

**LAKE COUNTY VISITORS BUREAU  
EASTLAKE, OHIO**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2003**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Lake County Visitors Bureau  
35300 Vine Street, Suite A  
Eastlake, Ohio 44095

We have reviewed the Independent Auditor's Report of the Lake County Visitors Bureau, Lake County, prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2002 to December 31, 2003. 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 Lake County Visitors Bureau is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 5, 2004

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**LAKE COUNTY VISITORS BUREAU  
FINANCIAL STATEMENTS**

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## Independent Auditors' Report

To the Board of Trustees of  
Lake County Visitors Bureau  
35300 Vine Street, Suite A  
Eastlake, OH 44095

We have audited the accompanying statements of cash receipts, cash disbursements and changes in fund cash balances - general fund of Lake County Visitors Bureau, Lake County, Ohio (the "Bureau") as of and for the years ended December 31, 2003 and 2002. 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 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 the 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.

As discussed in the notes to the financial statements, the Bureau prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Lake County Visitors Bureau, Lake County, Ohio, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in the notes to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 7, 2004 on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Board of Trustees, management and Auditor of the State of Ohio and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended and should not be used by anyone other than these specific parties.

*S.R. Snodgrass A.C.*

Mentor, Ohio  
May 7, 2004

**LAKE COUNTY VISITORS BUREAU  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	2003
<b>CASH RECEIPTS</b>	
Bed tax	\$ 553,188
Perch fest receipts	63,753
Dues	7,300
Interest income	1,075
Annual meeting	3,995
Miscellaneous receipts	470
Total cash receipts	629,781
<b>CASH DISBURSEMENTS</b>	
Administrative	
Salaries, fringes and taxes	132,067
Other	119,448
Programs	
Perch festival	96,506
Advertising	25,338
Association dues	3,875
Community awareness	7,809
Media and communications	5,473
Motorcoach market	3,744
Promotion	22,611
Shows and special events	21,491
Stadium bond expense	120,074
Total cash disbursements	558,436
Total cash receipts over cash disbursements	71,345
<b>CASH &amp; CASH INVESTMENTS, JANUARY 1, 2003</b>	174,498
<b>CASH &amp; CASH INVESTMENTS, DECEMBER 31, 2003</b>	\$ 245,843

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

**LAKE COUNTY VISITORS BUREAU  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	2002
<b>CASH RECEIPTS</b>	
Bed tax	\$ 313,456
Perch fest receipts	55,745
Dues	6,758
Interest income	960
Annual meeting	2,205
Miscellaneous receipts	1,300
Total cash receipts	380,424
 <b>CASH DISBURSEMENTS</b>	
Administrative	
Salaries, fringes and taxes	127,139
Other	94,343
Programs	
Perch festival	86,442
Advertising	28,845
Association dues	3,435
Community awareness	4,358
Media and communications	5,607
Motorcoach market	1,480
Promotion	25,817
Shows and special events	18,237
Total cash disbursements	395,703
Total cash disbursements over cash receipts	(15,279)
 <b>CASH &amp; CASH INVESTMENTS, JANUARY 1, 2002</b>	189,777
 <b>CASH &amp; CASH INVESTMENTS, DECEMBER 31, 2002</b>	\$ 174,498

The accompanying notes are integral part of the financial statements.

**LAKE COUNTY VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Entity** - The Lake County Visitors Bureau (the "Bureau"), a private non-profit corporation chartered to encourage economic development of Lake County, Ohio through the promotion of tourism by advertising, educational and informational means and public relations. The Bureau's support comes mainly from a hotel/motel bed tax, which is administered by Lake County. In addition, as a membership organization, the Bureau receives support from members' dues and volunteerism.

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

**Basis of Accounting** - In previous years, the Bureau prepared its financial statements in accordance with generally accepted accounting principles on the accrual basis of accounting. In 2002, the financial statements follow the cash receipts and disbursements basis of accounting, where receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of the State of Ohio.

**Cash and Investments** - Cash is held in interest bearing and non-interest bearing commercial checking accounts and a money market savings account. Investments are recorded at cost.

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**Financial Statement Presentation** - The Bureau reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Board has designated the investment account totaling \$ 76,509 as its building fund, being reserved for the purpose of building or acquiring its own offices at a future date. This amount is classified as a Board designated amount under unrestricted net assets.

Also, the Board has designated net assets totaling \$ 41,667 for art and cultural activities and \$ 20,000 for the City of Eastlake per an agreement. These amounts are also classified as Board designated amounts under unrestricted net assets.

**Budgetary Process** - The Bureau is not required to follow budgetary procedures as described by the Ohio Revised Code; however, the Bureau uses internal budgets for planning purposes, which it adopts annually.

**Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**Income Taxes** - The Bureau is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes.

**LAKE COUNTY VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**CASH AND CASH INVESTMENTS**

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

	<u>2003</u>	<u>2002</u>
Checking	\$ 68,635	\$ 32,243
Certificate of deposit	0	27,718
Savings	100,674	38,002
Petty cash	25	126
Total	<u>\$ 169,334</u>	<u>\$ 98,089</u>

Deposits are insured by the Federal Depository Insurance Corporation up to \$ 100,000.

