



Dave Yost • Auditor of State

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clark County Convention Facilities Authority
Clark County
20 South Limestone Street, Suite 100
Springfield, Ohio 45502

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Clark County Convention Facilities Authority, Clark County, Ohio (the Authority), as of and for the years ended December 31, 2014 and 2013, 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 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 overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clark County Convention Facilities Authority, Clark County as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years 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 November 18, 2015, 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

November 18, 2015

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance for the Clark County Convention Facilities Authority (herein referred to as the Authority) and provides an introduction to the Authority's basic financial statements for the years ended December 31, 2014 and 2013. The information contained in this MD&A should be considered in conjunction with information presented in the Authority's basic financial statements and corresponding notes to the basic financial statements.

OVERVIEW OF THE AUTHORITY

The authority is a public authority, the purpose of which is to maintain and operate convention facilities which are used for meeting, seminar and entertainment, or any combination thereof, located within Clark County, Ohio (the "County").

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Authority's basic financial statements are prepared on the accrual basis of accounting in accordance with accounting principles general accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The financial information of the Authority is currently accounted for in one general fund. These funds can be used for operating costs of the Authority and to provide grants to organizations and facilities that drive tourism to the County and increase overnight stays in County hotel/motel facilities.

Following this MD&A are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the basic financial statements. The basic financial statements for the Authority are the following:

- **Statement of Net Position** – This statement presents information on all of the Authority's assets, liabilities, and deferred inflows and outflows of resources with the difference reported as net position.
- **Statement of Revenues, Expenses and Changes in Net Position** – This statement shows how the Authority's net position has changed during the most recent year. This includes operating and non-operating revenues and expenses of the Authority.
- **Statement of Cash Flows** – This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, non-capital financing, capital and related financing and investing activities. A reconciliation of operating income with net cash provided by (used for) operating activities is provided.

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

FINANCIAL POSITION OF THE AUTHORITY

The following represents the Authority's financial position for the years ended December 31:

For the Year Ending December 31, 2013:	2012	2013	Increase (Decrease) over/ (under) 2012
Current and Other Assets	\$266,998	\$307,609	\$40,611
Total Assets	<u>266,998</u>	<u>307,609</u>	<u>40,611</u>
Current Liabilities	2,596	1,468	(1,128)
Total Liabilities	<u>2,596</u>	<u>1,468</u>	<u>(1,128)</u>
Net Position:			
Unrestricted	264,402	306,141	42,867
Total Net Position	<u>\$264,402</u>	<u>\$306,141</u>	<u>\$40,611</u>

For the Year Ending December 31, 2014:	2013	2014	Increase (Decrease) over/ (under) 2013
Current and Other Assets	\$307,609	\$218,877	(\$88,732)
Capital Assets, Net		561,816	561,816
Total Assets	<u>307,609</u>	<u>780,693</u>	<u>473,084</u>
Current Liabilities	1,468	103,457	101,989
Non-current Liabilities		498,699	498,699
Total Liabilities	<u>1,468</u>	<u>602,156</u>	<u>600,688</u>
Net Position			
Net Investment in Capital Assets		13,920	13,920
Unrestricted	306,141	164,617	(140,056)
Total Net Position	<u>\$306,141</u>	<u>\$178,537</u>	<u>(\$127,604)</u>

The operating fund total assets in 2013 exceeded total liabilities by \$306,141 and in 2014 by \$178,537. The capital asset is a LED Billboard that is located on I-70 in eastern Clark County. The billboard is used to promote activities and events conducted in various facilities as well as non-profit organizations which drive, sponsor or promote tourism in the County. Funds to purchase and install the billboard were provided through a loan from Huntington Bank. The resources needed to repay this loan will be provided annually from collection of the hotel/motel excise taxes.

