 -</u>
Total Liabilities	31,358	- 0 -	31,358	27,342
Net Assets				
Unrestricted Net Assets	422,591	- 0 -	422,591	336,709
Temporarily Restricted Net Assets	<u>- 0 -</u>	<u>111,067</u>	<u>111,067</u>	<u>119,671</u>
Total Net Assets	<u>422,591</u>	<u>111,067</u>	<u>533,658</u>	<u>456,380</u>
Total Liabilities and Net Assets	<u>453,949</u>	<u>111,067</u>	<u>565,016</u>	<u>483,722</u>

See accompanying notes to the financial statements.

STATEMENT OF ACTIVITIES
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
 For the Year Ended September 30, 2007
 With Comparative Totals for the Year Ended September 30, 2006

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total Memo</u>	
			<u>2007</u>	<u>2006</u>
Support & Revenue				
Erie County funding	\$ 925,592	\$ 857,500	\$ 1,783,092	\$ 2,321,532
Advertising revenue	310,310	- 0 -	310,310	418,331
Investment income	14,967	- 0 -	14,967	6,723
Gain (loss) on sale of assets	- 0 -	- 0 -	- 0 -	- 0 -
Other revenues	- 0 -	- 0 -	- 0 -	- 0 -
Satisfaction of Restrictions	<u>866,104</u>	(<u>866,104</u>)	<u>- 0 -</u>	<u>- 0 -</u>
 Total Support & Revenue	 2,116,973	 (8,604)	 2,108,369	 2,746,586
 Expenses				
Program services	1,816,784	- 0 -	1,816,784	2,298,540
Supporting services	<u>214,307</u>	<u>- 0 -</u>	<u>214,307</u>	<u>203,459</u>
 Total Expenses and Losses	 <u>2,031,091</u>	 <u>- 0 -</u>	 <u>2,031,091</u>	 <u>2,501,999</u>
 Change in net assets	 85,882	 (8,604)	 77,278	 244,587
 Net assets, beginning of year	 <u>336,709</u>	 <u>119,671</u>	 <u>456,380</u>	 <u>211,793</u>
 Net assets, end of year	 <u>422,591</u>	 <u>111,067</u>	 <u>533,658</u>	 <u>456,380</u>

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
 For the Year Ended September 30, 2007
 With Comparative Totals for the Year Ended September 30, 2006

	<u>2007</u>	<u>2006</u>
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ 77,278	\$ 244,587
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	18,176	10,686
Loss (gain) on sale of investments	(15)	- 0 -
Unrealized (gain) loss on investments	(70)	(71)
(Increase) decrease in accounts receivable	(65,152)	(7,815)
(Increase) decrease in prepaid expenses	(852)	71,238
Increase (decrease) in accounts payable	(7,580)	(106,672)
Increase (decrease) in accrued salaries and wages	998	742
Increase (decrease) in accrued payroll taxes	(1,599)	<u>753</u>
Net cash provided (used) by operating activities	<u>21,184</u>	<u>213,448</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of equipment	(30,339)	(3,166)
Net sale (purchase) of mutual funds investments	<u>272</u>	(6)
Net cash provided (used) by investing activities	(<u>30,067</u>)	(<u>3,172</u>)
<u>Cash Flows from Financing Activities:</u>		
Proceeds from capital leases	17,396	- 0 -
Payments on capital leases	(<u>5,199</u>)	<u>- 0 -</u>
Net cash provided (used) by financing activities	<u>12,197</u>	<u>- 0 -</u>
 Net increase (decrease) in cash and cash equivalents	 3,314	 210,276
 Cash and cash equivalents, beginning of year	 <u>352,282</u>	 <u>142,006</u>
 Cash and cash equivalents, end of year	 <u>355,596</u>	 <u>352,282</u>

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
September 30, 2007

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

Organization and Nature of Activities

The **Erie County Visitors and Convention Bureau, Inc.** (the **Bureau**) is an Ohio not-for-profit corporation formed to encourage economic development of Erie County, Ohio through promotion of tourism and to encourage and promote, through advertisement and other educational and informational means, travel to and visitation in Erie County, Ohio by nonresidents, for pleasure, business and other purposes.

