

**Greater Wheeling Sports and
Entertainment Authority**
(A component unit of the City of Wheeling, West Virginia)

Audited Financial Statements
June 30, 2018 and 2017



Greater Wheeling Sports and Entertainment Authority
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Independent Auditor's Report

To the Greater Wheeling Sports and Entertainment Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities of the Greater Wheeling Sports and Entertainment Authority, a component unit of the City of Wheeling, West Virginia, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Greater Wheeling Sports and Entertainment Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of the Greater Wheeling Sports and Entertainment Authority, as of June 30, 2018 and 2017, and the respective changes in financial position, and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of the Greater Wheeling Sports and Entertainment Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely 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 effectiveness of the Greater Wheeling Sports and Entertainment Authority's 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 Greater Wheeling Sports and Entertainment Authority's internal control over financial reporting and compliance.

Korycki Hughes Tickerhoof, PLLC

Wheeling, West Virginia,
June 24, 2019.

Greater Wheeling Sports and Entertainment Authority
Statements of Net Position
June 30, 2018 and 2017

Assets		
	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 920,671	\$ 933,310
Accounts receivable	121,280	91,680
Inventory	6,055	10,873
Total current assets	<u>1,048,006</u>	<u>1,035,863</u>
Capital Assets		
Building improvements	2,291,936	2,291,936
Machinery and equipment	347,615	342,320
Total capital assets	<u>2,639,551</u>	<u>2,634,256</u>
Less: Accumulated depreciation	(2,201,445)	(2,093,438)
Net capital assets	<u>438,106</u>	<u>540,818</u>
Other Assets		
Cash surrender value-life insurance policies	49,245	49,804
Prepaid expenses	40,528	43,378
Total other assets	<u>89,773</u>	<u>93,182</u>
Total assets	<u>\$ 1,575,886</u>	<u>\$ 1,669,863</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	\$ 76,112	\$ 111,882
Unearned revenue	338,846	230,664
Accrued wages and taxes	56,585	62,431
Sales and amusement tax payable	9,688	578
Total current liabilities	<u>481,231</u>	<u>405,555</u>
Total liabilities	<u>481,231</u>	<u>405,555</u>
Net Position		
Invested in capital assets	438,106	540,818
Unrestricted	656,551	723,490
Total net position	<u>1,094,657</u>	<u>1,264,308</u>
Total liabilities and net position	<u>\$ 1,575,886</u>	<u>\$ 1,669,863</u>

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

Greater Wheeling Sports and Entertainment Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017

Operating Revenues	<u>2018</u>	<u>2017</u>
Direct event revenue		
Reimbursed expenses	\$ 482,156	\$ 467,812
Rent	387,558	459,087
Facility fees	202,711	193,879
Catering	36,711	42,967
E-Tix fees (net)	32,321	-
Event loss or surplus	5,739	-
Other revenue		
Concessions (including concession commissions of \$128,573 and \$123,505 respectively)	577,446	554,910
Naming rights	257,500	250,000
Lease income	46,563	49,612
Commissions	10,979	23,453
Pouring rights	15,000	15,000
Advertising	15,000	15,000
Miscellaneous	7,242	3,508
Total operating revenues	<u>2,076,926</u>	<u>2,075,229</u>
Operating Expenses		
Event operations	616,528	555,134
Catering	4,783	7,968
Box office	127,973	144,898
Building maintenance	659,079	698,294
Concession operations	329,043	263,501
Administrative		
Naming rights payout	193,125	187,500
Pouring rights payout	5,025	5,025
Other	268,970	273,500
Accounting	83,030	36,032
Employee welfare	305,045	256,098
Other	-	7,204
Total operating expenses	<u>2,592,601</u>	<u>2,435,154</u>
Operating loss	<u>(515,675)</u>	<u>(359,925)</u>
Nonoperating Revenues		
Interest income	10,024	3,110
City of Wheeling Hotel/Motel Tax	336,000	332,000
Total nonoperating revenues	<u>346,024</u>	<u>335,110</u>
Change in Net Position	(169,651)	(24,815)
Net Position at beginning of fiscal year	<u>1,264,308</u>	<u>1,289,123</u>
Net Position at end of fiscal year	<u>\$ 1,094,657</u>	<u>\$ 1,264,308</u>