The following represents the changes in revenues, expenses and net position for the years ended December 31:

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

For the Year Ending December 31, 2013:

	2012	2013	Increase (Decrease) over/ (under) 2012
Operating Revenues:			
Hotel/motel excise tax	\$386,927	\$443,195	\$56,268
Total Operating Revenues	<u>386,927</u>	<u>443,195</u>	<u>56,268</u>
Operating Expenses:			
Administration fees		18,000	18,000
Billboard expenses			
Insurance	798	798	
Marketing	18,350	4,500	(13,850)
Professional fees	14,301	10,457	(3,844)
Other	43	20	(23)
Total Operating Expenses	<u>33,492</u>	<u>33,775</u>	<u>283</u>
Operating income before nonoperating revenue and expenses	353,435	409,420	55,985
Non-operating revenues/(expenses):			
Grants awarded	(447,064)	(367,700)	79,364
Interest income	30	19	(11)
Total non-operating revenues/(expenses)	<u>(447,034)</u>	<u>(367,681)</u>	<u>79,353</u>
Change in net position	(93,599)	41,739	135,338
Total net position – beginning	<u>358,001</u>	<u>264,402</u>	<u>(93,599)</u>
Total Net Position	<u>\$264,402</u>	<u>\$306,141</u>	<u>\$41,739</u>

For the Year Ending December 31, 2014:

	2013	2014	Increase (Decrease) over/ (under) 2013
Operating Revenues:			
Hotel/motel excise tax	\$443,195	\$454,709	\$11,514
Total Operating Revenues	<u>443,195</u>	<u>454,709</u>	<u>11,514</u>
Operating Expenses:			
Administration fees	18,000	18,000	
Billboard expenses		18,848	18,848
Insurance	798	946	148
Marketing	4,500	12,000	7,500
Professional fees	10,457	18,661	8,204
Other	20	106	86
Total Operating Expenses	<u>33,775</u>	<u>68,561</u>	<u>34,786</u>
Operating Income before depreciation	409,420	386,148	(23,272)
Depreciation		9,522	9,522
Operating income before non-operating revenue and expenses	<u>409,420</u>	<u>376,626</u>	<u>(32,794)</u>
Non-operating revenues/(expenses):			
Interest Expense		(12,702)	(12,702)
Grants awarded	(367,700)	(491,555)	(123,855)
Interest income	19	27	8
Total non-operating revenues/(expenses)	<u>(367,681)</u>	<u>(504,230)</u>	<u>(136,549)</u>
Change in net position	41,739	(127,604)	(169,343)
Total net position – beginning	<u>264,402</u>	<u>306,141</u>	<u>41,739</u>
Total Net Position	<u>\$306,141</u>	<u>\$178,537</u>	<u>(\$127,604)</u>

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

Key changes to revenues, expenses and net position, as listed, are as follows:

- The Authority levies a 3% countywide bed tax on occupied hotel/motel rooms. Revenue collected from this excise tax as well as any earnings from investments are used to manage the Authority and to provide grants to organizations which operate facilities in Clark County to defray maintenance and operating costs of those facilities which drive tourism to the County and increase overnight stays in County hotel/motel facilities. 2013 bed tax revenues increase by 14.5% over 2012 and 2014 bed tax revenues increased 2.6% over 2013 bed tax revenues. The large increase from 2012 to 2013 was an indication that the economic environment began to improve considerably and that more people were traveling. The slight increase in 2014 from 2013 again can be attributed to the overall condition of the economy and the opening of a new hotel opening in late 2014. These trends have mirrored other communities in Ohio, specifically Franklin County.
- The management, operation and marketing of the Authority are facilitated through an agreement executed in 2013 with the Greater Springfield Chamber of Commerce and with Chad D Yancey, CPA LLC providing accounting services to the Authority. Prior to 2013, the Greater Springfield Chamber had only requested reimbursement for legal fees relating to the start-up of The Authority. The Authority has no employees.
- A major project for the Authority in 2014 was the purchase and installation of an LED Billboard located in eastern Clark County on I-70 east bound. This billboard can be viewed from both east bound and west bound traffic. The purpose of the billboard is to highlight events taking place in venues supported by the Authority. The management of the billboard is facilitated through an agreement with the Greater Springfield Chamber of Commerce.
- A significant drop in marketing expenses in 2013 was due to the fact 2012 expenses were high and resulting in a multi-year benefit. Marketing expenses in 2012 included The Authority's website development, a marketing plan for the Clark County Fairgrounds and Ohio Equine and Agricultural Association, a marketing co-op with the Greater Springfield Convention and Visitors Bureau, and subsidized advertising for Clark County Fairgrounds and Ohio Equine and Agricultural Association. A significant increase in marketing expense for 2014 over 2013 was the result of a community marketing program that developed a creative, full-page ad for each of the major attractions the Authority supports. (The Champions Center, the Clark County Fairgrounds, the Wescott House, the Chiller, and the Hollenbeck Bayley Center) and to develop, print and direct mail a glossy Meeting Planners Guidebook featuring all the County's meeting and conference venues.
- A significant increase in professional fees in 2014 was the result of working with State and Local officials to obtain permission to locate the billboard on I-70, and to ensure compliance with all State and Local laws, codes and regulations. 2013 professional fees were down from 2012 because 2012 included audit fees for an agreed upon procedure audit perform by Clark Schaefer Hackett and Company on the Ohio Equine and Agricultural Association, requested by The Authority.

