

TOLEDO-LUCAS COUNTY CONVENTION  
AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF  
LUCAS, OHIO

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.  
401 Jefferson Avenue  
Toledo, Ohio 43604

We have reviewed the *Independent Auditors' Report* of the Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, prepared by Weber O'Brien Ltd., for the audit period January 1, 2008 through December 31, 2008. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 12, 2009

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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

AUDITED FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.  
Toledo, Ohio 43604

We have audited the accompanying statement of net assets of the Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, and of its discretely presented component unit, Greater Toledo Convention and Visitors Bureau, (collectively the "Organization") as of December 31, 2008, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements. These financial statements are the responsibility of the Organization's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit as of December 31, 2008, and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2009, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages 3 - 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Robert O'Brien Ltd*

May 6, 2009



**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2008**

The following Management Discussion and Analysis (MD&A) provides a summary overview of the financial performance of the Toledo Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio (herein referred to as the TLCCVB) and its discretely presented component unit, Greater Toledo Convention and Visitors Bureau (herein referred to as the GTCVB) (collectively called the Organization) for the year ended December 31, 2008. This information in the MD&A should be read in conjunction with the Organization's financial statements and corresponding notes to the financial statements.

**Financial Highlights**

- Assets exceeded liabilities for the Organization by \$2,170,632 as of December 31, 2008.
- Net assets decreased for the Organization by \$ 4,036,701 in 2008.
- Net long-term liabilities decreased \$10,740,594. This was largely due to the pay off of the Bond debt in 2008.

**Overview of the Financial Statements**

The Organization's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). Under GASB Statement No. 14, the County of Lucas, Ohio is defined as a "primary government" and TLCCVB is considered a component unit of the primary government. TLCCVB is defined as a "primary government", the GTCVB is considered a discretely presented component unit of the primary government; both entities utilize enterprise fund accounting.

The basic financial statements of the Organization together with the notes, which are essential to a full understanding of the data contained in the financial statements, are the following:

- Statements of Net Assets - This statement presents information on all the Organization's assets and liabilities, with the difference between the two reported as net assets.
- Statements of Revenues, Expenses, and Changes in Net Assets - This statement shows how the Organization's net assets have changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statements of Cash Flows - This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, capital and related financing activities, and investing activities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2008

**Financial Analysis of the Organization's Net Assets and Revenues, Expenses and Changes in Net Assets**

The tables below provide a summary of the Organization's financial position and operations for 2008 and 2007, respectively. Certain amounts may vary slightly due to differences caused by rounding to thousands.

**Condensed Statements of Net Assets  
December 31,  
(Amounts in Thousands)**

	<u>TLCCVB</u>			<u>GTCVB</u>		
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>
Current Assets	\$1,599	\$ 3,064	(\$ 1,465)	\$1,244	\$1,140	\$104
Restricted Assets	-0-	2,600	( 2,600)	-0-	-0-	-0-
Capital Assets, Net	1,947	13,831	( 11,884)	19	16	3
Other Assets	<u>-0-</u>	<u>229</u>	<u>( 229)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	3,546	19,724	( 16,178)	1,263	1,156	107
Current Liabilities	587	1,886	( 1,299)	99	94	5
Long Term Liabilities, Net	<u>1,953</u>	<u>12,693</u>	<u>( 10,740)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	2,540	14,579	( 12,039)	99	94	5
Invested in Capital Assets	656	20	636	-0-	-0-	-0-
Restricted	-0-	2,600	( 2,600)	-0-	-0-	-0-
Unrestricted	<u>350</u>	<u>2,525</u>	<u>( 2,175)</u>	<u>1,164</u>	<u>1,062</u>	<u>102</u>
Total Net Assets	<u>\$1,006</u>	<u>\$ 5,145</u>	<u>(\$ 4,139)</u>	<u>\$1,164</u>	<u>\$1,062</u>	<u>\$102</u>

During 2008, net assets decreased by \$4,139,000 for TLCCVB and increased by \$102,000 for GTCVB. The majority of this decrease was due to the following:

- Cash has decreased \$961,000 for TLCCVB and increased \$269,000 for GTCVB from 2007.
- Net capital assets decreased by \$11,881,000. This was largely due to the transfer of assets to Lucas County with the bond debt pay-off.
- Net long-term liabilities decreased by \$10,740,600 largely as a result of the pay-off of the bond debt.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2008