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

Greater Wheeling Sports and Entertainment Authority
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 2,061,283	\$ 1,823,560
Cash payments to suppliers for goods and services	(1,506,033)	(1,461,732)
Cash payments to employees for services	(1,003,399)	(854,291)
Other operating revenues	94,784	333,122
Net cash (used for) operating activities	<u>(353,366)</u>	<u>(159,341)</u>
Cash Flows from Noncapital Financing Activities		
City of Wheeling Hotel/Motel Tax	336,000	332,000
Net cash provided by noncapital financing activities	<u>336,000</u>	<u>332,000</u>
Cash Flows from Capital and Related Financing Activities		
Building improvements	(5,295)	(36,691)
Net cash (used for) capital and related financing activities	<u>(5,295)</u>	<u>(36,691)</u>
Cash Flows from Investing Activities		
Interest on investments	10,024	3,110
Net cash provided by investing activities	<u>10,024</u>	<u>3,110</u>
Net (decrease) increase in cash and cash equivalents	(12,637)	139,078
Cash and cash equivalents at beginning of fiscal year	<u>933,310</u>	<u>794,232</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 920,672</u>	<u>\$ 933,310</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	\$ (515,675)	\$ (359,926)
Adjustments to reconcile operating loss to net cash (used for) operating activities:		
Depreciation expense	108,006	117,856
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(29,600)	28,220
Decrease (increase) in inventory	4,818	(3,564)
Decrease (increase) in prepaid expenses	2,850	(12,502)
Decrease in cash surrender value - life insurance policies	559	21,755
(Decrease) increase in accounts payable	(35,770)	9,622
Increase in unearned revenue	108,182	31,479
Increase in sales and amusement tax payable	9,110	578
Increase in accrued wages and taxes	(5,846)	7,141
Net cash (used for) operating activities	<u>\$ (353,368)</u>	<u>\$ (159,341)</u>

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

Greater Wheeling Sports and Entertainment Authority
Notes to the Financial Statements
June 30, 2018 and 2017

1. Summary of Significant Accounting Policies

Reporting Entity

Effective August 3, 1971, the Greater Wheeling Sports and Entertainment Authority (the Authority) was created by the City Council of the City of Wheeling. It is a legally separate component unit of the City of Wheeling. The Authority's function is to supervise, operate and control the Wesbanco Arena (the Arena).

On July 13, 2009, the Authority entered into an agreement with the Wheeling Convention & Visitors Bureau, Inc. (CVB) to provide management and operational services to the Capitol Theatre (the Theatre). All revenues generated by the Authority as a result of the Theatre operation shall be used for operations, promotions, or improvements to the Theatre.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP), and include the activity for both the Arena and the Theatre. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Authority are discussed below.

Basis of Presentation

The net position reported in the statements of net position is required to be displayed in three components:

- *Invested in capital assets, net of related debt* consists of capital assets, including restricted capital assets, reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets.
- *Restricted net position* reports net position with limits on its use that is externally imposed (by creditors, grantors, contributors, or the laws or regulations of other governments) or that is imposed by the government's own constitutional provisions or enabling legislation.
- *Unrestricted net position* consists of all net position that does not meet the definition of either of the other two components. In addition, net position balances resulting from capital contributions and designations of net position should not be displayed as such in the statements of net position.

Fund Accounting

The Authority has one fund (Enterprise Fund). The operations of the fund are accounted for by providing a set of self-balancing accounts which comprise its assets, liabilities, net position, revenues and expenses. Government resources are allocated to and accounted for in the fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund presented in this report is an Enterprise Fund under the following broad fund category.

Enterprise Fund

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Greater Wheeling Sports and Entertainment Authority
Notes to the Financial Statements
June 30, 2018 and 2017

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting also relates to the timing of the measurements made regardless of the measurement focus applied.

