

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.
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We have reviewed the Independent Auditor's Report of the Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, prepared by William Vaughan Company, for the audit period January 1, 2001 to December 31, 2001. 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.

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JIM PETRO
Auditor of State

June, 7, 2002

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REPORT OF INDEPENDENT AUDITORS'

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

We have audited the accompanying consolidated balance sheets of Toledo-Lucas County Convention and Visitors Bureau, Inc. and Affiliate (the Bureau) as of December 31, 2001 and 2000 and the related consolidated statements of revenues, expenses, and changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toledo-Lucas County Convention and Visitors Bureau, Inc. and Affiliate at December 31, 2001 and 2000, and the consolidated results of its operations 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 March 28, 2002 on our consideration of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and Affiliate's internal control 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.

William Vaughan Company

March 28, 2002

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
December 31, 2001 and 2000**

ASSETS

	2001	2000
Current assets		
Cash and cash equivalents (Note 1)	\$ 1,545,911	\$ 1,705,165
Restricted cash and cash equivalents (Note 2)	1,092,116	1,198,606
Receivables:		
Hotel/motel tax receipts	719,208	461,516
Trade and other (net of allowance of \$4,530 in 2001 and \$9,233 in 2000)	237,015	191,755
Total receivables	956,223	653,271
 Prepaid expenses	 22,532	 0
Total current assets	3,616,782	3,557,042
 Other assets		
Assets whose use is limited:		
Trustee held investments (Notes 1 and 2)	1,698,228	1,714,257
Unamortized bond discount and financing costs, less accumulated amortization of \$155,207 in 2001 and \$125,644 in 2000	406,498	436,061
Total other assets	2,104,726	2,150,318
 Property and equipment		
Convention center facilities	25,870,403	25,870,403
Equipment (Notes 1 and 5)	4,064,849	3,933,580
Deposit on software	0	84,230
Total cost	29,935,252	29,888,213
Less accumulated depreciation	16,745,915	15,603,893
Net property and equipment	13,189,337	14,284,320
Total assets	\$ 18,910,845	\$ 19,991,680

LIABILITIES AND FUND BALANCE

	2001	2000
Current liabilities		
Accounts payable	\$ 166,029	\$ 280,885
Accrued liabilities:		
Interest	229,566	242,986
Real estate taxes and special assessments	28,886	36,640
Payroll and related taxes	207,712	180,770
Sales tax	2,541	0
Total accrued liabilities	468,705	460,396
Security deposits	81,916	82,283
Current portion of deferred revenue	46,757	179,544
Current maturities of long-term debt (Notes 2 and 5)	785,821	754,596
Current maturities of capital lease obligations (Notes 2 and 5)	4,077	16,960
Total current liabilities	1,553,305	1,774,664
Deferred revenue	0	45,000
Long-term debt		
Fixed rate special revenue refunding bonds,		
Series 1996 (Note 2)	16,114,684	16,884,684
Note payable to bank (Note 2)	29,389	45,209
Note payable - noninterest bearing, due October 2010 (Note 2)	753,331	753,331
Capital lease obligations, varying amounts due annually through 2004 with interest of 7.5%	7,502	11,917
Total long-term debt	16,904,906	17,695,141
Total liabilities	18,458,211	19,514,805
Fund balance - unrestricted (Note 7)	452,634	476,875
Total liabilities and fund balance	\$ 18,910,845	\$ 19,991,680

The accompanying notes are an integral part of these financial statements.

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCE
For the Years Ended December 31, 2001 and 2000**

