

Greater Wheeling Sports and Entertainment Authority

(A component unit of the City of Wheeling, West Virginia)

Financial Statements and Independent Auditor's Report

For the Fiscal Years Ended June 30, 2021 and 2020

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
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For the Fiscal Years Ended June 30, 2021 and 2020

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Introductory Section

**GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
BOARD MEMBERS
For the Fiscal Years Ended June 30, 2021 and 2020**

OFFICE	NAME	TERM
Chairperson:	Robert Herron	July 1, 2020 – June 30, 2021
Secretary:	David Croft	July 1, 2020 – June 30, 2021
Treasurer:	Kevin Duffin	July 1, 2020 – June 30, 2021
Members:	John Culler	July 1, 2020 – June 30, 2021
	Rich Lucas	July 1, 2020 – June 30, 2021
	Karen Stakum	July 1, 2020 – June 30, 2021
	Robert Fitzsimmons	July 1, 2020 – June 30, 2021
	David Palmer	July 1, 2020 – June 30, 2021
	Edward George III	July 1, 2020 – June 30, 2021
Executive Director:	Dennis Magruder	

Financial Section

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

Independent Auditor's Report

Honorable Members of the Board
Greater Wheeling Sports and Entertainment Authority
Wheeling, West Virginia 26003

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 (the Authority), a component unit of the City of Wheeling, West Virginia, as of and for the years ended June 30, 2021 and 2020 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 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 audit. We conducted our audit 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.

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

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, 2021 and 2020, 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

The Authority's 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 Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the Authority'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 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.

Ferrari & Associates, PLLC

**Morgantown, West Virginia
December 22, 2021**

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,230,382	\$ 758,694
Accounts receivable	42,185	17,099
Inventory	10,283	12,089
Total current assets	1,282,850	787,882
Capital assets:		
Depreciable:		
Building improvements	446,495	389,075
Machinery and equipment	750,142	685,353
Total capital assets	1,196,637	1,074,428
Less: accumulated depreciation	(702,162)	(604,678)
Total capital assets, net	494,475	469,750
Other assets:		
Cash surrender value-life insurance policies	47,120	48,301
Prepaid expenses	26,704	28,104
Total other assets	73,824	76,405
Total assets	\$ 1,851,149	\$ 1,334,037
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 108,098	\$ 54,903
Accrued wages and taxes	185,115	44,870
Sales and amusement tax payable	1,103	-
Unearned revenue	416,007	373,416
Paycheck protection program loan	287,435	-
Total current liabilities	997,758	473,189
NET POSITION		
Invested in capital assets	494,475	469,750
Unrestricted	358,916	391,098
Total net position	853,391	860,848
Total liabilities and net position	\$ 1,851,149	\$ 1,334,037

See accompanying notes and Independent Auditor's Report.

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
<i>Direct event revenue</i>		
Reimbursed expenses	\$ 52,316	\$ 378,732
Rent	80,467	297,822
Facility fees	54,270	153,684
Catering	725	34,316
E-Tix fees (net)	(1,863)	(1,280)
Event (loss) or surplus	1,582	1,340
<i>Other revenue</i>		
Concessions (including commissions of \$21,725 and 111,400 respectively)	103,173	445,904
Lease income	54,761	53,427
Commissions	2,080	12,316
Advertising	15,000	15,000
Miscellaneous	1,597	1,070
	<u>364,108</u>	<u>1,392,331</u>
Total operating revenues		
Operating expenses:		
Event operations	363,419	638,923
Catering	286	16,127
Box office	39,720	87,378
Building maintenance	646,673	660,328
Concession operations	90,434	234,667
Administrative	243,300	268,444
Accounting	54,282	80,060
Employee welfare	327,453	324,220
	<u>1,765,567</u>	<u>2,310,147</u>
Total operating expenses		
Operating income (loss)	<u>(1,401,459)</u>	<u>(917,816)</u>
Non-operating income (expenses):		
Interest income	1,960	10,926
Naming rights (net)	64,375	64,375
Pouring rights (net)	-	9,975
CARES Act funding	796,682	-
Contributions	162,238	69,921
Loss on disposal of fixed assets	-	(181,273)
City of Wheeling hotel/motel tax	332,000	332,000
	<u>1,357,255</u>	<u>305,924</u>
Total non-operating income (expenses)		
Income (loss) before capital contributions	(44,204)	(611,892)
Capital contributions	<u>36,747</u>	<u>301,003</u>
Change in net position	(7,457)	(310,889)
Net position - beginning	<u>860,848</u>	<u>1,171,737</u>
Net position - ending	<u>\$ 853,391</u>	<u>\$ 860,848</u>

