



OHIO AUDITOR OF STATE
KEITH FABER



**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY
DECEMBER 31, 2022 AND 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the Clark County Convention Facilities Authority, Clark County, Ohio (Authority), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Clark County Convention Facilities Authority, Clark County, Ohio as of December 31, 2022 and 2021, and the changes in 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The accompanying statement of net position of the Authority as of December 31, 2020 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended were not audited, reviewed, or compiled by us, and, accordingly, we do not express an opinion or any other form of assurance on them.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023, 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. 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 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 Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 16, 2023

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Clark County Convention Facilities Authority
Management’s Discussion and Analysis
For the Year Ended December 31, 2022
(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 introduces the Authority’s basic financial statements for the year ended December 31, 2022. 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 meetings, seminars 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 generally 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 fund. This fund 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, and liabilities 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 before depreciation with net cash provided by (used for) operating activities is provided.

**Clark County Convention Facilities Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)**

FINANCIAL POSITION OF THE AUTHORITY

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current and Other Assets	\$ 617,748	\$ 480,677	\$ 137,071
Capital Assets, Net	<u>334,126</u>	<u>363,145</u>	<u>(29,019)</u>
Total Assets	<u>951,874</u>	<u>843,822</u>	<u>108,052</u>
Current Liabilities	71,969	67,070	4,899
Non-Current Liabilities	<u>34,900</u>	<u>100,659</u>	<u>(65,759)</u>
Total Liabilities	<u>106,869</u>	<u>167,729</u>	<u>(60,860)</u>
Net investment in capital assets	233,467	199,112	34,355
Unrestricted	<u>611,538</u>	<u>476,981</u>	<u>134,557</u>
Total Net Position	<u>\$ 845,005</u>	<u>\$ 676,093</u>	<u>\$ 168,912</u>

The enterprise fund total assets exceeded total liabilities by \$845,005 in 2022. The capital assets include an LED Billboard and fencing surrounding the 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 are provided annually from collection of the hotel/motel excise taxes.

Clark County Convention Facilities Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

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

	2022	2021
Operating Revenues:		
Hotel/motel excise tax	\$ 659,497	\$ 458,078
Total operating revenue	659,497	458,078
Operating Expenses:		
Administration fees	18,000	18,000
Billboard expenses	54,863	31,131
Insurance	1,090	1,090
Operations	6,289	2,670
Professional Fees	6,417	18,150
Other	230	-
Total operating expenses	86,889	71,041
Operating income before depreciation	572,608	387,037
Depreciation	(29,019)	(29,019)
Operating income before non-operating revenue and expenses	543,589	358,018
Non-operating revenues/(expenses):		
Interest Expense	(5,001)	(7,300)
Grants Awarded	(371,000)	(255,000)
Interest Income	373	29
Late fees collected	951	16
Total non-operating revenues/(expenses)	(374,677)	(262,255)
Change in net position	168,912	95,763
Total net position - beginning	676,093	580,330
Total Net Position	\$ 845,005	\$ 676,093

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

- Prior to November 1, 2021, the Authority levied a 3% countywide bed tax on occupied hotel/motel rooms. Effective November 1, 2021, an additional 1% tax was added to the 3% resulting in a 4% countywide bed tax on hotel/motel rooms. Revenue collected from this excise tax 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

Clark County Convention Facilities Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

drive tourism to the County and increase overnight stays in County hotel/motel facilities. The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. This declaration and the following shutdowns had a devastating effect on the travel and tourism industry in 2020 as well as a lingering effect on 2021 with the rise of variant strains of COVID-19. As a result, the Authority's bed tax collections for 2021 of \$458,078 was 80% of the 2019 collections but was \$128,695 more than 2020. Total collections for 2022 of \$659,497 was a substantial increase over prior years. However, that total includes the effect of the 33% increase in the tax rate, so gross lodging receipts have not yet returned to pre-covid levels.

- The management, operation and marketing of the Authority are facilitated through an agreement with the Greater Springfield Chamber of Commerce. The Authority has no employees.
- Grants awarded during 2022 of \$371,000 were \$116,000 higher than 2021. Grants awarded during 2021 of \$255,000 were \$162,300 lower than 2020. In 2020, the Authority's board voted to grant \$120,000 in emergency funding to local venues that were affected by the cancellation of shows, sales, and lack of visitors due to forced closings because of the governmental actions to fight COVID-19. No such emergency funding took place in 2021.

