



Dave Yost • Auditor of State

**ASHTABULA COUNTY CONVENTION FACILITIES AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Notes to the Basic Financial Statements.....	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ashtabula County Convention Facilities Authority
Ashtabula County
P.O. Box 214
Ashtabula, Ohio 44004

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Ashtabula County Convention Facilities Authority, Ashtabula County, Ohio (the Authority), a component unit of Ashtabula County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ashtabula County Convention Facilities Authority, Ashtabula County, Ohio, as of December 31, 2017, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2018, 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.



Dave Yost
Auditor of State
Columbus, Ohio

May 25, 2018

Ashtabula County Convention Facilities Authority

Ashtabula County

Management's Discussion and Analysis

For the Year Ended December 31, 2017

UNAUDITED

OVERVIEW:

The Management's Discussion and Analysis is designed to supplement the reader's understanding of the financial statements by providing analytical, economical, and factual information pertaining to the current and prior year's financial activities of the Ashtabula County Convention Facilities Authority (the "Authority").

The Authority is an 11 member public authority created under Section 351 of the Ohio Revised Code, as amended. The purpose of the Authority is to administer convention facilities owned by Ashtabula County. At present, the only facility administered by the Authority is the Lodge & Conference Center at Geneva State Park (the "Lodge"). The Lodge is a 109 room hotel and convention center located on the shores of Lake Erie at 4888 North Broadway in Geneva-on-the-Lake, Ohio. The facility is within the Geneva State Park, which encompasses 698 acres with 1.6 miles of Lake Erie shoreline, a beach and bathhouse, marina with boat ramps, cabins, camping areas, hiking trails, picnic areas and more. The Lodge contributes to the economic growth and stability of Ashtabula County by providing a facility to host meetings and public expositions and by increasing tourism.

FINANCIAL HIGHLIGHTS:

	Business-Type Activities		
	2017	2016	Change
The Authority's Net Position	\$ 101,169	\$ 211,991	\$ (110,822)
Bed Tax Revenues	378,350	354,009	24,341
Interest Income	2	3	(1)
Debt Service Payments	332,236	321,968	10,268
Lodge Capital Project Costs	150,000	250	149,750

FINANCIAL STATEMENTS:

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the Authority's overall financial status. The following statements are included in this report:

- *The Statement of Net Position* reports the Authority's assets, liabilities and available resources. Capital assets related to the Lodge belong to and are reported as part of Ashtabula County, Ohio financial statements.
- *The Statement of Revenues, Expenses and Changes in Net Position* reports all financial receipts and disbursements made through the Authority.
- *The Statement of Cash Flows* reports the sources and uses of cash for the Authority.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Authority presenting both an aggregated view of the Authority's finances and a longer-term view of that position.

Ashtabula County Convention Facilities Authority

Ashtabula County

Management's Discussion and Analysis

For the Year Ended December 31, 2017

UNAUDITED

FINANCIAL ANALYSIS – STATEMENT OF NET POSITION

	Summary Statement of Net Position (Amounts in Thousands)		
	2017	2016	Change
	<u> </u>	<u> </u>	<u> </u>
Current Assets	\$ 126	\$ 237	\$ (111)
Current Liabilities	-	-	-
Long Term Liabilities	<u>25</u>	<u>25</u>	<u>-</u>
Total Liabilities	<u>25</u>	<u>25</u>	<u>-</u>
Net Position:			
Unrestricted	<u>101</u>	<u>212</u>	<u>(111)</u>
Total Net Position	<u>\$ 101</u>	<u>\$ 212</u>	<u>\$ (111)</u>

FINANCIAL ANALYSIS – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION:

	Summary of Revenues, Expenses and Changes In Net Position (Amounts in Thousands)		
	2017	2016	Change
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues	\$ 378	\$ 354	\$ 24
Non-Operating Revenues	-	-	-
Total Revenues	<u>378</u>	<u>354</u>	<u>24</u>
Operating Expenses	489	329	(160)
Non-Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>489</u>	<u>329</u>	<u>(160)</u>
Change in Net Position	(111)	25	(136)
Net Position, January 1	<u>212</u>	<u>187</u>	<u>25</u>
Net Position, December 31	<u>\$ 101</u>	<u>\$ 212</u>	<u>\$ (111)</u>

Operating revenues consist of bed tax revenues in 2017 and 2016. The Authority receives 40% of the bed tax collected in Ashtabula County.

The most significant operating expenses in 2017 and 2016 included contributions of \$332,236 and \$321,968, respectively, to Ashtabula County to cover debt service on the County's debt used to refinance the Lodge and also project costs to develop the Lodge facility for \$150,000 and \$250, respectively.

Ashtabula County Convention Facilities Authority

Ashtabula County

Management's Discussion and Analysis

For the Year Ended December 31, 2017

UNAUDITED

FINANCIAL ANALYSIS – BUDGETARY HIGHLIGHTS:

Ashtabula County had guaranteed the bonds issued by the Authority. The County acknowledged that the Authority does not generate sufficient funds with the bed tax receipts to meet the annual debt service of the bonds and the County would use non-tax revenue to meet the debt service requirements.

The Authority has no employees. The Board of Directors serve without compensation.

