

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

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2003**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Toledo - Lucas County Convention and Visitor's Bureau  
410 Jefferson Avenue  
Toledo, Ohio 43604

We have reviewed the Independent Auditor's Report of the Toledo - Lucas County Convention and Visitor's Bureau prepared by William Vaughan Company, for the audit period January 1, 2003 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 Toledo - Lucas County Convention and Visitor's Bureau is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 15, 2004

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## CONTENTS

	<u>PAGE</u>
REPORT OF INDEPENDENT AUDITORS' .....	3
CONSOLIDATED BALANCE SHEETS .....	4
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE.....	5
CONSOLIDATED STATEMENTS OF CASH FLOWS.....	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	7 - 12
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 .....	13

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## REPORT OF INDEPENDENT AUDITORS'

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

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, 2003 and 2002 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, 2003 and 2002, and the consolidated changes in its fund balance 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 19, 2004 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 19, 2004

**TOLEDO-LUCAS COUNTY CONVENTION AND  
VISITORS BUREAU, INC. AND AFFILIATE  
CONSOLIDATED BALANCE SHEETS  
December 31, 2003 and 2002**

**ASSETS**

	<b>2003</b>	<b>2002</b>
<b>Current assets</b>		
Cash and cash equivalents (Notes 1 and 7)	\$ 1,988,551	\$ 2,215,709
Restricted trustee held cash and cash equivalents (Notes 1 and 2)	1,318,763	1,358,867
Receivables:		
Hotel/motel tax receipts	460,237	464,933
Trade and other (net of allowance of \$2,030 in 2003 and \$22,620 in 2002)	96,086	144,100
Total receivables	556,323	609,033
Prepaid expenses	10,227	11,544
Total current assets	3,873,864	4,195,153
<b>Other assets</b>		
Assets whose use is limited:		
Trustee held investments (Notes 1 and 2)	1,707,479	1,695,437
Unamortized bond discount and financing costs (net of accumulated amortization of \$214,333 in 2003 and \$184,770 in 2002)	347,371	376,935
Total other assets	2,054,850	2,072,372
<b>Property and equipment</b>		
Convention center facilities (Note 2)	26,100,591	25,870,403
Equipment (Notes 1 and 5)	3,265,467	3,423,709
Total cost	29,366,058	29,294,112
Less accumulated depreciation	18,097,872	16,980,101
Net property and equipment	11,268,186	12,314,011
Total assets	\$ 17,196,900	\$ 18,581,536

## LIABILITIES AND FUND BALANCE

	2003	2002
<b>Current liabilities</b>		
Accounts payable	\$ 147,034	\$ 512,493
Accrued liabilities:		
Interest	210,996	220,614
Real estate taxes and special assessments	44,966	44,384
Payroll and related taxes	190,831	220,055
Sales tax	1,523	498
Total accrued liabilities	448,316	485,551
Security deposits	103,389	96,155
Deferred revenue	32,193	30,809
Current maturities of long-term debt (Note 2)	857,233	827,157
Current maturities of capital lease obligations (Note 5)	6,923	6,489
Total current liabilities	1,595,088	1,958,654
 <b>Long-term debt</b>		
Fixed Rate Special Revenue Refunding Bonds, Series 1996 (Note 2)	14,459,684	15,304,684
Note payable to bank (Note 2)	0	12,234
Note payable - non-interest bearing, due October 2010 (Note 2)	753,331	753,331
Capital lease obligations - net of current portion (Note 5)	18,011	24,934
Total long-term debt	15,231,026	16,095,183
Total liabilities	16,826,114	18,053,837
 <b>Fund balance</b> (Note 7)	370,786	527,699
Total liabilities and fund balance	\$ 17,196,900	\$ 18,581,536