The **Bureau** is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(6). In addition, the **Bureau** has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the **Bureau** and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the **Bureau** or by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. Currently the **Bureau** has no permanently restricted net assets.

Donations

Donations are recorded as unrestricted unless specifically restricted by the donor.

See independent auditors’ report.

NOTES TO FINANCIAL STATEMENTS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
 September 30, 2007

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES (Continued)

Donated Noncash Assets

Donated noncash assets, are recorded as contributions at their estimated fair values at the time of receipt.

Donated Services

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

Revenue Recognition

Advertising revenue is recognized in the period in which the advertising is provided. Advertising revenue received in advance of the period that it is provided is recorded as deferred revenue.

Advertising

Advertising costs are expensed as incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the **Bureau** considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The following is a summary of cash and cash equivalents at September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Petty cash on hand	\$ 128	\$ 128
Cash on deposit at banks	72,067	197,799
Certificates of deposit	10,172	- 0 -
Money market funds	<u>273,229</u>	<u>154,355</u>
Total	<u>355,596</u>	<u>352,282</u>

See independent auditors' report.

NOTES TO FINANCIAL STATEMENTS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
 September 30, 2007

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

The financial information included for the year ended September 30, 2006 is presented in total but not by class or function. This information is presented for comparative purposes and is not intended to be a complete financial presentation. Accordingly, such information should be read in conjunction with the September 30, 2006 financial statements from which this information was derived.

NOTE 2 – RESTRICTIONS ON ASSETS

The **Bureau** reports contributions of cash or other assets as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a temporary donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of restrictions.

Temporarily restricted net assets at September 30, 2007 and 2006 are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Promoting Local Arts & Cultural Institutions	\$ 101,067	\$ 109,671
Feasibility Study	<u>10,000</u>	<u>10,000</u>
Total	<u>111,067</u>	<u>119,671</u>

See independent auditors' report.

NOTES TO FINANCIAL STATEMENTS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
September 30, 2007

NOTE 3 – INVESTMENTS

Investments are recorded at their fair values on the statement of financial position. Income from investments, including changes in fair values, are recorded in the statement of activities.

The following is a summary of investments at September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Mutual Funds	\$ <u>580</u>	\$ <u>767</u>

Income from investments consisted of the following for the years ended September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Dividend Income	\$ 5	\$ 6
Unrealized Gain (Loss)	70	71
Realized Gain (Loss)	<u>15</u>	<u>- 0 -</u>
Total Income from Investments	90	77
Interest Income from Cash and Cash Equivalents	<u>14,877</u>	<u>6,646</u>
Total Investment Income	<u>14,967</u>	<u>6,723</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable includes advertising fees and is carried at their estimated collectable amounts. Trade credit is generally extended on a short-term basis; thus trade accounts receivable do not bear interest, although finance charges may be applied to past due receivables. Trade accounts receivable are periodically evaluated for collectability. An allowance for doubtful accounts receivable is determined on the basis of loss experience, known and inherent risks, and current economic conditions. Trade accounts receivable deemed to be uncollectible are charged against the allowance for doubtful accounts when such receivables are deemed to be uncollectible.

The following is a summary of accounts receivable at September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Trade accounts receivable	\$ 85,267	\$ 96,392
Allowance for doubtful accounts receivable	<u>- 0 -</u>	<u>- 0 -</u>
Net Accounts Receivable	<u>85,267</u>	<u>96,392</u>

Intergovernmental receivable – Erie County represents the unremitted portion of the bed tax collected during the year.

See independent auditors' report.

NOTES TO FINANCIAL STATEMENTS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
September 30, 2007

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost or at estimated fair value at date of gift. Expenditures which increase useful lives are capitalized while maintenance and repairs are charged to expense. Assets are depreciated over their estimated useful lives using the straight-line method.