See accompanying notes and Independent Auditor's Report.

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash received from customers	\$ 311,436	\$ 1,383,296
Cash payments to suppliers for goods and services	(943,545)	(1,578,826)
Cash payments to employees for services	(526,789)	(966,958)
Other operating revenues	71,358	278,048
	<u>(1,087,540)</u>	<u>(884,440)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Interest on investments	1,960	10,926
	<u>1,960</u>	<u>10,926</u>
Net cash provided by investing activities		
Cash flows from non-capital and related financing activities:		
City of Wheeling hotel/motel tax	332,000	332,000
Net naming and pouring rights	64,375	74,350
Other donations	958,920	69,921
	<u>1,355,295</u>	<u>476,271</u>
Net cash provided by non-capital and related financing activities		
Cash flows from capital and related financing activities:		
Contribution of fixed assets	36,747	301,003
Proceeds from PPP loan	287,435	-
Building improvements	(122,209)	(327,702)
	<u>201,973</u>	<u>(26,699)</u>
Net cash provided (used) by capital and related financing activities		
Net increase (decrease) in cash and cash equivalents	<u>471,688</u>	<u>(423,942)</u>
Cash at beginning of year	<u>758,694</u>	<u>1,182,636</u>
Cash at end of year	<u>\$ 1,230,382</u>	<u>\$ 758,694</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,401,459)	\$ (917,816)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	97,484	67,404
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(25,086)	107,246
Decrease (increase) in prepaid expenses	1,400	7,646
Decrease (increase) in inventory	1,806	(4,620)
Decrease (increase) in cash surrender value - life insurance policies	1,181	146
Increase (decrease) in accounts payable	53,195	(54,528)
Increase (decrease) in unearned revenue	42,591	(46,930)
Increase (decrease) in accrued wages and taxes	140,245	(25,268)
Increase (decrease) in sales and amusement tax payable	1,103	(17,720)
	<u>1,103</u>	<u>(17,720)</u>
Net cash provided (used) by operating activities	<u>\$ (1,087,540)</u>	<u>\$ (884,440)</u>

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Greater Wheeling Sports and Entertainment Authority (the Authority) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. 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.

B. 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, when applicable, 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.

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
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For the Fiscal Years Ended June 30, 2021 and 2020

Enterprise Fund

The 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.

C. 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 revenues, 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.

D. 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.

E. Accounts Receivable and Bad Debts

Bad debt expense of \$1,327 and \$9,686 has been recognized in the years ended June 30, 2021 and 2020, respectively. The Authority uses the direct write off method, which is not in conformity with generally accepted accounting principles, however the impact has been determined to be immaterial.

F. Inventory

Inventory is valued at actual cost.

G. 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 and having an estimated life of three years 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 as nonoperating 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.

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

H. 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.

I. 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, 2021 and 2020, accrued vacation was \$40,101 and \$43,632, respectively.

J. Operating vs. Non-operating Revenues and Expenses

The Authority classifies income derived from and expenses directly supporting the activities of the Authority as operating. All revenues and expenses not meeting this definition are reported as nonoperating revenues.