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, 2003 and 2002**

<b>Revenues</b>	<u>2003</u>	<u>2002</u>
Hotel/motel tax receipts	\$ 3,602,948	\$ 3,682,109
Lucas County subsidy	250,000	147,000
City of Toledo grant	0	25,000
Earnings from sale of exclusive rights	45,000	80,000
Convention facility	1,271,674	1,365,150
Parking, net of expenses (Note 8)	364,696	361,881
Interest	36,765	53,546
Membership dues	72,089	63,765
Cooperative projects	8,641	5,025
SAC subsidy	296,435	312,444
Other	22,415	33,308
Realized gain on sale of investments	0	21,057
Gain on sale of property and equipment	0	286,439
Total revenues	<u>5,970,663</u>	<u>6,436,724</u>
<b>Expenses</b>		
Convention facility costs:		
Payroll and fringe benefits	2,163,468	2,208,881
Utilities	512,873	535,400
Supplies, maintenance and other	267,190	281,258
Security	126,165	137,535
Miscellaneous	78,276	62,111
Total convention facility costs	<u>3,147,972</u>	<u>3,225,185</u>
Professional fees:		
Trustee	3,900	3,900
Legal and accounting	41,308	59,620
Total professional fees	<u>45,208</u>	<u>63,520</u>
Depreciation	1,120,732	1,121,327
Interest and amortization of bond discount and financing costs	916,629	954,175
Real estate taxes and special assessments	22,943	20,249
Provision for losses on accounts receivable	0	18,287
Marketing and advertising	615,944	706,641
Insurance	157,844	151,351
Photography, printing and publications	93,826	130,476
Postage	42,115	53,120
Travel and entertainment	58,243	50,584
Dues, memberships and subscriptions	11,480	13,537
Building and equipment rent	132,324	119,685
Miscellaneous	78,275	62,111
Sales tax expense	10,574	8,933
Less expenses reimbursed by The University of Toledo and other co-tenants	(326,533)	(337,522)
Total expenses	<u>6,127,576</u>	<u>6,361,659</u>
Excess of revenues over expenses (expenses over revenues)	<u>(156,913)</u>	<u>75,065</u>
Fund balance at beginning of year	527,699	452,634
Fund balance at end of year	<u>\$ 370,786</u>	<u>\$ 527,699</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, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses (expenses over revenues)	\$ (156,913)	\$ 75,065
Adjustments to reconcile excess of revenues over expenses (expenses over revenues) to net cash provided by operating activities:		
Depreciation	1,120,732	1,121,327
Net amortization of bond discount and financing costs	29,563	29,563
Allowance for doubtful accounts	(20,390)	18,090
Gain on sale of property and equipment	0	(286,439)
Realized gain on sale of investments	0	(21,057)
Changes in operating assets and liabilities:		
Accounts receivable	73,100	329,099
Prepaid expenses	1,317	10,987
Security deposits	7,234	14,239
Deferred revenue	1,384	(15,946)
Accounts payable, accrued and other liabilities	(402,694)	363,309
Net cash provided by operating activities	653,333	1,638,237
<b>Cash flows from investing activities</b>		
Purchases of trustee held investments and restricted cash equivalents	(2,512,642)	(2,813,484)
Sales of trustee held investments and restricted cash equivalents	2,540,704	2,565,663
Proceeds from sale of investments obtained through demutualization	0	4,918
Purchases of property and equipment	(74,906)	(223,040)
Proceeds from sales of property and equipment	0	299,000
Net cash used in investing activities	(46,844)	(166,943)
<b>Cash flows from financing activities</b>		
Repayments on long-term debt	(827,158)	(785,819)
Repayments of capital lease obligations	(6,489)	(15,677)
Net cash used in financing activities	(833,647)	(801,496)
Increase (decrease) in cash	(227,158)	669,798
Cash and cash equivalents at beginning of year	2,215,709	1,545,911
Cash and cash equivalents at end of year	\$ 1,988,551	\$ 2,215,709
<b>Supplemental cash flow disclosures:</b>		
Interest paid	\$ 885,162	\$ 923,055

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

The Organization had non-cash financing transactions relating to the acquisition of equipment of \$35,521 in 2002.

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, 2003 and 2002**

**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 which account for approximately 60% of revenue in both 2003 and 2002.