CAPITAL ASSETS

At the end of fiscal year 2014, the Authority had \$561,816 (net of accumulated depreciation) invested in the I-70 LED Billboard. This is the only capital asset of the Authority.

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)

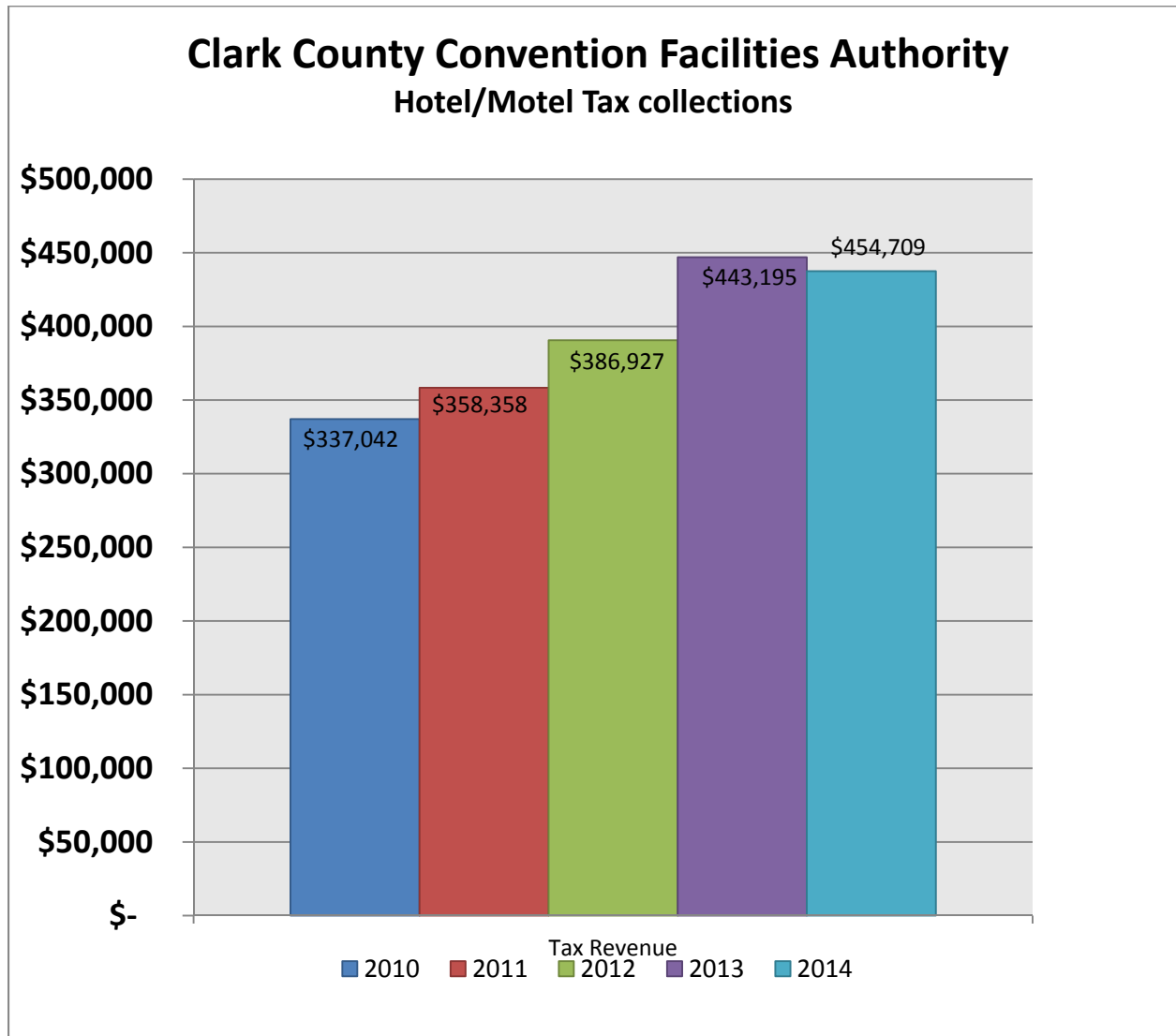
DEBT

At December 31, 2014, the Authority had \$547,986 in bonds outstanding. These are revenue bonds issued for the acquisition of the I-70 LED Billboard.

Annual debt service requirements for the billboard are met through the collection of hotel/motel excise taxes.

ECONOMIC FACTORS

Economic factors play an important role in the County's hotel/motel usage and in the tourism industry as a whole. While the County did experience a downturn in tourism in 2008 and 2009 which resulted in fewer overnight stays in county hotels and motels, 2010 through 2014 showed a steady increase in this market. Please note that the Authority began collecting bed tax in 2010.



**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances and to show accountability for money received by the Authority. For questions or for additional information regarding this report, write to the Clark County Convention Facilities Authority, 20 South Limestone Street, Suite 100, Springfield, Ohio 45502 or contact Chad Yancey, CPA at 937-521-1938 or cyancey@greaterspringfield.com.

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2014 AND 2013**

	Enterprise Fund	
	2013	2014
Assets:		
Current Assets:		
Cash and cash equivalents	\$303,816	\$208,517
Accounts receivable	3,793	10,360
Total current Assets	307,609	218,877
Non-current Assets:		
Capital Assets:		