The following table summarizes the changes in revenues and expenses for the Organization between 2007 and 2008:

**Condensed Statements of Revenues, Expenses, and Changes in Net Assets**  
**Years ended December 31**  
(Amounts in Thousands)

	<u>2008</u>	<u>TLCCVB</u> <u>2007</u>	<u>Change</u>	<u>2008</u>	<u>GTCVB</u> <u>2007</u>	<u>Change</u>
<b><u>Operating Revenues</u></b>						
Hotel/Motel Tax	\$ 77	\$ 913	(\$ 836)	\$ -0-	\$1,218	(\$1,218)
Sales	1,357	1,206	151	-0-	-0-	-0-
Parking	570	531	39	-0-	-0-	-0-
Lucas County Subsidy and State Grants	915	150	765	1,200	-0-	1,200
Other	<u>580</u>	<u>425</u>	<u>155</u>	<u>81</u>	<u>97</u>	( <u>16</u> )
Total Operating Revenue	3,499	3,225	274	1,281	1,315	( 34)
<b><u>Operating Expenses</u></b>						
Payroll and benefits	2,041	1,868	173	423	414	9
Marketing/Advertising	52	137	( 85)	464	533	( 69)
Utilities	531	485	46	11	9	2
Supplies	234	279	( 45)	5	8	( 3)
Insurance	119	120	( 1)	-0-	-0-	-0-
Other	<u>817</u>	<u>569</u>	<u>248</u>	<u>293</u>	<u>257</u>	<u>36</u>
Total Operating Expense	<u>3,794</u>	<u>3,458</u>	<u>336</u>	<u>1,196</u>	<u>1,221</u>	( <u>25</u> )
Operating Income before Depreciation	( 295)	( 233)	( 62)	85	94	( 9)
Depreciation	<u>579</u>	<u>1,577</u>	( <u>998</u> )	<u>7</u>	<u>8</u>	( <u>1</u> )
Operating Income after Depreciation	(874)	(1,810)	936	78	86	( 8)
<b><u>Non-Operating</u></b>						
Hotel/Motel Tax	-0-	1,787	( 1,787)	-0-	-0-	-0-
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-
Other	( 3,265)	( 607)	( 2,658)	<u>24</u>	<u>30</u>	( <u>6</u> )
Total Non-operating	( 3,265)	<u>1,180</u>	( 4,444)	<u>24</u>	<u>30</u>	( <u>6</u> )
Net Change in Net Assets	(\$4,139)	(\$ 630)	(\$3,508)	\$ 102	\$ 116	(\$ 14)

Operating revenues consist of a portion of Hotel/Motel taxes collected on rooms occupied, with amounts in excess of debt service requirements used for operating purposes. These revenues are a function of price and occupancy. Hotel/motel taxes are no longer distributed to the TLCCVB and GTCVB; however the County has provided grants to the TLCCVB and GTCVB to fund operations. The amount of grants received

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2008**

by TLCCVB and GTCVB from the County was \$850,000 and \$1,200,000, respectively, for the year ended December 31, 2008. The remaining revenues largely come from convention facility sales.

- Hotel/Motel Taxes (in total) decreased by \$3,842,500 in 2008.
- Revenue from Lucas County was \$2,050,000 in 2008, an increase of \$1,900,000 from 2007, due to the elimination of Hotel/Motel tax.
- Convention Center sales increased by \$151,000 in 2008.
- Food and Beverage income increased by \$110,000 due to increased sales and events.

#### Operating expenses

- Marketing and advertising decreased by \$154,000 due to a decrease in expenditures by both the TLCCVB & GTCVB.
- Utilities have increased by \$48,000. An increase was recognized in the natural gas area due to price increases during the year.
- Payroll and benefits increased by \$182,000 due to increased in benefit costs.
- Legal and accounting fees increased by \$40,000 in 2008 due to additional fees incurred regarding the bond payoff transaction and the new arena project.
- Other expenses increased by \$248,000 primarily due to management fees paid to SMG.

#### Capital Assets

At the end of 2008, the TLCCVB had \$1,947,219 (net of accumulated depreciation) invested in capital assets. During 2008 all capital assets, with the exception of those for which outstanding debt obligations are associated, were conveyed and transferred to Lucas County at the time of the payoff of the bonds payable. The investment in capital assets includes turbines, chillers, and supporting furniture, fixtures and equipment.