CAPITAL ASSETS

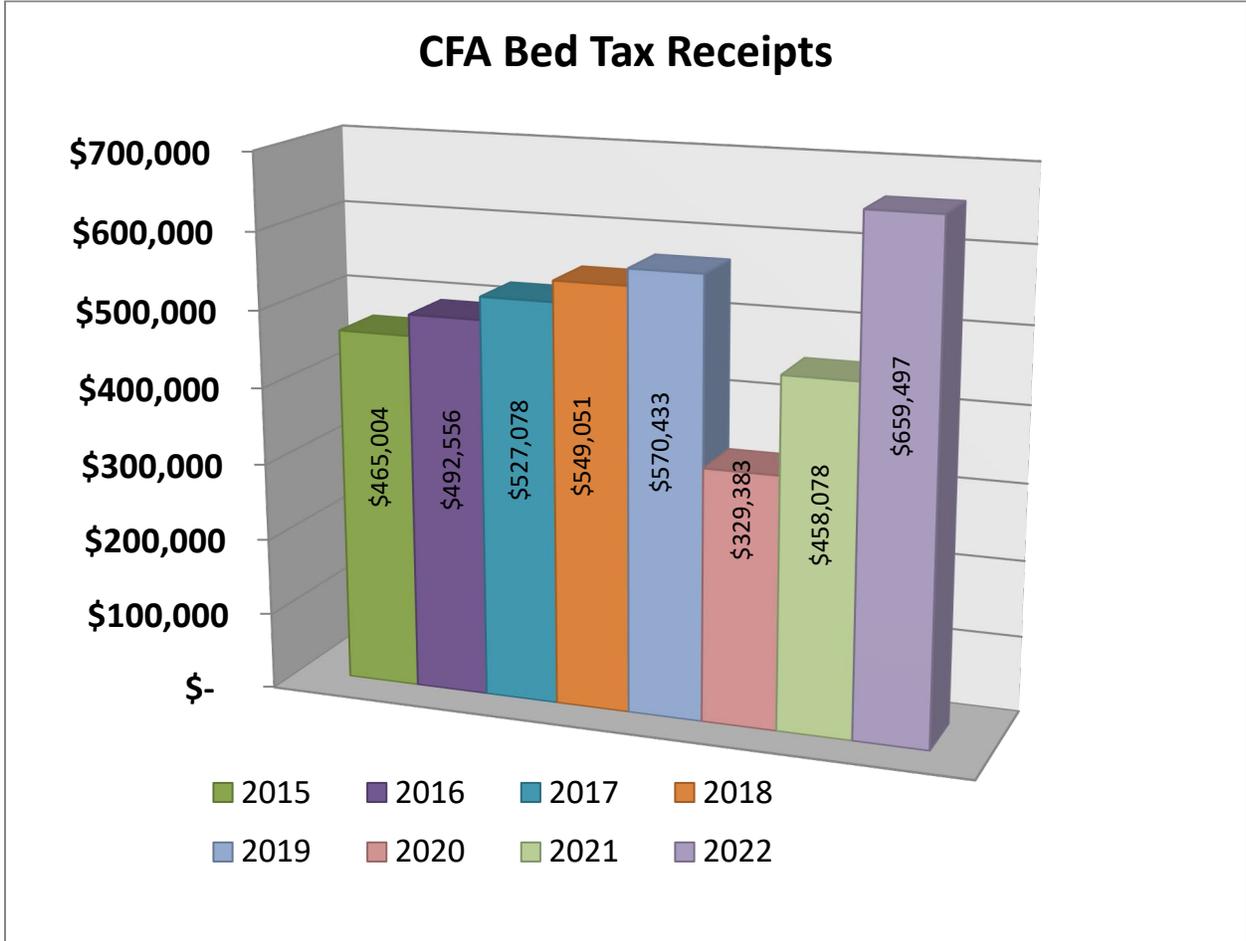
At the end of fiscal year 2022 the Authority had \$334,126 (net of accumulated depreciation) invested in the I-70 LED Billboard and fencing around the Billboard site. These are the only capital assets owned by the Authority.

DEBT

At December 31, 2022, the Authority had \$100,659 of outstanding debt which was used for the acquisition and installation of the I-70 LED Billboard.