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statements of net position and the statements of revenue, expenses and changes in net position present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers cash on hand and cash in savings and checking accounts to be cash equivalents.

Inventory

Inventory is valued at actual cost.

Capital Assets

Capital assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. It is the policy of the Authority to capitalize assets costing \$5,000 or more. Expenditures for maintenance and repairs are charged to expense as incurred while items that extend the useful life of an asset are capitalized and depreciated. When applicable, the cost of assets sold, retired or otherwise disposed of and the related accumulated depreciation is removed, and any resulting gain or loss is reflected in the statements of revenues, expenses, and changes in net position.

The Arena structure is owned by the City of Wheeling and is accordingly not recorded as a capital asset in these financial statements.

The Theatre structure is owned by the CVB and is accordingly also not recorded as a capital asset in these financial statements.

Both the Arena and the Theatre are used at the discretion of the City and the CVB and no lease expense is recognized related to their use.

Unearned revenue

Amounts collected through ticket sales for events expected to occur after year end are considered unearned revenue and are recorded by the Authority as a liability. Amounts collected relating to these events is recognized as revenue upon event settlement.

Greater Wheeling Sports and Entertainment Authority
Notes to the Financial Statements
June 30, 2018 and 2017

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Authority accrues accumulated unpaid vacation leave and associated employee-related costs when earned by all full-time employees. As of June 30, 2018 and 2017, accrued vacation was \$30,676 and \$32,240, respectively.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. Cash Deposits and Investments

The Authority's investment authority is held by the Board of Directors. The Board of Directors has the right to invest funds as they deem appropriate.

Custodial Credit Risk

At June 30, 2018 and 2017, the bank balance of the Authority's deposits was \$937,195 and \$979,983. These amounts are collateralized by securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

3. Renewal and Replacement Account

A renewal and replacement account was created in fiscal year 2000 designated for capital repairs or improvements to the Arena. All expenditures must be approved by the board. During fiscal year 2018 and 2017, there were no deposits to the account. During fiscal years 2018 and 2017, there were disbursements of \$40,404 and \$31,050, respectively. As of June 30, 2018 and 2017 the balance in the account was \$170,315 and \$210,719, respectively, and is included in cash on the statements of net position.

4. Capitol Theatre Preservation Trust Fund

Under the terms of the agreement with the CVB, a facility fee is added to each ticket sold for events at the Theatre and a designated portion of each fee will be transferred to the Capitol Theatre Preservation Trust Fund (The Fund). The Fund is administered by The Community Foundation for the Ohio Valley, Inc. (CFOV). Amounts accumulated in the Fund are to be used for the preservation and restoration of the Theatre. The balance of this Fund, which is administered by the CFOV, as of June 30, 2018 and 2017, is \$96,961 and \$67,711. This Fund is *not* included in the Authority's assets, and accordingly *not* included on the statements of net position.

The portion of facility fees collected for the Fund in the fiscal years ended June 30, 2018 and 2017 was \$39,449 and \$22,768 respectively. Of this total, the amount reflected as payable to the Capitol Theatre Preservation Trust Fund on the accompanying statements of net position was \$16,725 and \$8,570 as of June 30, 2018 and 2017, respectively.

Greater Wheeling Sports and Entertainment Authority
Notes to the Financial Statements
June 30, 2018 and 2017

5. Capital Assets

Capital asset activity for the year June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Building improvements	\$ 2,291,936	\$ -	\$ -	\$ 2,291,936
Machinery and equipment	342,320	5,295	-	347,615
	<u>2,634,256</u>	<u>5,295</u>	<u>-</u>	<u>2,639,551</u>
Less accumulated depreciation for:				
Building improvements	(1,888,227)	(73,307)	-	(1,961,534)
Machinery and equipment	(205,212)	(34,699)	-	(239,911)
	<u>(2,093,439)</u>	<u>(108,006)</u>	<u>-</u>	<u>(2,201,445)</u>
Net capital assets	<u>\$ 540,817</u>	<u>\$ (102,711)</u>	<u>\$ -</u>	<u>\$ 438,106</u>