		<u>Unrestricted</u>	
		<u>2001</u>	<u>2000</u>
Revenues			
Hotel/motel tax receipts		\$ 3,755,568	\$ 3,783,366
Lucas County subsidy		250,000	250,000
City of Toledo grant		50,000	50,000
Earnings from sale of exclusive rights		50,325	65,000
Contributions - other		0	20,000
Convention facility		1,566,250	1,435,681
Parking, net of expenses (Note 8)		284,806	295,678
Interest		177,968	215,315
Membership dues		74,043	71,687
Cooperative projects		6,683	13,305
SAC subsidy		442,777	403,779
Other		12,199	10,306
Gain on sale of property and equipment		0	351
	Total revenues	<u>6,670,619</u>	<u>6,614,468</u>
Expenses			
Convention facility costs:			
Payroll and fringe benefits		2,269,125	1,987,732
Utilities		542,770	502,026
Supplies, maintenance and other		390,958	410,269
Security		201,826	158,038
Miscellaneous		50,555	49,471
	Total convention facility cost	<u>3,455,234</u>	<u>3,107,536</u>
Professional fees:			
Trustee		3,900	2,925
Legal/accounting		63,160	33,196
	Total professional fees	<u>67,060</u>	<u>36,121</u>
Depreciation		1,141,404	1,117,256
Interest and amortization of bond discount and financing costs		1,003,432	1,025,911
Real estate taxes and special assessments		24,988	36,640
Provision for losses on accounts receivable		(2,240)	2,600
Marketing and advertising		844,366	797,514
Insurance		124,229	114,636
Photography, printing and publications		69,140	47,081
Postage		54,888	39,419
Travel and entertainment		63,697	67,245
Dues, memberships and subscriptions		12,050	8,146
Building and equipment rent		154,049	175,990
Miscellaneous		50,555	46,457
Sales tax expense		11,275	6,028
Loss on demolition of parking lot		0	70,819
Less expenses reimbursed by The University of Toledo and other co-tenants		(379,267)	(319,080)
	Total expenses	<u>6,694,860</u>	<u>6,380,319</u>
	Excess of revenues over expenses (expenses over revenues)	<u>(24,241)</u>	<u>234,149</u>
Fund balance at beginning of year		476,875	242,726
Fund balance at end of year		<u>\$ 452,634</u>	<u>\$ 476,875</u>

The accompanying notes are an integral part of these financial statements.

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2001 and 2000**

	2001	2000
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	\$ (24,241)	\$ 234,149
Adjustments to reconcile excess of revenues over expenses (expenses over revenues) to net cash provided by operating activities:		
Depreciation	1,142,022	1,117,256
Net amortization of bond discount and financing costs	29,563	29,563
Allowance for doubtful accounts	(4,703)	(4,900)
Gain on sale of property and equipment	0	(351)
Loss on demolition of parking lot	0	70,819
 Changes in operating assets and liabilities:		
Accounts receivable	(298,249)	331,888
Prepaid expenses	(22,532)	6,427
Security deposits	(367)	47,662
Deferred revenue	(177,787)	111,573
Accounts payable, accrued and other liabilities	(106,547)	(38,046)
Net cash provided by operating activities	537,159	1,906,040
 Cash flows from investing activities		
Cash deposits into trustee-held investments and restricted cash equivalents	(2,474,435)	(3,041,092)
Cash withdrawals from trustee-held investments and restricted cash equivalents	2,596,954	2,552,878
Net cash provided by (used in) investing activities	122,519	(488,214)
 Cash flows from capital and related financing activities		
Repayments on long-term debt	(754,595)	(727,843)
Repayments of capital lease obligations	(17,298)	(1,207)
Purchases of property and equipment	(47,039)	(210,615)
Proceeds from sales of property and equipment	0	351
Net cash used in capital and related financing activities	(818,932)	(939,314)
 Increase (decrease) in cash	(159,254)	478,512
 Cash and cash equivalents at beginning of year	1,705,165	1,226,653
 Cash and cash equivalents at end of year	\$ 1,545,911	\$ 1,705,165
 Supplemental cash flow disclosures:		
Interest paid	\$ 955,228	\$ 990,450

Supplemental schedule of non-cash capital and related financing activities:

The Company had non-cash financing transactions relating to the acquisition of capital assets of \$0 in 2001 and \$17,025 in 2000.

The accompanying notes are an integral part of these financial statements.

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2001 and 2000**

Note 1 - Significant accounting policies

Basis of consolidation

The accompanying financial statements present the consolidated financial position and results of operations and cash flows of Toledo-Lucas County Convention and Visitors Bureau, Inc. (TLCCVB) and its affiliate, Greater Toledo Convention and Visitors Bureau (GTCVB). 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. As a result, as required by AICPA Statement of Position Number 94-3, GTCVB's financial statements have been consolidated with TLCCVB's financial statements. The consolidated entity is heretofore called "the Bureau."

Organization

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. GTCVB 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. The Bureau is supported primarily through hotel/motel taxes and subsidies from Lucas County. Approximately 60% and 61% of the Bureau's total revenues for 2001 and 2000 were derived from this source.

