



OHIO AUDITOR OF STATE
KEITH FABER



**ROSS COUNTY CONVENTION FACILITIES AUTHORITY
ROSS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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Ross County Convention Facilities Authority
Ross County
2 North Paint Street, Suite G
Chillicothe, Ohio 45601

To the Board Members:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Ross County Convention Facilities Authority, Ross County, Ohio (the Authority) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Authority prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Authority does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Ross County Convention Facilities Authority, Ross County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

July 3, 2019

ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
For the Year Ended December 31, 2018

Cash Receipts:

Lodging Taxes	\$149,744
	<hr/>
Total Cash Receipts	149,744
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Cash Disbursements:

Current:

Other 24,500

Debt Service:

Principal 35,000

Interest and Fiscal Charges 20,210

Total Cash Disbursements

79,710

Total Cash Receipts Over (Under) Disbursements 70,034

Fund Cash Balances - January 1

185,767

Unassigned

255,801

Fund Cash Balances - December 31

\$255,801

See accompanying notes to the basic financial statements.

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ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The Ross County Convention Facilities Authority, Ross County, Ohio (the Authority), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by an eleven-member Board of Directors comprised of six members appointed by the Ross County Commissioners and five members appointed by the Mayor of the City of Chillicothe (with approval from City Council). The Authority supports the goal of attracting visitors to the County by assisting with improving and promoting various venues within the County, which includes the V.A. Memorial Stadium and the Tecumseh Outdoor Drama facility.

Ross County serves as fiscal agent for the Authority.

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

Basis of Accounting

These financial statements follow the basis of accounting permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

As the Ohio Revised Code permits, the Ross County Treasurers are the custodians of the Authority's deposits. The County holds the Authority's assets in the County's deposit and investment pool, valued at the County Treasurer's reported carrying amount.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources – Estimated Resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The Board of Directors must also approve estimated resources.

ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies - (continued)

Encumbrances – The Ohio Revised code requires the Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 2.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable: The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: Board of Directors can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board of Directors amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Board of Directors or a Authority official delegated that authority by resolution, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Property, Plant and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Budgetary Activity

The Authority’s budgetary activity for the years ending December 31, 2018 was as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$130,000	\$149,744	\$19,744
<i>Total</i>	\$130,000	\$149,744	\$19,744

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
	General	\$80,210	\$79,710
<i>Total</i>	\$80,210	\$79,710	\$500

Note 3 – Lodging Tax

In accordance with the Ohio Revised Code, the Authority has enacted a 1.25% lodging tax for all hotels and motels within Ross County. In 2018, the lodging tax generated \$149,744 in receipts for the Authority.

Note 4 – Risk Management

The Authority is uninsured for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

Note 5 – Debt

A schedule of changes in long-term obligations of the Authority during 2018 follows:

	Interest Rate	Principal Balance 12-31-17	Issued in 2018	Retired in 2018	Principal Balance 12-31-18
Economic Development Revenue Notes	2.35%	\$860,000	\$0	\$35,000	\$825,000

ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Debt - (continued)

In March 2009, issued \$1,115,000 of economic development revenue notes through Ross County. The proceeds of these notes paid for improvements to the Veterans Affairs Memorial Baseball Stadium and the Tecumseh Outdoor Amphitheater. These notes are being repaid using the hotel/motel lodging tax revenue.

Principal and interest requirements to retire the Economic Development Revenue Notes at December 31, 2018 are as follows:

Year Ending December 31	Principal	Interest	Total
2019	\$40,000	\$19,388	\$59,388
2020	40,000	18,447	58,447
2021	30,000	51,033	81,033
2022	30,000	48,977	78,977
2023	35,000	46,923	81,923
2024-2028	210,000	204,252	414,252
2029-2033	310,000	134,054	444,054
2034-2035	130,000	16,416	146,416
Total	<u>\$825,000</u>	<u>\$539,490</u>	<u>\$1,364,490</u>

ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
For the Year Ended December 31, 2017

Cash Receipts:

Lodging Taxes	<u>\$136,315</u>
Total Cash Receipts	<u>136,315</u>

Cash Disbursements:

Current:

Other 5,000

Debt Service:

Principal 35,000

Interest and Fiscal Charges 21,033

Total Cash Disbursements 61,033

Total Cash Receipts Over (Under) Disbursements 75,282

Fund Cash Balances - January 1 110,485

Unassigned 185,767

Fund Cash Balances - December 31 \$185,767

See accompanying notes to the basic financial statements.