Depreciable capital assets, net		561,816
Total Capital Assets		561,816
Total non-current assets		561,816
Total assets	307,609	780,693
Liabilities:		
Current liabilities:		
Accounts payable	1,468	6,070
Accrued expenses		48,190
Bonds payable - current portion		49,197
Total current liabilities	1,468	103,457
Non-current liabilities:		
Bonds payable - long term portion		498,699
Total noncurrent liabilities		498,699
Total liabilities	1,468	602,156
Net Position:		
Net Investment in Capital Assets		13,920
Unrestricted	306,141	164,617
Total Net Position	\$306,141	\$178,537

See accompanying notes to the basic financial statements.

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR YEARS ENDING DECEMBER 31, 2014 AND 2013**

	Enterprise Fund	
	2013	2014
Operating Revenues:		
Hotel/motel excise tax	\$443,195	\$454,709
Total Operating Revenues	<u>443,195</u>	<u>454,709</u>
Operating Expenses:		
Administration fees	18,000	18,000
Billboard expenses		18,848
Insurance	798	946
Marketing	4,500	12,000
Professional fees	10,457	18,661
Other	20	106
Total Operating Expenses	<u>33,775</u>	<u>68,561</u>
Operating Income before depreciation:	409,420	386,148
Depreciation		9,522
Operating income before nonoperating revenue and expenses	<u>409,420</u>	<u>376,626</u>
Non-operating revenues/(expenses):		
Interest Expense		(12,702)
Grants awarded	(367,700)	(491,555)
Interest income	19	27
Total non-operating revenues/(expenses)	<u>(367,681)</u>	<u>(504,230)</u>
Change in net position	41,739	(127,604)
Total net position - beginning	264,402	306,141
Total Net Position	<u>\$306,141</u>	<u>\$178,537</u>

See accompanying notes to the basic financial statements.