K. 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.

NOTE 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, 2021 and 2020, the bank balance of the Authority's deposits was \$1,217,201 and \$826,380. These amounts are collateralized by securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

NOTE 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 2021, the Board authorized a disbursement of \$8,090 for an emergency boiler repair. In fiscal year 2020, there were no deposits to or disbursements from the account. As of June 30, 2021 and 2020, the balance in the account was \$166,985 and \$174,752, respectively, and is included in cash on the statements of net position.

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

NOTE 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, 2021 and 2020, is \$133,945 and \$174,056, respectively. 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, 2021 and 2020 was \$736 and \$20,038 respectively. Of this total, the amount reflected as payable to the Capitol Theatre Preservation Trust Fund on the accompanying statements of net position was \$736 and \$0 as of June 30, 2021 and 2020, respectively.

NOTE 5 – CAPITAL ASSETS

Changes in the capital assets accounts for the year ended June 30, 2021 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Building improvements	\$ 389,075	\$ 57,420	\$ -	\$ 446,495
Machinery and equipment	685,353	64,789	-	750,142
	<u>1,074,428</u>	<u>122,209</u>	<u>-</u>	<u>1,196,637</u>
Less accumulated depreciation for:				
Building improvements	(307,089)	(11,082)	-	(318,171)
Machinery and equipment	(299,589)	(86,402)	-	(383,991)
	<u>(604,678)</u>	<u>(97,484)</u>	<u>-</u>	<u>(702,162)</u>
Net capital assets	<u>\$ 469,750</u>	<u>\$ 24,725</u>	<u>\$ -</u>	<u>\$ 494,475</u>

Changes in the capital assets accounts for the year ended June 30, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Building improvements	\$ 2,301,527	\$ -	\$ (1,912,452)	\$ 389,075
Machinery and equipment	388,404	327,703	(30,754)	685,353
	<u>2,689,931</u>	<u>327,703</u>	<u>(1,943,207)</u>	<u>1,074,428</u>
Less accumulated depreciation for:				
Building improvements	(2,032,351)	(9,197)	1,734,459	(307,089)
Machinery and equipment	(265,983)	(58,207)	26,601	(299,589)
	<u>(2,298,334)</u>	<u>(67,404)</u>	<u>1,761,060</u>	<u>(604,678)</u>
Net capital assets	<u>\$ 391,597</u>	<u>\$ 260,299</u>	<u>\$ (182,147)</u>	<u>\$ 469,750</u>

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

From time to time, the City of Wheeling makes improvements on behalf of the Arena. The improvements are owned by the City of Wheeling and are not considered capital contributions. Major improvements between 2014 and 2017 were financed primarily through sales tax proceeds and the issuance of Bonds by the City of Wheeling. All of the proceeds of these Bonds were 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.

Since 2017, the City has paid for certain improvements directly. Other transactions may be paid for and recorded by the Arena, but reimbursed by the City of Wheeling. These other transactions, and those reimbursed for the Theater by the CVB, are shown as capital contributions on the accompanying statements of revenues, expenses, and changes in net positions.

Depreciation expense was charged to functions for the fiscal years ending June 30, 2021 and 2020 respectively, as follows:

	2021	2020
Building maintenance	\$ 9,061	\$ 7,430
Event operations	85,217	56,239
Other Arena	1,094	1,094
Capital Theatre	2,112	2,641
Total	\$ 97,484	\$ 67,404

NOTE 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, 2021 and 2020, there were two employees who participate in the policy.

NOTE 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 was 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, 2021 and 2020 by the Authority as follows:

	2021	2020
Greater Wheeling Sports and Entertainment Authority	\$ 64,375	\$ 64,375
Hockey Club of the Ohio Valley, LLC	207,726	203,526
Total	\$ 271,651	\$ 267,901

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

NOTE 8 – POURING RIGHTS

On October 15, 2015, the Authority and Coca-Cola Refreshments USA, Inc. entered into an agreement for pouring rights which expired on September 30, 2020. The agreement provided that the Authority will sell Coke products at all events held at the Arena. The agreement required Coca-Cola Refreshments USA, Inc. to pay \$15,000 annual installments for all five years. The agreement was not renewed or replaced.