The investment in capital assets decreased by \$11,881,000 during 2008. Current year depreciation expense was \$586,000. Purchases of capital assets were \$414,000.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

#### Debt Administration

At December 31, 2008 the Organization had total long-term debt outstanding of \$1,953,000 compared to \$12,693,000 at December 31, 2007. During 2008, Lucas County and TLCCVB repaid \$11,767,000 in principal on outstanding debt.

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2008**

During 1996 the Organization issued Fixed Rate Special Revenue Bonds, refunding the Series 1988 and 1991 Demand Special Revenue Bonds that were outstanding. These Bonds were for the construction of the Convention Centre and its furniture and fixtures. Accrued interest from October 1985 through September 1991 on the 1991 Variable Rate Demand and Special Revenue Bond of \$753,000 still exists and is payable in October, 2010.

The 1996 bonds that were held to finance the construction of the SeaGate Convention Centre were paid off and redeemed by the TLCCVB and by the County of Lucas, Ohio with the proceeds of certain general obligation bond anticipation notes issued by the County in April 2008. Interest on the Series 1996 Bonds was payable semiannually on April 1 and October 1 of each year. Interest rates on the Bonds ranged from 4.85% - 5.70%.

**Outstanding Debt at December 31,  
(In Thousands)**

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Bonds Payable	\$ -0-	\$11,660	(\$11,660)
Note Payable to Bank	1,291	1,398	(107)
Notes Payable	<u>753</u>	<u>753</u>	<u>-0-</u>
 Total Debt	 \$2,044	 \$13,811	 (\$11,767)

**Economic Factors**

Economic factors have impacted the convention and travel industry nationwide. This is true in Toledo/Lucas County as well. Revenues resulting from hotel/motel usage decreased in 2001 after years of growth. Convention attendance, as well as bookings also decreased during this period of time. This caused a decline in facility income that parallels the decrease in hotel/motel taxes. The good news was that over the past several years (2006 & 2007), the hotel/motel market and booking began to improve. This past year the hotel/motel revenues were good until the last quarter when the economy turned. We are optimistic that in late 2009 and 2010 bookings will rebound.

**Contacting the Organization's Financial Management**

This financial report is designed to provide a general overview of the Organization's finance for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Finance Director, Toledo Lucas County Convention and Visitor's Bureau, Inc., 401 Jefferson Avenue, Toledo, Ohio 43604

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF NET ASSETS  
December 31, 2008

ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,410,006	\$ 1,233,202
Accounts receivable		
Trade, net of allowance of \$6,100 and \$4,654, respectively	79,392	9,332
Grant receivables	64,875	-0-
Inventory	43,691	-0-
Prepaid expenses	1,379	2,020
<b>Total Current Assets</b>	<b>1,599,343</b>	<b>1,244,554</b>
<b>CAPITAL ASSETS</b>		
Parking Rights	1,175,000	-0-
Depreciable Capital Assets		
Building & improvements	986,729	-0-
Furniture and fixtures	-0-	146,068
Other capital assets	3,733	-0-
Total depreciable capital assets	990,462	146,068
Accumulated depreciation and amortization	( 218,243)	( 127,337)
Net depreciable capital assets	772,219	18,731
<b>Total capital assets, net</b>	<b>1,947,219</b>	<b>18,731</b>
<b>TOTAL ASSETS</b>	<b>3,546,562</b>	<b>1,263,285</b>

"The Accompanying Notes are an Integral  
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF NET ASSETS, CONTINUED  
December 31, 2008

LIABILITIES AND NET ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 96,568	\$ 52,258
Current portion of long term liabilities	91,488	-0-
Accrued payroll and payroll taxes	203,762	18,503
Accrued real estate taxes and special assessments	77,631	-0-
Other accrued liabilities	60,391	-0-
Security deposits	57,400	-0-
Deferred revenue	-0-	28,450
	587,240	99,211
<b>LONG TERM LIABILITIES</b>		
Note payable to bank	1,290,921	-0-
Note payable - non-interest bearing	753,331	-0-
Subtotal	2,044,252	-0-
Less: Current portion	( 91,488)	-0-
	1,952,764	-0-
<b>TOTAL LIABILITIES</b>	2,540,004	99,211
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	656,297	-0-
Unrestricted	350,261	1,164,074
	1,006,558	1,164,074
<b>TOTAL NET ASSETS</b>	\$ 1,006,558	\$ 1,164,074