CONTACTING THE CONVENTION FACILITIES AUTHORITY

This financial report is designed to provide the board with a general overview of the Convention Facilities Authority's finances and to show the Convention Facilities Authority accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Donald Orqvist, Treasurer, 25 West Jefferson Street, Jefferson, Ohio 44047, 440-998-6855, or e-mail at orqvist@suite224.net

Ashtabula County Convention Facilities Authority
Statement of Net Position
December 31, 2017

	<u>Convention Facilities Authority</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 84,843
Bed Taxes Receivable	<u>41,651</u>
<i>Total Assets</i>	<u>126,494</u>
Liabilities	
Debt Service Payable	<u>25,325</u>
<i>Total Liabilities</i>	<u>25,325</u>
Net Position	
Unrestricted (Deficit)	<u>101,169</u>
<i>Total Net Position</i>	<u><u>\$ 101,169</u></u>

See accompanying notes to the basic financial statements

Ashtabula County Convention Facilities Authority
*Statement of Revenues,
Expenses and Changes in Net Position
For the Year Ended December 31, 2017*

	Convention Facilities Authority
Operating Revenues	
Bed Taxes	\$ 378,350
<i>Total Operating Revenues</i>	<i>378,350</i>
Operating Expenses	
Debt Service Contribution - County	332,236
Project Costs	150,000
Office	52
Professional Fees	3,158
Insurance	275
Trail Maintenance	3,453
<i>Total Operating Expenses</i>	<i>489,174</i>
<i>Operating Income (Loss)</i>	<i>(110,824)</i>
Non-Operating Revenues (Expenses)	
Interest Revenue	2
<i>Total Non-Operating Revenues (Expenses)</i>	<i>2</i>
<i>Change in Net Position</i>	<i>(110,822)</i>
<i>Net Position Beginning of Year</i>	<i>211,991</i>
<i>Net Position End of Year</i>	<i>\$ 101,169</i>

See accompanying notes to the basic financial statements

Ashtabula County Convention Facilities Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Convention Facilities Authority
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Other Governments	\$ 369,151
Cash Payments for Other Governments	(331,711)
Cash Payments for Project Costs	(150,000)
Payments for Operations	(6,938)
<i>Net Cash Provided by (Used in) Operating Activities</i>	(119,498)
Cash Flows from Investing Activities	
Interest on Investments	2
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(119,496)
<i>Cash and Cash Equivalents Beginning of Year</i>	204,339
<i>Cash and Cash Equivalents End of Year</i>	84,843
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Gain (Loss)	(110,824)
Adjustments to Reconcile Change in Net Position to Net Cash Provided By Operating Activities:	
(Increase) Decrease in Assets:	
Bed Taxes Receivable	(9,199)
Increase (Decrease) in Liabilities:	
Debt Service Payable	525
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$ (119,498)

See accompanying notes to the basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity:

The Ashtabula County Convention Facilities Authority (the “Authority”) was organized under the laws of the State of Ohio to administer convention facilities owned by Ashtabula County. The Authority’s governing Board consists of eleven members, six of whom are appointed for four terms by the Ashtabula County Commissioners; three of whom are appointed for four year terms by the Ashtabula City Manager; and two who are appointed for four terms by the other mayors and city managers of cities and villages in the County. The Authority was created in 2002 but had no financial activity until 2004. At present, the only facility administered by the Authority is the Lodge & Conference Center at Geneva State Park (“Lodge”).

Basis of Accounting:

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Standards Board (GASB). The financial statements of the Authority have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Authority follows the business-type activities reporting requirements of GASB Statement No. 34. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis.

GASB Statement No. 34 requires the following, which collectively make up the Authority’s basic financial statements:

- Management’s Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows
 - Notes to the Basic Financial Statements

Cash:

All monies received by the Authority are maintained in separate accounts in the Authority’s name.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity. For the Authority, these include the receipt of bed taxes and contributions from Ashtabula County. Operating expenses are necessary costs incurred to provide the primary services of the Authority. Revenues and expenses not meeting this definition are reported as non-operating.

Bed Taxes Receivable:

Bed taxes are remitted to the Authority through Ashtabula County on a monthly basis.

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Ashtabula County Convention Facilities Authority
Ashtabula County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

The Authority is a governmental entity created by the Ashtabula County Commissioners. As a governmental entity, the Authority does not file or pay income taxes.

Property and Equipment:

Acquisitions of property and equipment are recorded as project costs when paid. These items are not reflected as net position on the accompanying financial statements inasmuch as ownership belongs to Ashtabula County.

Debt Service Liability:

Effective on January 1, 2016, the Authority agreed to dedicate and commit no less than ninety percent (90%) of the Gross Revenue it receives from the Ashtabula County Bed Tax per calendar year for the exclusive purpose of debt service payments on the debt instruments (bonds and notes) relating to the Lodge and Facility. The initial term of this agreement is for ten years, commencing on January 1, 2016 and ending on December 31, 2025, unless otherwise extended between the parties. The amount paid in December of 2017 amounted to \$331,711.

NOTE 2 – CASH

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess deposits not insured by the Federal Deposit Insurance Corporation (FDIC).

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

	<u>2017</u>
Demand Deposits	<u>\$84,843</u>

NOTE 3 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 25, 2018; the date on which the financial statements were available to be issued.



Dave Yost • Auditor of State

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

Ashtabula County Convention Facilities Authority
Ashtabula County
P.O. Box 214
Ashtabula, Ohio 44004

To the Board of Directors:

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 Ashtabula County Convention Facilities Authority, Ashtabula County, (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 25, 2018.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

May 25, 2018



Dave Yost • Auditor of State

ASHTABULA COUNTY CONVENTION FACILITIES AUTHORITY

ASHTABULA 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 14, 2018**