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ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The Ross County Convention Facilities Authority, Ross County, Ohio (the Authority), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by an eleven-member Board of Directors comprised of six members appointed by the Ross County Commissioners and five members appointed by the Mayor of the City of Chillicothe (with approval from City Council). The Authority supports the goal of attracting visitors to the County by assisting with improving and promoting various venues within the County, which includes the V.A. Memorial Stadium and the Tecumseh Outdoor Drama facility.

Ross County serves as fiscal agent for the Authority.

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

Basis of Accounting

These financial statements follow the basis of accounting permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

As the Ohio Revised Code permits, the Ross County Treasurers are the custodians of the Authority's deposits. The County holds the Authority's assets in the County's deposit and investment pool, valued at the County Treasurer's reported carrying amount.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources – Estimated Resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The Board of Directors must also approve estimated resources.

Encumbrances – The Ohio Revised code requires the Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies - (continued)

A summary of 2017 budgetary activity appears in Note 2.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable: The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: Board of Directors can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board of Directors amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Board of Directors or a Authority official delegated that authority by resolution, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Property, Plant and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Budgetary Activity

The Authority’s budgetary activity for the years ending December 31, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$120,000	\$136,315	\$16,315
<i>Total</i>	\$120,000	\$136,315	\$16,315

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
	General	\$81,033	\$61,033
<i>Total</i>	\$81,033	\$61,033	\$20,000

Note 3 – Lodging Tax

In accordance with the Ohio Revised Code, the Authority has enacted a 1.25% lodging tax for all hotels and motels within Ross County. In 2017, the lodging tax generated \$136,315 in receipts for the Authority.

Note 4 – Risk Management

The Authority is uninsured for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

Note 5 – Debt

A schedule of changes in long-term obligations of the Authority during 2017 follows:

	Interest Rate	Principal Balance 12-31-16	Issued in 2017	Retired in 2017	Principal Balance 12-31-17
Economic Development Revenue Notes	2.35%	\$895,000	\$0	\$35,000	\$860,000

ROSS COUNTY CONVENTION FACILITIES AUTHORITY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Debt - (continued)

In March 2009, issued \$1,115,000 of economic development revenue notes through Ross County. The proceeds of these notes paid for improvements to the Veterans Affairs Memorial Baseball Stadium and the Tecumseh Outdoor Amphitheater. These notes are being repaid using the hotel/motel lodging tax revenue.

Principal and interest requirements to retire the Economic Development Revenue Notes at December 31, 2017 are as follows:

Year Ending December 31	Principal	Interest	Total
2018	\$35,000	\$20,210	\$55,210
2019	40,000	19,388	59,388
2020	40,000	18,447	58,447
2021	30,000	51,033	81,033
2022	30,000	48,977	78,977
2023-2027	195,000	215,160	410,160
2028-2032	285,000	151,373	436,373
2033-2035	205,000	35,112	240,112
Total	<u>\$860,000</u>	<u>\$559,700</u>	<u>\$1,419,700</u>

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Ross County Convention Facilities Authority
Ross County
2 North Paint Street Suite G
Chillicothe, Ohio 45601

To the Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Ross County Convention Facilities Authority, Ross County, (the Authority) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 3, 2019 wherein we noted the Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

July 3, 2019

OHIO AUDITOR OF STATE KEITH FABER



ROSS COUNTY CONVENTION FACILITIES AUTHORITY

ROSS 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
JULY 30, 2019