"The Accompanying Notes are an Integral  
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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended December 31, 2008

	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented <u>Component Unit</u> Greater Toledo Convention and Visitors Bureau
<b>OPERATING REVENUES</b>		
Hotel/motel tax receipts	\$ 76,748	\$ -0-
Convention facilities	1,357,251	-0-
Parking, net of expenses of \$38,527	570,036	-0-
Gladieux subsidy	445,257	-0-
Lucas County subsidy	850,000	1,200,000
Grants	64,875	-0-
Membership dues	-0-	78,666
Earnings from sale of exclusive rights	27,000	-0-
Other	<u>108,122</u>	<u>2,486</u>
<b>Total Operating Revenues</b>	<b>3,499,289</b>	<b>1,281,152</b>
<b>OPERATING EXPENSES</b>		
Payroll and fringe benefits	2,041,159	423,432
Utilities	530,961	10,561
Supplies, maintenance and other	233,635	4,986
Security	135,102	-0-
Contracted Services	200,938	68,895
Miscellaneous	179,654	22,868
Building and equipment rent	66,467	19,232
Insurance	119,282	-0-
Marketing and advertising	51,883	463,795
Legal and Accounting	136,986	13,755
Real estate taxes and special assessments	50,287	-0-
Travel and entertainment	35,405	31,799
Dues, memberships and subscriptions	6,851	21,045
Provision for losses on accounts receivable	2,168	-0-
Postage	3,543	36,945
Photography, printing and publications	<u>-0-</u>	<u>78,972</u>
<b>Total Operating Expenses</b>	<b>3,794,321</b>	<b>1,196,285</b>
<b>Operating Income (Loss) before Depreciation and Amortization</b>	<b>( 295,032)</b>	<b>84,867</b>
Depreciation and Amortization	<u>579,378</u>	<u>6,755</u>
<b>Operating Income (Loss)</b>	<b>( 874,410)</b>	<b>78,112</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and amortization of bond discount and finance costs	( 703,454)	-0-
Interest income	33,518	23,777
Loss on transfer of assets	( 2,594,244)	-0-
<b>Net Nonoperating Revenues (Expenses)</b>	<b>( 3,264,180)</b>	<b>23,777</b>
<b>CHANGE IN NET ASSETS</b>	<b>( 4,138,590)</b>	<b>101,889</b>
<b>NET ASSETS - BEGINNING</b>	<b><u>5,145,148</u></b>	<b><u>1,062,185</u></b>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 1,006,558</u></b>	<b><u>\$ 1,164,074</u></b>

"The Accompanying Notes are an Integral  
Part of These Financial Statements"



TOLEDO - LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2008

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Cash Received from Customers, Taxes and Subsidies	\$ 3,821,373	\$ 1,441,573
Cash Payments to Suppliers for Goods and Services	( 1,846,420)	( 754,926)
Cash Payments to Employees for Services	( 2,039,332)	( 431,604)
NET CASH PROVIDED (USED) BY OPERATIONS	( 64,379)	255,043
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	( 403,984)	( 9,627)
Repayment of Long Term Debt	( 2,652,386)	-0-
Interest paid	( 480,573)	-0-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	( 3,536,943)	( 9,627)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	39,754	23,777
Sale of investments	16,576,026	-0-
Purchase of investments	( 13,975,540)	-0-
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,640,240	23,777
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 961,082)	269,193
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,371,088	964,009
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,410,006</u>	<u>\$ 1,233,202</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:**

During 2008, The 1996 bonds that were held to finance the construction of the SeaGate Convention Centre were paid off and redeemed with the proceeds of certain general obligation bond anticipation notes, in the amount of \$9,114,607, issued by the County of Lucas, Ohio in April 2008. In connection with this transaction, capital assets costing \$34,662,846 with net book value of \$11,708,667, were transferred to Lucas County.