Capital asset activity for the year June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Building improvements	\$ 2,260,886	\$ 31,050	\$ -	\$ 2,291,936
Machinery and equipment	336,679	5,641	-	342,320
	<u>2,597,565</u>	<u>36,691</u>	<u>-</u>	<u>2,634,256</u>
Less accumulated depreciation for:				
Building improvements	(1,799,577)	(88,650)	-	(1,888,227)
Machinery and equipment	(176,004)	(29,208)	-	(205,212)
	<u>(1,975,581)</u>	<u>(117,858)</u>	<u>-</u>	<u>(2,093,439)</u>
Net capital assets	<u>\$ 621,984</u>	<u>\$ (81,167)</u>	<u>\$ -</u>	<u>\$ 540,817</u>

From 2014 through 2017, the City of Wheeling made improvements on behalf of the Arena. These improvements total \$7,794,922.

The improvements are owned by the City of Wheeling and are *not* considered capital contributions. These purchases are being financed primarily through sales tax proceeds and the issuance of Bonds by the City of Wheeling. All of the proceeds of these Bonds shall be expended for design, acquisition, construction, and equipping of additions, betterments, and improvements to the Arena, to fund a debt service reserve fund for the Bonds, and to pay issuance costs for such Bonds, which are the responsibility of the City of Wheeling.

Greater Wheeling Sports and Entertainment Authority
Notes to the Financial Statements
June 30, 2018 and 2017

5. Capital Assets (Continued)

Depreciation expense was charged to functions for the fiscal years ending June 30, 2018 and 2017 respectively, as follows:

	2018	2017
Building maintenance	\$ 75,937	\$ 82,654
Concession operations	53	205
Catering	277	829
Event operations	22,411	23,718
Transportation	4,269	4,022
Other Arena	-	434
Capital Theatre	5,059	5,996
Total	\$ 108,006	\$ 117,858

6. Cash Surrender Value-Life Insurance Policies

The Authority offers its salaried employees with two years of service a split dollar life insurance program. The cash surrender value of each contract or the premium attributable to the employer, whichever is the lesser, is an asset of the Authority and is reflected on the statements of net position. As of June 30, 2018 and 2017, there were two employees who participate in the policy.

7. Naming Rights

In October, 2003 the Authority, WesBanco, Inc. and the Hockey Club of the Ohio Valley, LLC entered into a “naming rights and team sponsorship” agreement. The agreement provides that WesBanco, Inc. will receive certain exclusive rights related to naming and sponsorship of the Wheeling Municipal Auditorium and the hockey team. The Wheeling Municipal Auditorium was renamed “Wesbanco Arena” and WesBanco, Inc. became an official sponsor of the hockey team. The term of the agreement continued for ten years, and was renewed in October of 2013. The agreement required WesBanco, Inc. to pay the Authority an annual fee of \$250,000. Beginning in October 2017, the annual fee of \$250,000 will be increased by the amount equal to the percent of increase of the Consumer Price Index, subject to a cap of three percent each year.

The annual naming rights fee was allocated by the Authority for the fiscal years ending June 30, 2018 and 2017 by the Authority as follows:

	2018	2017
Greater Wheeling Sports and Entertainment Authority	\$ 64,375	\$ 62,500
Hockey Club of the Ohio Valley, LLC	193,125	187,500
Total	\$ 257,500	\$ 250,000

8. Pouring Rights

On October 15, 2015, the Authority and Coca-Cola Refreshments USA, Inc. entered into an agreement for pouring rights which will expire on September 30, 2020. The agreement provides that the Authority will sell Coke products at all events held at the Arena. The agreement requires Coca-Cola Refreshments USA, Inc. to pay \$15,000 annual installments for all five years.