The annual fee was allocated by the Authority for the fiscal years ending June 30, 2020 as follows:

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

NOTE 9 – LEASES

The Hockey Club of the Ohio Valley, LLC

On March 25, 2012, the Authority entered into an agreement 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 three times: October 1, 2015, August 28, 2018, and January 22, 2021. The January 2021 agreement covers the period from October 1, 2021 through September 30, 2024.

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:

<u>Period</u>	<u>Maximum License Fee</u>	<u>After Reduction for Hotel/Motel Tax</u>
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
October 1, 2021 - September 30, 2022	\$2,775	\$775
October 1, 2022 - September 30, 2023	\$2,825	\$825
October 1, 2023 – September 30, 2024	\$2,875	\$875

Capital 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. On June 25, 2015 the parties agreed to extend the lease for a 10 year period, expiring on December 31, 2025. Lease income from Capstar totaled \$54,761 and \$53,427 for the fiscal years ending June 30, 2021 and 2020, respectively.

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

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

Year ended June 30	
2022	\$ 56,132
2023	57,535
2024	58,974
2025	60,448
Total	<u>\$ 233,089</u>

NOTE 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, 2021 and 2020 was:

	2021	2020
Arena	\$ 272,000	\$ 272,000
Theatre	60,000	60,000
Total	<u>\$ 332,000</u>	<u>\$ 332,000</u>

NOTE 11 – CONCENTRATION OF REVENUES

The Authority receives a substantial amount of its revenues from the City of Wheeling either in the form of the Hotel/Motel tax or from contribution revenue. A significant reduction in the level of the support from the City of Wheeling could have an effect on the Authority's programs and activities.

In addition, there are certain events which typically occur annually that generate a significant amount of revenue for the Authority.

NOTE 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.

NOTE 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.

NOTE 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.

The Authority participates 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
For the Fiscal Years Ended June 30, 2021 and 2020

NOTE 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.

In addition, \$235 and \$1,153 in the years ended June 30, 2021 and 2020, respectively was paid for marketing services performed by a company that is related to a member of the governing body.

NOTE 16 – RECLASSIFICATIONS

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

NOTE 17 – PAYCHECK PROTECTION PROGRAM

On July 23, 2020, the Authority received a paycheck protection program loan for \$296,682, which was forgiven on April 1, 2021. On April 7, 2021, the Authority received a second paycheck protection program loan for \$287,435.

NOTE 18 – SUBSEQUENT EVENTS

The pandemic declared on March 11, 2020 is ongoing. The Authority's ability to host events continues to be severely impacted. However, government funding has been obtained to ensure the Authority can maintain operations.

- On July 22, 2021, \$1,157,817 was obtained from the Shuttered Venue Operators Grant.
- As noted in Note 17, an additional \$287,435 was received from the Paycheck Protection Program on April 7, 2021. The Authority has applied for forgiveness of this second Paycheck Protection Program loan.
- On November 25, 2021, a supplemental award of \$722,626 was received from the Shuttered Venue Operators Grant.

The Authority's management has evaluated the effect that subsequent events would have on the Authority's financial statements through December 22, 2021, which is the date the financial statements were available to be released.

Accompanying Information

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

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*

Honorable Members of the Board
Greater Wheeling Sports and Entertainment Authority
Wheeling, West Virginia 26003

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 (the Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Authority's financial statements are free from 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*.

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

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 result 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.

Ferrari & Associates, PLLC

**Morgantown, West Virginia
December 22, 2021**

**GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Years Ended June 30, 2021 and 2020**

There were no findings in the current year.

GREATER WHEELING SPORTS AND ENTERTAINMENT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Years Ended June 30, 2021 and 2020

Status of Prior Year Audit Findings

There were no findings in the prior year.