"The Accompanying Notes are an Integral  
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF CASH FLOWS, CONTINUED  
Year Ended December 31, 2008

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Operating income (loss)	(\$ 874,410)	\$ 78,112
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	579,378	6,755
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	81,997	997
Hotel/motel tax receivables	380,092	165,582
Grant receivable	( 64,875)	-0-
Deposits	117,391	-0-
Inventory	( 10,127)	-0-
Other assets and liabilities	( 109,021)	( 2,020)
Security deposits	( 26,320)	-0-
Accrued real estate taxes	( 8,967)	-0-
Accounts payable	( 56,214)	19,948
Accrued payroll and payroll taxes	1,827	( 8,172)
Deferred revenue	( 75,130)	( 6,159)
Total adjustments	<u>810,031</u>	<u>176,931</u>
<b>NET CASH PROVIDED (USED) BY OPERATIONS</b>	<u><u>(\$ 64,379)</u></u>	<u><u>\$ 255,043</u></u>

"The Accompanying Notes are an Integral  
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Toledo-Lucas County Convention and Visitors Bureau, Inc. (TLCCVB) operates the SeaGate Centre (a convention and convocation center) in the City of Toledo. The SeaGate Centre is comprised of a convention facility which is owned by TLCCVB and The Greater Toledo Convention and Visitors Bureau (GTCVB), a component unit, which 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. TLCCVB is supported primarily through convention facility revenues and Lucas County grants and which accounted for approximately 63% of revenue in 2008.

For financial reporting purposes, the TLCCVB is a component unit of the County of Lucas, Ohio as the County appoints the TLCCVB's Board of Trustees and the County is financially accountable for, and provides significant subsidies to, the TLCCVB and its component unit, the 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.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. Based on these criteria, TLCCVB is determined to be a component unit of the County of Lucas, Ohio and GTCVB is determined to be a component unit of TLCCVB.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in single enterprise funds.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Basis of Accounting, Continued**

Enterprise funds are used to account for the costs of providing goods and services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided. The Organization does not meet the above criteria; however, it qualifies for enterprise accounting under the transition rules of GASB 34 whereby it previously reported as a not-for-profit under the American Institute of CPAs not-for-profit model at the date of the GASB 34 statement.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Organization follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Organization also follows Financial Accounting Standards Board Statements and Interpretations, issued after November 30, 1989 that is developed for business enterprises, except those that conflict with or contradict GASB pronouncements.

**Measurement Focus**

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Organization are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Organization finances and meets the cash flow needs of its enterprise activity.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Substantially all cash is held at one financial institution.

**Deferred Bond Issuance Costs**

Deferred bond issuance costs were stated at cost and were being amortized over the life of the related indebtedness on the straight-line basis. The bond debt was paid off in 2008, and the remaining deferred bond costs were amortized during 2008.

**Accounts Receivable - Trade**

A reserve for uncollectible accounts is determined based on prior history and individual account status. An account is 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. 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 agency. 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.

**Inventory**

Inventories are valued at cost (first-in/first out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenses when purchased; however, material amounts of inventories at period-end are reported as assets.

**Capital Assets**

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Contributed assets are stated at fair value at the time of contribution. The Centre maintains a capitalization threshold of one thousand dollars. During 2008 all capital assets, with the exception of those for which outstanding debt obligations are associated, were conveyed and transferred to Lucas County at the time of the payoff of the bonds payable (Note 11).

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Capital Assets, continued**

Depreciation is recorded using the straight-line method over the estimated useful lives of the depreciable assets.

Intangible assets with an indefinite life are not amortized. If changes in factors and conditions result in the useful life of an intangible asset no longer being indefinite, the asset should be tested for impairment because a change in the expected duration of use of the asset has occurred. All other intangible assets are amortized over their estimated useful lives.

**Revenues**

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 were distributed as revenue to TLCCVB for bond interest and debt repayment. The excess of annual hotel/motel tax receipts over debt service payments and mandatory debt reserve fund additions were distributed to TLCCVB and could be used for operating purposes. Such excess amounts are shown as operating income in the financial statements.

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 was to be used for marketing purposes. In February 1998, the rate was increased to 1½% through June 1998 and 2% thereafter.

During 2008, the bonds payable of TLCCVB were paid off. Hotel/motel taxes are no longer distributed to the TLCCVB and GTCVB; however, the County will continue to provide grants to the TLCCVB and GTCVB to fund operations. The amount of grants received by TLCCVB and GTCVB from the County was \$850,000 and \$1,200,000, respectively for the year ended December 31, 2008.