**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 a single 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, 2003 and 2002**

**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 3% is levied by Lucas County, Ohio and an additional 3% is levied by the City of Toledo; these taxes are collected by the County and distributed as revenue to TLCCVB, restricted for bond interest and debt repayment. The excess of annual hotel/motel tax receipts over debt service payments is distributed to the Organization and can be used for operating purposes. Effective September, 1997, a 1% hotel/motel tax was enacted by Lucas County, Ohio, to be collected by the County and distributed as revenue to GTCVB and is to be used for marketing purposes. In February 1998, the rate was increased to 1 ½% through June, 1998, and 2% thereafter. This revenue is recognized in the period in which the underlying hotel/motel tax revenue is generated. Approximately 60% and 58% of the Bureau's total revenues for 2003 and 2002 were derived from this source. Accounts receivable from this source approximated 83% and 76% of total accounts receivable at December 31, 2003 and 2002, respectively. 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. Substantially all cash is held at one financial institution. All deposit funds are considered to be public funds and are fully insured by pooled collateral.

Furthermore, the Bureau's short-term investments (shown under restricted trustee held cash and cash equivalents on the accompanying Consolidated Balance Sheets) held at one financial institution aggregated to \$1,318,763 and \$1,358,867 at December 31, 2003 and 2002, 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.

**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 non-current since the fund is to be maintained until the bonds are repaid.

**Advertising, marketing and promotion**

Advertising, marketing and promotion costs are charged to operations when incurred. Advertising, marketing and promotion expense for 2003 and 2002 was \$615,944 and \$706,641, respectively.

**TOLEDO-LUCAS COUNTY CONVENTION AND  
VISITORS BUREAU, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
December 31, 2003 and 2002**

**Note 1 - Significant accounting policies - Continued**

**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.

**Intangibles**

Intangible assets include bond discount and related bond financing costs and are stated at cost. The bond discount and related bond financing costs are subject to periodic amortization over the life of the related indebtedness on the straight-line basis. Intangibles are evaluated annually to determine if impairment exists. Amortization expense for the years ending December 31, 2003 and 2002 was \$29,563. Amortization expense for the next five years each will be \$29,563.

**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. Grant revenue recognized in 2003 and 2002 was \$0 and \$25,000, 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.

**Accounts receivable**

The Bureau carries its accounts receivable at cost. A reserve for uncollectible accounts is determined based on prior history and individual account status.

An account is deemed delinquent at 30 days past due and finance charges at a rate of 1.5% monthly or 18% annually are charged per the policy indicated on every invoice; however, a phone call is made first in an attempt to collect and notify the customer of the finance charges applied. If the account becomes between 60 and 90 days past due, it is sent to a collection organization. In the first phase, which can span another 90 days, 100% of the invoice can be collected; approximately only half of the original invoice can be collected in the second phase. The third phase is to file suit against the customer.

**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.

**TOLEDO-LUCAS COUNTY CONVENTION AND  
VISITORS BUREAU, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
December 31, 2003 and 2002**

**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. Accrued interest from October 1985 through September 1991 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 an annual basis. The interest rate on the Series 1996 Bonds range from 4.75% - 5.70% through 2015. Annual principal retirements are payable October 1 of each year.

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, not to create any debt against pledged receipts and to maintain a reserve fund and a bond fund to provide for payments relating to principal and interest on the bonds.

The funds held by the trustee under the bond indenture agreements consist of cash and cash equivalents and are classified in the balance sheets as trustee-held funds.

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

The Bureau also has a line of credit available for \$100,000 at an interest rate of 1% over the prime rate. This line of credit is renewable every four years and is up for renewal in October, 2005. No balance is owed on this line of credit at December 31, 2003 and 2002.

Maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2004	\$ 857,233
2005	890,000
2006	930,000
2007	980,000
2008	1,030,000
Thereafter	11,383,015
Total	<u>\$ 16,070,248</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 \$17,834 and \$36,293 in 2003 and 2002, respectively.