Greater Wheeling Sports and Entertainment Authority
Notes to the Financial Statements
June 30, 2018 and 2017

8. Pouring Rights (Continued)

The annual fee was allocated by the Authority for the fiscal years ending June 30, 2018 and 2017 as follows:

	2018	2017
Greater Wheeling Sports and Entertainment Authority	\$ 9,975	\$ 9,975
Hockey Club of the Ohio Valley, LLC	5,025	5,025
Total	\$ 15,000	\$ 15,000

9. Leases

The Hockey Club of the Ohio Valley, LLC

On March 25, 2012, the Authority entered into an agreement (effective October 1, 2012 through September 30, 2015) with the Hockey Club of the Ohio Valley, LLC to provide a facility suitable for conducting professional hockey games, amateur hockey games and figure skating. The agreement has been renewed two times: October 1, 2015 and August 28, 2018.

The Hockey Club of the Ohio Valley, LLC will pay the Authority a license fee (noted below) per professional hockey game. However, in years when the Hotel/Motel tax allocated to the Authority by the City of Wheeling remains at or above \$272,000, the fee will be reduced as shown below:

Period	Maximum License Fee	After Reduction for Hotel/Motel Tax
October 1, 2015 – September 30, 2016	\$2,525	\$ 525
October 1, 2016 – September 30, 2017	\$2,575	\$ 575
October 1, 2017 – September 30, 2018	\$2,625	\$ 625
October 1, 2018 – September 30, 2019	\$2,675	\$ 675
October 1, 2019 – September 30, 2020	\$2,725	\$ 725
October 1, 2020 - September 30, 2021	\$2,775	\$ 775

Capstar Radio Operating Company

The Theatre is the lessor of office and studio space with Capstar Radio Operating Company (Capstar). Under the terms of the agreement with the CVB, all income derived from this lease will be paid to the Authority and will be used for the operation of the Theatre. The lease expired on December 31, 2010. Effective January 1, 2011, the lease was automatically extended until December 31, 2015. On June 25, 2015 the parties agreed to extend the lease for an additional 10 year period. Lease income from Capstar totaled \$46,563 and \$49,612 for the fiscal years ending June 30, 2018 and 2017, respectively.

The Authority is scheduled to receive the following payments from Capstar over the term of the lease.

	Year ended June 30
2019	\$ 52,124
2020	53,427
2021	54,763
2022	56,132
2023	57,535
2024	58,974
2025	60,448
Total	\$ 393,404

Greater Wheeling Sports and Entertainment Authority
Notes to the Financial Statements
June 30, 2018 and 2017

10. City of Wheeling Hotel/Motel Tax

The City of Wheeling collects a Hotel/Motel tax from all hotels and motels in the City of Wheeling. Each year, the Authority receives a portion of the taxes collected by the City to subsidize the operations of the Arena and the Theatre. Hotel/Motel tax revenue remitted to the Authority during the fiscal years ended June 30, 2018 and 2017 was:

	2018	2017
Arena	\$ 276,000	\$ 272,000
Theatre	60,000	60,000
Total	<u>\$ 336,000</u>	<u>\$ 332,000</u>

11. Concentration of Revenues

The Authority receives a substantial amount of its revenues from the City of Wheeling Hotel/Motel tax. In addition there are certain events which typically occur annually that generate a significant amount of revenue for the Authority. A significant reduction in the level of the support from the City of Wheeling or the cancellation of certain events could have an effect on the Authority's programs and activities.

12. Other Post-Employment Benefits

The Authority does not provide post-retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the Authority.

13 Litigation

In the normal course of operations, the Authority is a defendant related to claims and lawsuits. The Authority maintains comprehensive insurance coverage to protect itself from such claims and lawsuits.

14. Risk Management

The Authority is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority contracts with the West Virginia Board of Risk and Insurance Management for liability coverage.

In fiscal year 2016 and through December 31, 2016, the Authority participated with Brickstreet Insurance for workers' compensation coverage. Effective January 1, 2017 the Authority participated with Berkley Net for worker's compensation coverage. The Authority is self-insured for employee unemployment coverage under the West Virginia Bureau of Employment Programs reimbursement basis method. The Authority continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three years and there has been no significant reduction in insurance coverage from coverage in prior years.

Greater Wheeling Sports and Entertainment Authority
Notes to the Financial Statements
June 30, 2018 and 2017

15. Related Party Relationships

As referenced in Notes 7, 8, and 9, the Authority is involved in multiple agreements with the Hockey Club of the Ohio Valley, LLC. Certain members of the governing body of the Authority are also members of the governing body for the Hockey Club of the Ohio Valley, LLC.

16. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to confirm with the presentation in the current year financial statements. These reclassifications had no effect on the net position of the Authority.

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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's 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 Greater Wheeling Sports and Entertainment Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business type activities of the Greater Wheeling Sports and Entertainment Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Greater Wheeling Sports and Entertainment Authority's basic financial statements, and have issued our report thereon dated June 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Wheeling Sports and Entertainment Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Greater Wheeling Sports and Entertainment Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Wheeling Sports and Entertainment Authority's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet importance 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Wheeling Sports and Entertainment Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Korycki Hughes Tickerhood PLLC

Wheeling, West Virginia,
June 24, 2019.

**Greater Wheeling Sports and Entertainment Authority
Schedule of Prior Year Findings
For the Fiscal Year Ended June 30, 2018**

Prior Year Financial Statement Findings

2017-1 – *Lack of Financial Closing Process*

Resolved

Response:

The Authority hired a Quickbooks consultant to establish computerized accounting records, to provide accounting and financial reporting expertise, and review the Authority's accounting systems and processes retroactively to July 1, 2017.

Dan Wilson, CPA, MBA
1955-2013

Dennis Kozicki, CPA
Nancy Hughes, CPA
Aimee Tickerhoof, CPA

Jaytee Herron, CPA



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To the Board of Trustees of the *Greater Wheeling Sports and Entertainment Authority*:

In planning and performing our audit of the financial statements of the *Greater Wheeling Sports and Entertainment Authority* (the Authority) as of and for the year ended June 30, 2018 in accordance with auditing standards generally accepted in the United States of America, we considered the Fund's internal control over financial reporting (internal control) 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

We did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 24, 2019 on the financial statements of the Authority.

We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies.

COMPLIMENTS

We have made the suggestion to computerize the Authority's accounting records for several years. We would like to congratulate the Authority on the significant accomplishments made in the last year. While there is still room for improvement, as the following comments indicate, substantial progress has been made and we commend you for it.

THEATER VS ARENA

Pursuant to the Authority's agreement with the Wheeling Convention and Visitors Bureau, the Authority is required to maintain accounting records which show Profit and Loss information for the Theater separately from the Arena.

3.3 Maintain Records

The Authority shall maintain accounting records relating to the Theatre using accounting practices in accordance with generally accepted accounting principles consistently applied. The Authority shall not disclose, permit or allow the disclosure of records, information, data bases, accounts or other information of the CVB or Authority unless required by a governing statute or prior written consent of the CVB.

While the underlying supporting paperwork for the Authority does properly segregate between Theater and Arena, not all of the entries to the computerized accounting system were allocated between the Theater and Arena (ex: Facility Fees, Payroll (including taxes and benefits), Insurance and Professional Fees). Accordingly, we are unable to report to the Authority the amount of the Authority's change in net position that is attributed to the Theater.

MISCELLANEOUS ACCOUNTS

We noted throughout the course of our audit work that there were a large number of entries posted to Miscellaneous Revenue and Miscellaneous Expense. We understand how use of a miscellaneous account is necessary when there is uncertainty at the point of entry.

We would like to recommend that the entries made to these accounts be reviewed prior to starting the audit each year to clear out any activity posted here that is not actually miscellaneous in nature.

SUSPENSE ACCOUNT

Another benefit of the computerized accounting system was the realization that there is often times a surplus or loss created as each event is settled. During the course of our audit work we noted that some of these event surpluses and event losses are coded directly to an Event Surplus or Event Loss account. More often, however, the activity leading to the event surplus or loss is coded to a suspense account.

We would like to recommend that the Suspense account be closed out to Event Surplus or Loss as each event settles throughout the year.

We would like to take this opportunity to thank the *Greater Wheeling Sports and Entertainment Authority* for their assistance and cooperation during our audit. This report is intended solely for the information and use of the board of trustees, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Wheeling, West Virginia,
June 24, 2019.