**Compensated Absences**

The Organization follows GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued if it is probable that the employee will be compensated through cash payment upon termination of employment.

**Deferred Revenue**

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

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

**Income Taxes**

TLCCVB and GTCVB are both incorporated under the laws of the State of Ohio as not-for-profit corporations and are 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 their tax-exempt purpose is subject to taxation as unrelated business income. Unrelated business income is immaterial. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

In July 2006, the Financial Accounting Standards Board (FASB) issued Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109, Accounting for Income Taxes* (FIN 48). FIN 48 clarifies how tax benefits for uncertain tax positions are to be recognized, measured, and reported in financial statements and requires certain disclosures of uncertain tax matters.

FIN 48 is effective for fiscal years beginning after December 15, 2006. FASB has issued a FASB Staff Position to defer the effective date of FIN 48 to fiscal years beginning after December 15, 2008 for non-public enterprises. Management has elected to defer the application of Interpretation 48 in accordance with the Staff Position. The Organization presently follows the provisions of Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*, for evaluating uncertain tax positions.

Management is currently evaluating the impact of FIN 48, but does not anticipate the adoption of FIN 48 to have a material effect on its financial statements.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. There were no restricted net assets as of December 31, 2008.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Net Assets, continued**

The Board of Trustees of the TLCCVB has designated unrestricted net assets aggregating \$858,653 for capital improvements and expansion, and future debt payments related to the outstanding interest of \$753,331 owed on the 1991 Variable Rate Demand and Special Revenue bonds. The amount designated for capital improvements and expansion was \$207,119 and the amount designated for repayment of the outstanding interest owed on the 1991 bonds was \$651,534. Such amounts are not restricted, and may be designated for other purposes or eliminated at the discretion of the Board. Unrestricted net assets at December 31, 2008 for TLCCVB and GTCVB are \$350,261 and \$1,164,074, respectively.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Protection of TLCCVB and GTCVB's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, TLCCVB and GTCVB will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2008, the carrying amount of TLCCVB and GTCVB's deposits were \$1,410,006 and \$1,233,203 respectively. At year end, \$1,161,548 of TLCCVB's bank balance of \$1,411,548 and \$1,028,675 of GTCVB's bank balance of \$1,278,675 was exposed to custodial credit risk because it was uninsured and collateralized by the financial institution's collateral pool.

Demand deposits and certificates of deposit are collateralized at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.



TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 3 - PARKING RIGHTS**

During 2007, the Organization purchased the rights to a portion of the parking spaces in the garage for \$1,175,000. The Organization elected early implementation of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes standards of accounting and financial reporting for intangible assets. The parking rights purchased were recorded as a capital asset in accordance with this GASB Statement. As these rights have an indefinite life, they are not amortized.

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2008 is as follows:

<u>TLCCVB</u>	Balance at January 1, 2008	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, 2008
Historical Cost:				
Parking Rights	\$ 1,175,000	\$ -0-	\$ -0-	\$1,175,000
Depreciable Capital Assets				
Building & improvements	32,044,769	400,251	31,458,291	986,729
Furniture and Fixtures	2,787,116	-0-	2,787,116	-0-
Other Capital Assets	<u>417,439</u>	<u>3,733</u>	<u>417,439</u>	<u>3,733</u>
Total Historical Cost	36,424,324	403,984	34,662,846	2,165,462
Accumulated Depreciation:				
Building	19,492,747	567,764	19,842,579	217,932
Furniture and Fixtures	2,746,930	5,032	2,751,962	-0-
Other Capital Assets	<u>353,183</u>	<u>6,582</u>	<u>359,454</u>	<u>311</u>
Total Accumulated Depreciation	<u>22,592,860</u>	<u>579,378</u>	<u>22,953,995</u>	<u>218,243</u>
Capital Assets, Net	<u>\$13,831,464</u>	( <u>\$175,394</u> )	<u>\$11,708,851</u>	<u>\$1,947,219</u>
Depreciation Expense Charged to Operating Activities		<u>\$579,378</u>		

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, Continued**

<u>GTCVB</u>	Balance at January 1, <u>2008</u>	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, <u>2008</u>
Historical Cost:				
Furniture and Fixtures	\$136,440	\$9,628	\$ -0-	\$146,068
Accumulated Depreciation:				
Furniture and Fixtures	<u>120,582</u>	<u>6,755</u>	<u>-0-</u>	<u>127,337</u>
Capital Assets, Net	<u>\$ 15,858</u>	<u>\$2,873</u>	<u>\$ -0-</u>	<u>\$ 18,731</u>
Depreciation Expense Charged to Operating Activities		<u>\$6,755</u>		