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**STATEMENT OF CASH FLOWS
FOR YEARS ENDING DECEMBER 31, 2014 AND 2013**

	Enterprise Fund	
	2013	2014
Cash Flows from Operating Activities:		
Hotel/motel excise taxes received	\$443,195	\$444,349
Other Cash Received		3,793
Payments for professional services	(9,935)	(19,035)
Payments for administrative services	(18,000)	(18,000)
Payments for billboard operating expenses		(12,704)
Payments for other expenses	(10,761)	(12,537)
Net cash provided by (used in) by operating activities	404,499	385,866
Cash Flows from Noncapital Financing Activities:		
Grants Awarded	(367,700)	(445,048)
Cash Flows from Capital and related Financing Activities:		
Purchase of capital assets		(571,338)
Proceeds for sale of bonds		563,787
Cash paid on bond interest		(12,702)
Cash paid on bond principle		(15,891)
Net cash provided by (used in) capital and related financing activities		(36,144)
Cash Flows from Investing Activities:		
Interest received	19	27
Net cash provided by (used in) investing activities	19	27
Net increase (decrease) in cash and cash equivalents	36,818	(95,299)
Cash - January 1	266,998	303,816
Cash - December 31	303,816	208,517
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating income (loss)	409,420	376,626
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation		9,522
(Increase) in receivables	(3,793)	(6,567)
Increase (decrease) in accounts payable	(1,128)	4,601
Increase (decrease) in accrued expenses		1,684
Total adjustments	(4,921)	9,240
Net cash provided by (used in) operating activities	\$404,499	\$385,866

See accompanying notes to the basic financial statements.

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**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**NOTE TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. DESCRIPTION OF ENTITY

Organization

The Clark County Convention Facilities Authority (the Authority) was established by the Board of County Commissioners of Clark County, Ohio on September 29, 2009. The Authority is exempt from Federal Corporate income taxes. The Authority was formed to maintain and operate convention facilities which are used for meeting, seminar and entertainment, or any combination thereof, located within Clark County, Ohio (the "County").

The Authority levies an excise tax on hotels and motels in the amount of 3% of each transaction occurring within the boundaries of the County. Excise tax payments are remitted to the Authority on a monthly basis and are deposited into a business checking account.

The management, operation and marketing of the Authority are facilitated through an agreement with the Greater Springfield Chamber of Commerce (the "Chamber") and with Chad D Yancey, CPA LLC providing accounting services to the Authority. The Authority has no employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Significant Accounting Policies

The significant accounting policies followed in preparation of these basic financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

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

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

- Management's Discussion and Analysis
- Basic financials statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
- Notes to the basic financial statements

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the types of resources being measured and the basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**NOTE TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and a money market account.

D. Proprietary Funds

The Authority operates using enterprise fund reporting. Enterprise funds are used to account for the costs of providing goods or services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the Authority intends to fully recover the cost of goods or services provided.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

E. Capital Assets and Depreciation

The Authority defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost and updated for additions and retirements during the year. Currently, the only capital asset the Authority owns is a 14 foot by 48 foot 2 sided LED billboard located on I-70 east bound in eastern Clark County. Depreciation is provided on the straight-line basis over the estimated useful life of the billboard, 20 years.

F. Net Position

Net position represents assets less liabilities. Net position is displayed in three components – net investment in capital assets; restricted; and unrestricted. The net investment in capital assets component consists of capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The restricted component consists of any assets restricted by liabilities. The unrestricted component is the net assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

3. DEPOSITS

Ohio Revised Code §351.20 governs allowable investments for the Authority.

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 of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**NOTE TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

3. DEPOSITS (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2014, the Authority's bank balance of \$208,517 was covered by Federal Deposit Insurance. At December 31, 2013, \$53,816 of the Authority's bank balance of \$303,816 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

4. ACCOUNTS RECEIVABLE

Accounts receivables represent excise tax payments due from hotel/motel operators that have not been received by the Authority. Account receivables balances for years ending 2013 and 2014 were \$3,793 and 10,360 respectively.