Basis of presentation

As provided by GASB Staff Paper "Applicability of GASB Standards" and the AICPA Audit and Accounting Guide for Not-For-Profit Organizations, the Bureau is classified as a governmental not-for-profit entity because government officials appoint or approve the appointment of a controlling majority of the Bureau's officers. Consequently, the Bureau is permitted by these guides to continue the application of fund accounting and reporting standards under SOP 78-10, which has been superseded by the AICPA Audit and Accounting Guide *Not-for-Profit Organizations*.

The accounting policies followed by the Bureau under the AICPA Audit and Accounting Guide *Not-for-Profit Organizations*, and the methods of applying those policies which materially affect the determination of financial position, results of operations, and cash flows of general funds are summarized below.

Fund accounting

The accounts of the Bureau are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements the unrestricted fund is used to account for all the Bureau's resources, since the governing board has discretionary control over all such resources.

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2001 and 2000**

Note 1 - Significant accounting policies - Continued

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue

A hotel/motel tax of three percent is levied by Lucas County, Ohio and an additional three percent is levied by the City of Toledo; these taxes are collected by the County and distributed as revenue to TLCCVB. Effective September, 1997, a one percent 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 one and a half percent through June, 1998, and two percent thereafter. This revenue is recognized in the period in which the underlying hotel/motel tax revenue is generated. Approximately 56% and 57% of the Bureau's total revenues for 2001 and 2000 were derived from this source. Accounts receivable from this source are considered to be fully collectible; accordingly, no allowance for uncollectible accounts is required.

Cash and cash equivalents

All highly liquid investments with initial maturities of three months or less are considered to be cash equivalents. The excess of annual hotel/motel tax receipts over certain nonoperating expenses is restricted primarily for debt service payments.

Furthermore, the Bureau's short-term investments (shown under restricted cash and cash equivalents on the accompanying balance sheets) held at such financial institutions aggregated to \$1,092,116 and \$1,198,606 at December 31, 2001 and 2000, respectively. These balances are not insured by the Federal Deposit Insurance Corporation. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

Property and equipment

Property and equipment are recorded at cost or fair value if acquired by donation. Depreciation is computed by the straight-line method based upon estimated useful lives of the assets. Costs incurred to maintain the properties are charged to expense.

Unamortized bond discount and financing costs

Bond discount and related bond financing costs are amortized over the life of the related indebtedness on the straight-line basis.

Assets whose use is limited

Certain funds are held and controlled by a trustee for the retirement of the outstanding revenue bonds. These assets have been classified as noncurrent since the fund is to be maintained until the bonds are repaid.

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2001 and 2000**

Note 1 - Significant accounting policies - Continued

Income taxes

The Bureau is incorporated under the laws of the State of Ohio as a not-for-profit corporation and is 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 the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Unrelated business income is immaterial. Accordingly, no provision for federal income taxes has been made in the accompanying consolidated financial statements.

Investments

The Bureau carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated balance sheets. Unrealized and realized gains and losses are included in the consolidated statements of revenues, expenses and changes in fund balance.

Grant revenue

Toledo-Lucas County Convention and Visitors Bureau, Inc.'s affiliate, GTCVB, receives a grant from the City of Toledo. Grant revenue is recognized in the period in which the related expenditures are incurred.

Advertising, marketing and promotion

Advertising, marketing and promotion costs are charged to operations when incurred. Advertising, marketing and promotion expense for 2001 and 2000 was \$844,365 and \$797,514, respectively.

Deferred revenue

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

Reclassification

Certain reclassifications have been made to the 2000 balance sheet, statement of revenues, expenses and changes in fund balance, and statement of cash flows to conform to the 2001 presentation.

Note 2 - Long-term debt

During 1996 the Bureau 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. A non-interest bearing obligation on the 1991 Variable Rate Demand and Special Revenue bond of \$753,331 still exists and is payable in October, 2010.

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 a yearly basis. The interest rate on the Series 1996 Bonds range from 3.8% - 5.70% through 2015. Annual principal retirements are payable October 1 of each year.

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2001 and 2000**

Note 2 - Long-term debt - Continued

The Bureau 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, held by the trustee for debt service payments on the Series 1996 Bonds. The Bureau agreed, among other things, to not 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 cash and cash equivalents and are classified in the balance sheets as trustee-held funds.

In 1999, the Bureau borrowed \$77,500 from Mid Am Bank for building improvements. Monthly installments of \$1,576, including interest at 8% are due through August 2004.