**NOTE 5 - BONDS AND NOTES PAYABLE**

Bonds and notes outstanding at December 31, 2008 are as follows:

	Balance at December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2008</u>	Due Within <u>One Year</u>
Bonds Payable	\$11,660,000	\$ -0-	\$11,660,000	\$ -0-	\$ -0-
Note Payable to Bank	1,397,914	-0-	106,993	1,290,921	91,488
Note Payable	<u>753,331</u>	<u>-0-</u>	<u>-0-</u>	<u>753,331</u>	<u>-0-</u>
Total	<u>\$13,811,245</u>	<u>\$ -0-</u>	<u>\$11,766,993</u>	<u>\$2,044,252</u>	<u>\$91,488</u>

During 1996 TLCCVB 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 of \$753,331 on the 1991 Variable Rate Demand and Special Revenue Bonds still exists and is payable in October 2010. It is reported in the financial statements as the note payable, non-interest bearing.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 5 – BONDS AND NOTES PAYABLE, Continued**

The 1996 bonds that were held to finance the construction of the SeaGate Convention Centre were paid off and redeemed with the proceeds of certain general obligation bond anticipation notes issued by the County of Lucas, Ohio in April 2008 (Note 11). Interest on the Series 1996 Bonds was payable on April 1 and October 1 of each year, with the interest rates fixed at a rate that was adjusted on an annual basis. The interest rate on the Series 1996 Bonds ranged from 4.85% - 5.70%. Annual principal retirements were payable October 1 each year.

During 2005 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of four turbines to generate electricity and reduce utility costs. The turbine project was partially funded by a State of Ohio Grant, with the balance being funded by a favorable interest rate loan, which was secured through Huntington Bank under a “linked deposit program” established by the Ohio Revised Code. The term of the loan is 80 months with payments of \$5,123 at an interest rate of 1.985%.

During 2007 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of the Garage parking rights from a partner. The term of the loan is 6 years with payments of \$8,760 at an interest rate of 6.5% and a balloon payment at maturity for the remaining principal and interest. This loan is secured by certain real estate, assignment of rents, and a deposit account aggregating \$235,000.

Maturities of notes payable principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 91,488	\$ 75,118
2010	848,192	71,752
2011	78,183	68,217
2012	39,657	65,469
2013	42,313	62,813
2014 and Thereafter	<u>944,419</u>	<u>474,990</u>
<b>Total</b>	<b><u>\$2,044,252</u></b>	<b><u>\$815,359</u></b>

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 6 – RELATED PARTY TRANSACTIONS**

TLCCVB, under an operating lease agreement, leased the land of the convention center site from the Lucas County Commissioners for a nominal annual fee. This lease agreement was terminated in 2008. Representatives of Lucas County are presently still serving as Trustees of the TLCCVB.

TLCCVB retains a law firm of which a partner is a Trustee of the TLCCVB. TLCCVB incurred fees from this firm amounting to \$76,215 in 2008.

The Organization retains a marketing firm of which a Trustee of the TLCCVB is a partner. The Organization incurred fees from this firm amounting to \$57,350 in 2008.

The GTCVB reimburses TLCCVB for various personnel and administrative services provided. Total reimbursements for the year ended December 31, 2008 were \$51,619.

During 2008, the GTCVB began leasing office space from TLCCVB on a month-to-month basis for \$1,100 per month. Total rental expense under the month-to-month lease was approximately \$13,200 for the year ended December 31, 2008.

**NOTE 7 – RETIREMENT AND OTHER BENEFIT PLANS**

TLCCVB and GTCVB both have defined contribution retirement plans for eligible employees, created under the authority of a resolution of the governing boards. TLCCVB hourly employees (Union) and GTCVB employees plans are administered by Emjay Retirement Plan Services. Under the provisions of the TLCCVB hourly employees' retirement plan and the GTCVB 401(k) plan, TLCCVB and GTCVB contribute an amount equal to 4% of its employees' gross salaries. In addition, TLCCVB and GTCVB make matching contributions at a rate of 75% of employee contributions up to a maximum of 1% of an employee's gross salary. Employees may elect to defer up to 20% of their compensation. TLCCVB has a retirement and savings plan for salaried employees under the SMG retirement and savings plan, which is administered by Fidelity. Contributions by TLCCVB are discretionary based on employees' deferral contribution on an annual basis. Employer contributions to these plans were \$59,662 for the year ended December 31, 2008.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

**NOTE 8 - INSURANCE**

The Organization maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. There were no significant reductions in coverage from the prior year and settled claims were not in excess of coverage in any of the past three years. The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and injuries to employees.