In addition, as of December 31, 2003, the Bureau has invested in One Group Investor Growth & Income Fund where the dividends are recorded quarterly. The account is an unrestricted Board-designated asset for a building fund. The balance is as follows:

	<u>Book Value/ Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Depreciation</u>
December 31, 2002	\$ 76,409	\$ 34,082	\$ 42,327
December 31, 2003	\$ 76,509	\$ 42,881	\$ 33,628

Investments are recorded at cost, therefore, unrealized depreciation at December 31, 2003 and 2002 of \$ 33,628 and \$ 42,327, respectively, has not been recorded.

**BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and 2002 are as follows:

	<u>Budgeted vs. Actual Receipts</u>					
	<u>2003</u>			<u>2002</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General fund type	\$ 516,047	\$ 629,781	\$ 126,734	\$ 326,500	\$ 380,424	\$ 53,924

  

	<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>					
	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General fund type	\$ 426,550	\$ 558,436	\$(131,886)	\$ 345,867	\$ 395,703	\$ (49,836)

**HOTEL/MOTEL BED TAX**

Lake County provides funding to the Bureau by remitting collections from the County's hotel/motel bed tax.

**RISK MANAGEMENT**

The Bureau has obtained commercial insurance for general liability risks.

**LAKE COUNTY VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**OPERATING LEASE COMMITMENTS**

The Bureau had no written lease agreement for its office space for all of 2002 and the first three months of 2003. During this time, the Bureau paid \$ 1,303 per month for rent on a month-to-month basis. Effective April 1, 2003, the Bureau entered in to a lease agreement for office space with the City of Eastlake for \$ 300 per month for 27 months. The total office rent expense for 2003 and 2002 was \$ 7,912 and \$ 15,645, respectively.

The Bureau leased a copier for \$ 339 per month through September 30, 2003, at which time a new copier lease was incurred for 36 months at \$ 373 per month. The total copier lease expense for 2003 and 2002 was \$ 4,716 and \$ 5,645, respectively.

The Bureau began leasing a postage machine for \$ 443 per month on April 1, 2002. The total postage machine lease expense for 2003 and 2002 was \$ 6,519 and \$ 4,379, respectively.

The following is a schedule of future minimum lease payments required under the above-listed operating leases as of December 31, 2003:

2004	\$ 13,392
2005	13,392
2006	8,673
2007	3,987
2008 and thereafter	-
Total	<u>\$ 39,444</u>

**BOARD DESIGNATED FUNDS**

The Board has designated the investment account totaling \$ 76,509 as its building fund, being reserved for the purpose of building or acquiring its own offices at a future date.

The understanding that the Lake County Visitors Bureau's Board of Trustees has with the Lake County Commissioners is that as part of the bed tax increase, the Bureau Board would hold approximately \$ 100,000 annually to assist in the funding of art and cultural activities in Lake County. If the bed tax increase would yield less than the projected \$ 448,000 annually, then the \$ 100,000 would be decreased proportionally. The bed tax increase took effect June 1, 2003 and collections by the Bureau would be in August 2003. As of December 31, 2003, the total collected and held in reserve for this purpose was \$ 41,667.

**CITY OF EASTLAKE AGREEMENT**

On January 23, 2003 the Bureau entered into an agreement with the City of Eastlake to repay debt service on \$ 2,000,000 of the principal amount of the debt incurred by the City to build a ballpark. The money to make the payments would come from the increase in the bed tax effective June 1, 2003. The City and the Bureau agree that should the yield of the bed tax increase be less than the projected \$ 448,000 annually, the remittance to the City shall be reduced by the percentage equal to the decrease in the yield for the previous twelve month period. Semiannual payments of \$ 120,074 will be made to the City for ten years. The total amount expended for the year ended December 31, 2003 was \$ 120,074.

**LAKE COUNTY VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**CITY OF EASTLAKE AGREEMENT (CONTINUED)**

The following is a schedule of future debt service payments:

2004	\$ 240,147
2005	\$ 240,147
2006	\$ 240,147
2007	\$ 240,147
2008	\$ 240,147
Thereafter	\$1,080,661

**EMPLOYEE BENEFIT PLAN**

The Bureau has a defined contribution simplified employee pension plan (SEP) for which it deposits 7% of each employee's salary to his/her respective retirement account. Charges to expense relating to the Plan for 2003 and 2002 were \$ 5,643 and \$ 4,953, respectively.

**DONATED SERVICES**

The Bureau receives a significant amount of donated services from unpaid volunteers who assist in special projects and exhibitions. No amounts have been recognized in the statement because the criteria for recognition under SFAS No. 116 have not been satisfied.

**RELATED PARTY TRANSACTIONS**

The Bureau occasionally uses the facilities of a Trustee to host a meeting or an exhibit for the Bureau. Expenditures to the Trustee's business for the years ended December 31, 2003 and 2002 were \$ 6,166 and \$ -0-, respectively.



**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  
Lake County Visitors Bureau  
35200 Vine Street, Suite A  
Eastlake, Ohio 44095

We have audited the financial statement of the Lake County Visitors Bureau (the "Bureau") as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 7, 2004. In our report, our opinion referred to the financial statements being prepared on a basis of accounting prescribed or permitted by the Auditor of the State of Ohio, which is a comprehensive basis of accounting other than generally accepted auditing standards.

We conducted our audit in accordance with generally accepted 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.

This report is intended for the information of the Lake County Visitors Bureau, management, Auditor of the State of Ohio and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended and should not be used by anyone other than these specified parties.

*S.R. Snodgrass A.C.*

Mentor, Ohio  
May 7, 2004





**Auditor of State  
Betty Montgomery**

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**LAKE COUNTY VISITOR'S BUREAU**

**LAKE 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  
AUGUST 17, 2004**