Accounts Receivable represents the amount of checks issued by the Chamber inadvertently printed on the Authority's check stock. The error was not recognized until the bank reconciliation was done at the end of the month. The amount was immediately repaid and safeguards were put in place to ensure that this would not happen in the future.

5. CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2014 is as follows:

Business Type Activities	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Depreciable Capital Assets				
Billboard		\$571,338		\$571,338
Total Depreciable Capital Assets		571,338		571,338
Less accumulated depreciation for:				
Billboard		(9,522)		(9,522)
Total accumulated depreciation		(9,522)		(9,522)
Total Capital Assets, Net	\$0	\$561,816	\$0	\$561,816

6. ACCRUED EXPENSES

Accrued expenses represent liabilities to the Authority that have been incurred but not yet paid. Accrued expenses balances for years ending 2013 and 2014 were \$0 and \$48,190 respectively. Specifically, the amount recorded for 2014 is a reimbursement grant awarded to the Clark County Historical Society and as of the end of the year, had not been fully drawn, but is still payable.

7. BONDS PAYABLE

The following is a summary of changes in long-term liabilities for the year ended December 31, 2014:

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**NOTE TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. BONDS PAYABLE (Continued)

<u>Business Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2014 Revenue Bonds	\$0	\$563,787	\$15,891	\$547,896	\$49,197

During 2014, the Authority issued a revenue bond in order to finance the billboard project. The current portion of the bond payable represents the payments of principle due within 12 months. The remaining amount due is reports as a long term liability, net of any interest payments due.

Annual requirements to pay principal and interest on long-term debt at December 31, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$49,197	\$19,178	\$68,375
2016	51,025	17,350	68,375
2017	52,919	15,456	68,375
2018	54,883	13,492	68,375
2019	56,920	11,455	68,375
2020-2024	282,952	24,115	307,067
	<u>\$547,896</u>	<u>\$101,046</u>	<u>\$648,942</u>

8. RISK MANAGEMENT

The Authority is subjected to certain types of risks in the performance of its normal functions. They include risks the Authority might be subjected to by its Board of Directors in the performance of their normal duties. The Authority manages these types of risks through commercial insurance.

<u>Type</u>	<u>Coverage</u>	<u>Provider</u>
General Aggregate	\$2,000,000	Cincinnati Insurance Company
Products & Completed Op Aggregate	2,000,000	Cincinnati Insurance Company
Personal & Advertising Injury	1,000,000	Cincinnati Insurance Company
Each Occurrence	1,000,000	Cincinnati Insurance Company
Damage to Rented Premises	500,000	Cincinnati Insurance Company
Medical Expense (any one person)	10,000	Cincinnati Insurance Company



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*

Clark County Convention Facilities Authority
Clark County
20 South Limestone Street, Suite 100
Springfield, Ohio 45502

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 Clark County Convention Facilities Authority, Clark County, (the Authority) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 18, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

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 communication 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

November 18, 2015

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustment and reclassifications were posted to the December 31, 2014 and 2013 financial statements and, where applicable, the Authority's accounting records:

1. For 2014, Accrued Expenses were increased \$18,012 to properly report the amount of a grant awarded but not yet paid at year end.
2. For 2014, \$8,767 was reclassified from the short term portion of Bonds Payable to the long term portion of Bonds Payable to properly report the amount due within one year. Additionally, \$12,702 in interest paid on the bonds was reclassified from an operating expense to a non-operating expense.
3. For 2014 and 2013, \$445,048 and \$367,700, respectively, was reclassified from the operating activities section to the noncapital financing activities section on the Statement of Cash Flows to properly report the payments for grants awarded.

Additionally several additions were necessary to the financial statement notes. Failure to properly classify items on the financial statements and/or note disclosures results in inaccurate financial reports.

The Authority should implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. The adjustment and reclassifications identified during the audit should be reviewed by the Board to ensure that similar errors are not reported on the financial statements in subsequent years.

Officials' Response

We did not receive a response from officials.

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CLARK COUNTY CONVENTION FACILITIES AUTHORITY

CLARK 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
JANUARY 7, 2016**