Maturities of long-term debt (including capital lease commitments detailed in Note 5):

<u>Year ending December 31,</u>	<u>Amount</u>
2002	\$ 789,898
2003	831,784
2004	860,106
2005	890,000
2006	930,000
Thereafter	13,393,331
Total	<u>\$ 17,695,119</u>

Note 3 - Related party transactions

The Bureau, 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 Bureau.

The Bureau retains a law firm of which a Trustee of the Bureau is a partner. The Bureau incurred fees from this firm amounting to \$19,802 and \$8,236 in 2001 and 2000, respectively.

Note 4 - Pension plan

The Bureau has a defined contribution retirement plan for all eligible employees, created under the authority of a resolution of the governing board. Under the provisions of the three plans, the Toledo-Lucas County Convention & Visitors Bureau, Inc. salaried employees retirement plan, the Toledo-Lucas County Convention & Visitors Bureau, Inc. hourly employees retirement plan and the Greater Toledo Convention and Visitors Bureau, Inc. 401(k) plan, the Bureau contributes an amount equal to 4% of employees' compensation. In addition, the Bureau makes a matching contribution at a rate of 75% of employee contributions up to a maximum of 1% of gross salary. Employee contributions to the plans during 2001 and 2000 were \$78,287 and \$72,027, respectively. Pension expense for 2001 and 2000 was \$60,721 and \$58,440, respectively.

Note 5 - Leasing transactions

The Bureau leases certain setup equipment and meeting room space from the University of Toledo on an as needed basis. Rentals during 2001 and 2000 were \$154,049 and \$175,990, respectively.

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2001 and 2000**

Note 5 - Leasing transactions - Continued

The Bureau also leases certain equipment under capital leases. The annual payments on the \$350,000 obligation are funded through receipts of cash from various advertising, parking receipts and other sponsors. The advertising sponsors are contractually obligated to support the obligation for \$350,000 of certain leased equipment through 2001. Advance annual payments made through 2001 ranged from \$89,000 to \$10,000 per year including interest at 14.70%. Other equipment leased under capital leases include garage equipment and a copier. The garage equipment lease required monthly payments of \$971, including interest at 14.58% through April 2001. The copier lease extends through August, 2004 and requires monthly payments of \$412 including interest at 7.49%. The equipment under capital lease obligations is included in property and equipment at December 31, 2001 and 2000 as follows:

	2001	2000
Equipment	\$ 407,424	\$ 407,424
Less accumulated amortization	383,329	347,611
Net equipment	\$ 24,095	\$ 59,813

Future minimum payments, by year and in the aggregate, under the capitalized leases consist of the following:

Year ending December 31,	Amount
2002	\$ 4,944
2003	4,944
2004	2,884
Total minimum lease payments	12,772
Less: amount representing interest	1,193
Present value of minimum lease payments	\$ 11,579

Note 6 - Management agreement

The Bureau entered into a management agreement late in 2001 with the Board of Lucas County Commissioners of Lucas County to manage Lucas County owned parking lots for an annual fee that increases 4% every year through 2011, the entire annual amount to be received annually by March 1. The fee is being paid to the Bureau to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. The parking receipts from these lots are to replace the receipts from the lots lost for construction of a new ball park, in which the Bureau has agreed to provide certain spaces for. Stated in the agreement is a clause that if parking receipts are less than \$50,000 annually, then the owner will pay the balance up to \$50,000 to the Bureau. Conversely, if 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 the Bureau, and 60% to the owner.

Note 7 - Board designated funds

The governing board has designated a fund for capital improvements and future debt payments related to the outstanding debt owed on the 1991 Variable Rate Demand and Special Revenue bond of \$753,331. The amount designated for these purposes is included in cash and cash equivalents on the balance sheets in the amount of \$83,165 and \$6,844 in 2001 and 2000, respectively.

**TOLEDO-LUCAS COUNTY CONVENTION AND
VISITORS BUREAU, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2001 and 2000**

Note 8 - Parking lot revenue

Revenue from parking lots managed is shown net of expenses on the consolidated statement of revenues, expenses, and changes in fund balance. Gross revenues were \$593,336 and \$639,767 in 2001 and 2000, respectively. Expenses netted with gross revenues amounted to \$308,530 and \$344,089 in 2001 and 2000, respectively.



**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**

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

We have audited the financial statements of Toledo-Lucas County Convention and Visitors Bureau, Inc. and Affiliate, (the Bureau) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Bureau in a separate letter dated March 28, 2002.

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

William Vaughan Company

March 28, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 25, 2002**