The following is a summary of property and equipment at September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Furniture and fixtures	\$ 76,584	\$ 53,003
Leasehold improvements	21,937	21,937
Vehicles	<u>23,574</u>	<u>23,574</u>
Total	122,095	98,514
Less: Accumulated depreciation	<u>(80,398)</u>	<u>(68,980)</u>
Net Property and Equipment	<u>41,697</u>	<u>29,534</u>

NOTE 6 – OPERATING LEASES

The **Bureau** leases office equipment under a noncancellable operating lease that expires in 2011. Total rent expense under all equipment leases for the years ended September 30, 2007 and 2006 was \$4,752 and \$4,689, respectively.

The **Bureau** leases its facility under a ten-year non-cancelable operating lease that expires in 2018. The lease provides for rent, payable monthly, at an amount adjusted annually for changes in the consumer price index. The lease also requires the **Bureau** to pay a portion of common area costs. The lease agreement grants the **Bureau** options to renew the lease for additional five-year terms. Total building rent expense for the years ended September 30, 2007 and 2006 was \$58,829 and \$54,946, respectively.

Future minimum lease payments plus common area costs under non-cancelable operating leases with remaining terms in excess of one year as of September 30, 2007 for each of the next five years and in the aggregate are:

2008	\$ 62,498
2009	77,100
2010	77,100
2011	76,469
2012	75,837
Subsequent to 2012	<u>360,227</u>
Total	<u>729,231</u>

See independent auditors' report.

NOTES TO FINANCIAL STATEMENTS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
September 30, 2007

NOTE 7 – CAPITAL LEASES

The **Bureau** leases a copier and computer work stations under capital leases expiring in 2010. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Minimum future lease payments under capital leases as of September 30, 2007 are as follows:

2008	\$ 6,157
2009 to 2012	6,564
Subsequent to 2012	<u>- 0 -</u>
Total	12,721
Less: Amount representing interest	(<u> 524</u>)
Present Value of Minimum Future Lease Payments	<u>12,197</u>

The following is a summary of property held under capital leases at September 30, 2007 and 2006:

	2007	2006
Copier	\$ 10,510	\$ - 0 -
Computer work stations	<u>6,886</u>	<u>- 0 -</u>
Total	17,396	- 0 -
Less: Accumulated depreciation	(<u>4,933</u>)	<u>- 0 -</u>
Net Property Held under Capital Leases	<u>12,463</u>	<u>- 0 -</u>

NOTE 8 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Program services consist of travel and tourism promotion. The **Bureau** encourages and stimulates interest in Erie County, Ohio through advertisement and other educational and informational means. It fosters knowledge of and facilitates participation in travel to Erie County through the publication and distribution of the **Bureau's** publication, *Lake Erie Shores & Islands*.

Supporting services consist of general and management services. These services include the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the **Bureau's** program strategy through the Executive Director, secure proper administrative functioning of the Board of Directors and manage the financial and budgetary responsibility of the **Bureau**.

See independent auditors' report.

NOTES TO FINANCIAL STATEMENTS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
September 30, 2007

NOTE 9 – RETIREMENT PLAN

The **Bureau** sponsors a defined contribution pension plan. During the years ended September 30, 2007 and 2006, the **Bureau's** contribution to the plan totaled \$4,311 and \$4,125, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

Several of the **Bureau's** Trustees are related to companies that collect a portion of the bed tax that supports the **Bureau**. These same companies purchase advertising services from the **Bureau** and benefit from other promotional activities of the **Bureau**.

NOTE 11 – SUPPORT AND REVENUE – CONCENTRATION

The **Bureau** receives the majority of its support from Erie County, Ohio. Under agreements with Erie County, Ohio, the **Bureau** is the sole recipient of a 1% County hotel lodging excise tax and receives a portion of a second 1% hotel lodging excise tax. For the years ended September 30, 2007 and 2006, the amount of support from these taxes was \$1,783,092 and \$2,321,532, respectively. Because a majority of the **Bureau's** support is from these taxes, any unanticipated loss of these taxes could adversely affect operations.