The Organization also maintains Directors' and Officers' liability insurance with an aggregate limit of insurance of \$2,000,000.

**NOTE 9 - MANAGEMENT AGREEMENTS**

The TLCCVB entered into a management agreement with SMG during 2007. The contract term will run from January 1, 2008 for five years. The five year contract provides for an initial fixed fee of \$144,000 per year. Effective in 2009, the fixed fee will be reduced to \$75,000 per year. The contract also contains an incentive whereby SMG will be paid a fee of 25% of the amount by which the gross operating revenues for each year exceed the prior year's gross revenues. The incentive fee percentage will increase to 35% once the increase in revenues exceeds \$250,000. Total fees paid to SMG were \$200,938 for the year ended December 31, 2008.

Effective January 1, 2008, all non-union employees of TLCCVB became employees of SMG. Effective August 1, 2008 all union employees of TLCCVB became employees of SMG.

TLCCVB 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, with the fee to be received by March 1<sup>st</sup>. The fee is being paid to TLCCVB to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. Management income for 2008 was \$88,572 and is included in parking revenue.

The parking receipts from these lots are to replace the receipts from the lots lost for construction of a new ballpark. 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 TLCCVB. 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 TLCCVB and 60% to the owner. Net parking receipts to the Organization for 2008 under the above arrangement were \$68,016.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2008

NOTE 10 - CONTINGENCY

The TLCCVB has been assessed real estate taxes in the amount of \$268,301, and has applied for an exemption of these taxes. While the final outcome cannot be presently determined, after consultation with legal counsel, it is the opinion of management, that it is more likely than not that the tax exemption will be granted and accordingly, no amounts have been included in the accompanying financial statements for such assessed taxes.

NOTE 11 - TRANSFER OF ASSETS

The 1996 bonds that were held to finance the construction of the SeaGate Convention Centre were paid off and redeemed with the proceeds of certain general obligation bond anticipation notes, in the amount of \$9,114,607, issued by the County of Lucas, Ohio in April 2008. The remaining \$2,545,393 of the bonds was paid off by TLCCVB with restricted funds held by the bond trustee.

All of the real and personal property owned by the TLCCVB, with the exception of the micro-turbines, chillers, parking rights (for which there is separate financing), and furniture and fixtures was conveyed and transferred to Lucas County with the pay off of the bonds. Total assets with a combined cost of \$34,662,846 were transferred to Lucas County in May 2008. Accumulated depreciation associated with these assets at the time of transfer was \$22,954,179. The loss on the transfer of assets was \$2,594,244.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent to year end, the TLCCVB entered into an agreement to lease the convention center site from the Lucas County Commissioners for a nominal annual fee. The agreement commenced on February 1, 2009 and extends through January 31, 2039. At the commencement of the lease, all personal property transferred to the County at the time of the payoff of the 1996 bonds was transferred back to the TLCCVB.

Subsequent to year end, TLCCVB entered into a management agreement with the Board of Lucas County Commissioners to assist in the management of a Lucas County owned parking lot. The agreement commenced on February 1, 2009 and extends through January 31, 2019.



**weber · obrien Ltd.**

**INDEPENDENT AUDITORS' 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**

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

We have audited the accompanying statement of net assets of Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, and of its discretely presented component unit, Greater Toledo Convention and Visitors Bureau (Collectively "Organization"), as of and for the year ended December 31, 2008 and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated May 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Organization'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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization's financial statements that is more than inconsequential will not be prevented or detected by the entity'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

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

misstatement of the financial statements will not be prevented or detected by the Organization'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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 or other matters that are required to be reported under *Government Auditing Standards*.

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

*Weber O'Brien Ltd.*

May 6, 2009





**Mary Taylor, CPA**  
Auditor of State

**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, 2009**