**TOLEDO-LUCAS COUNTY CONVENTION AND  
VISITORS BUREAU, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
December 31, 2003 and 2002**

**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 TLCCVB salaried employees' retirement plan, the TLCCVB hourly employees' retirement plan and the GTCVB 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 2003 and 2002 were \$62,490 and \$69,872, respectively. Pension expense for 2003 and 2002 was \$69,663 and \$75,358, 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 2003 and 2002 were \$132,324 and \$119,685, respectively.

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%. This equipment was fully paid for and fully depreciated and sold during 2002.

The remaining equipment leased under a capital lease is a copier. The copier lease requires monthly payments of \$695 including interest at 6.5%, through April, 2007. The equipment under capital lease obligations is included in property and equipment at December 31, 2003 and 2002 as follows:

	<b>2003</b>	<b>2002</b>
Equipment	\$ 35,521	\$ 75,920
Accumulated amortization (amortization included in depreciation expense)	11,840	42,703
Net equipment	\$ 23,681	\$ 33,217

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

<b>Year Ending December 31,</b>	<b>Amount</b>
2004	\$ 8,340
2005	8,340
2006	8,340
2007	2,780
Total minimum lease payments	27,800
Less amount representing interest	2,866
Present value of minimum lease payments	24,934
Less current portion	6,923
Long-term portion	\$ 18,011

**TOLEDO-LUCAS COUNTY CONVENTION AND  
VISITORS BUREAU, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
December 31, 2003 and 2002**

**Note 6 - Management agreement**

The Bureau entered into a management agreement late in 2001 with the Board of Lucas County Commissioners to manage Lucas County owned parking lots for an annual fee that increases 4% every year through 2011, the fee is to be received by March 1st. The fee is being paid to the Bureau to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. Management income for 2003 and 2002 was \$72,800 and \$70,000, respectively, and is included in the Consolidated Statements of Revenues, Expenses and Changes in Fund Balance in parking, net of expenses.

The parking receipts from these lots are to replace the receipts from the lots lost for construction of a new ball park. Stated in the agreement is a clause that if net parking receipts are less than \$50,000 annually, then the owner will pay the balance up to \$50,000 to the Bureau. Conversely, if net parking receipts exceed \$50,000, the first \$15,000 will be kept by the manager for a restricted capital reserve account for the lots. Any excess over the \$15,000 will be allocated 40% to the Bureau, and 60% to the owner. Net parking receipts for 2003 and 2002 were \$54,021 and \$59,303, respectively.

**Note 7 - Board designated funds**

The governing board has designated certain funds for capital improvements and expansion, and future debt payments related to the outstanding interest owed on the 1991 Variable Rate Demand and Special Revenue bond of \$753,331. Both amounts are included in cash and cash equivalents on the Consolidated Balance Sheets. The amount designated for capital improvements and expansion was \$265,455 and \$260,000 in 2003 and 2002, respectively. The amount designated for the repayment of the outstanding interest owed on the 1991 Variable Rate Demand and Special Revenue bond was \$236,364 and \$160,222 in 2003 and 2002, respectively.

**Note 8 - Parking revenue**

Revenue from parking lots and the garage managed is shown net of expenses on the Consolidated Statements of Revenues, Expenses, and Changes in Fund Balance. Gross revenues were \$709,132 and \$726,172 in 2003 and 2002, respectively. Total expenses were \$344,436 and \$364,291 in 2003 and 2002, respectively. Net parking revenue amounted to \$364,696 and \$361,881 in 2003 and 2002, respectively.

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**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  
Toledo, Ohio

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, 2003 and 2002, and have issued our report thereon dated March 19, 2004. 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.

**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 solely for the information and use of the Board of Trustees and management of the Bureau and is not intended to be and should not be used by anyone other than these specified parties.

*William Vaughan Company*

March 19, 2004



**Auditor of State  
Betty Montgomery**

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**TOLEDO-LUCAS COUNTY CONVENTION AND VISITOR'S 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 29, 2004**