NOTES TO FINANCIAL STATEMENTS
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
September 30, 2007

NOTE 12 – OTHER INFORMATION

During November 1996, the Board of County Commissioners of Erie County authorized an additional 1% countywide lodging excise tax to be used to defray the local share debt of approximately \$4,350,000, plus interest, needed for the U. S. Route 250 Project. This additional tax will be in effect until such time as the local share debt, plus interest, is repaid by the County to the State of Ohio, Department of Transportation. The **Bureau** has agreed to act as a conduit in order that the additional tax may be used for this purpose. The **Bureau's** responsibility in this arrangement is to remit the additional 1% tax to the County in order for them to pay the local share debt of this project. The **Bureau** is not indebted for this project and this arrangement is not expected to affect the normal operations of the **Bureau**.

The following is a summary of the local share debt during the years ended September 30, 2007 and 2006:

4-30-05 Balance of Local Share Debt	\$ 4,350,000
Principal Payment remitted June 2005	<u>(2,000,000)</u>
9-30-05 Balance of Local Share Debt	2,350,000
Principal Payment remitted June 2006	<u>(1,200,000)</u>
9-30-06 Balance of Local Share Debt	1,150,000
Principal Payment remitted June 2007	<u>(700,000)</u>
9-30-07 Balance of Local Share Debt	<u>450,000</u>

See independent auditors' report.

SCHEDULE OF ALLOCATED PROGRAM AND SUPPORTING SERVICES EXPENSES
ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.
 For the Year Ended September 30, 2007
 With Comparative Totals for the Year Ended September 30, 2006

	<u>Program Services</u>	<u>Supporting Services</u>	<u>2007 Total</u>	<u>2006 Total</u>
Tourism promotion (ODOT)	\$ 757,500	\$ - 0 -	\$ 757,500	\$ 1,278,725
Printing and publications	272,634	- 0 -	272,634	225,454
Advertising and promotions	538,758	- 0 -	538,758	549,956
Postage and shipping	33,171	3,686	36,857	58,876
Salaries and wages	170,792	55,828	226,620	202,509
Payroll taxes	16,478	2,354	18,832	16,811
Employee benefits	15,224	2,396	17,620	13,827
Bad debt expense	- 0 -	3,720	3,720	15,125
Office supplies and expense	7,283	- 0 -	7,283	7,638
Equipment rent and maintenance	4,944	10,039	14,983	12,834
Occupancy	- 0 -	65,238	65,238	60,939
Telephone	- 0 -	17,288	17,288	17,224
Depreciation	- 0 -	18,176	18,176	10,686
Professional fees	- 0 -	9,523	9,523	9,399
Seminars and meetings	- 0 -	10,888	10,888	9,349
Insurance	- 0 -	4,179	4,179	4,538
Dues and subscriptions	- 0 -	5,257	5,257	4,374
Travel expenses	- 0 -	5,172	5,172	3,686
Interest	- 0 -	563	563	49
Miscellaneous	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
 Total Expenses	 <u>1,816,784</u>	 <u>214,307</u>	 <u>2,031,091</u>	 <u>2,501,999</u>

See independent auditors' report.

KRAUS, HANCK & CO.

CERTIFIED PUBLIC ACCOUNTANTS

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November 28, 2007

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**Erie County Visitors and
Convention Bureau, Inc.**
4424 Milan Road, Suite A
Sandusky, Ohio 44870-5838

To the Board of Trustees:

We have audited the financial statements of the **Erie County Visitors and Convention Bureau, Inc. (Bureau)** as of and for the year ended September 30, 2007, and have issued our report thereon dated November 28, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

**Erie County Visitors and
Convention Bureau, Inc.**
November 28, 2007

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Bureau's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information 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.


Certified Public Accountants



Mary Taylor, CPA
Auditor of State

ERIE COUNTY VISITORS AND CONVENTION BUREAU, INC.

ERIE 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
MARCH 6, 2008**