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

**Clark County Convention Facilities Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)**



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.

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CLARK COUNTY CONVENTION FACILITIES AUTHORITY

**STATEMENT OF NET POSITION
DECEMBER 31, 2022 and 2021**

	2022	2021
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 572,370	\$ 455,285
Accounts Receivable	45,378	25,392
Total current assets	617,748	480,677
Non-current Assets:		
Capital Assets:		
Depreciable capital assets, net	334,126	363,145
Total capital assets	334,126	363,145
Total non-current assets	334,126	363,145
Total assets	951,874	843,822
Liabilities:		
Current Liabilities		
Accounts payable	4,144	3,696
Grants Payable	2,066	-
Bonds payable - current portion	65,759	63,374
Total current liabilities	71,969	67,070
Non-current Liabilities		
Bonds payable - long term portion	34,900	100,659
Total non-current liabilities	34,900	100,659
Total Liabilities	106,869	167,729
Net Position:		
Net investment in capital assets	233,467	199,112
Unrestricted	611,538	476,981
Total Net Position	\$ 845,005	\$ 676,093

See accompanying notes to the basic financial statements

CLARK COUNTY CONVENTION FACILITIES AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Hotel/motel excise tax	\$ 659,497	\$ 458,078
Total operating revenue	<u>659,497</u>	<u>458,078</u>
Operating Expenses:		
Administration fees	18,000	18,000
Billboard expenses	54,863	31,131
Insurance	1,090	1,090
Operations	6,289	2,670
Professional Fees	6,417	18,150
Other	230	0
Total operating expenses	<u>86,889</u>	<u>71,041</u>
Operating income before depreciation	572,608	387,037
Depreciation	<u>(29,019)</u>	<u>(29,019)</u>
Operating income before non-operating revenue and expenses	<u>543,589</u>	<u>358,018</u>
Non-operating revenues/(expenses):		
Interest Expense	(5,001)	(7,300)
Grants Awarded	(371,000)	(255,000)
Interest Income	373	29
Late Fee Collected	951	16
Total non-operating revenues/(expenses)	<u>(374,677)</u>	<u>(262,255)</u>
Change in net position	168,912	95,763
Total net position - beginning	<u>676,093</u>	<u>580,330</u>
Total Net Position	<u>\$ 845,005</u>	<u>\$ 676,093</u>

See accompanying notes to the basic financial statements

CLARK COUNTY CONVENTION FACILITIES AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Hotel/motel excise taxes received	\$ 639,511	\$ 437,897
Payments for professional services	(6,191)	(18,435)
Payments for administrative services	(18,000)	(15,500)
Payments for billboard operating expenses	(54,641)	(31,184)
Payments for other expenses	(7,609)	(3,760)
Net cash provided by operating activities	<u>553,070</u>	<u>369,018</u>
Cash Flows from Non-capital Financing Activities		
Grants awarded	(368,934)	(255,000)
Cash Flows from Capital and related Financing Activities		
Cash paid on bond interest	(5,001)	(7,300)
Cash paid on bond principal	(63,374)	(61,075)
Net cash used in capital and related financing activities	<u>(68,375)</u>	<u>(68,375)</u>
Cash Flows from Investing Activities		
Interest received	373	29
Late fees received	951	16
Net cash provided by investing activities	<u>1,324</u>	<u>45</u>
Net increase in cash and cash equivalents	117,085	45,688
Cash - January 1	455,285	409,597
Cash - December 31	<u>\$ 572,370</u>	<u>\$ 455,285</u>
Reconciliation of operating income before depreciation to net cash provided by operating activities:		
Operating income before depreciation	572,608	387,037
Adjustments to reconcile operating income before depreciation to net cash provided by operating activities:		
(Increase) decrease in receivables	(19,986)	(20,181)
Increase (decrease) in accounts payable	448	2,162
Total adjustments	<u>(19,538)</u>	<u>(18,019)</u>
Net cash provided by operating activities	<u>\$ 553,070</u>	<u>\$ 369,018</u>

See accompanying notes to the basic financial statements

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CLARK COUNTY CONVENTION FACILITIES AUTHORITY
NOTES TO THE BASIC FINANCIALS STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 on each transaction occurring within the boundaries of the County. Effective November 1, 2021, the rate of tax being collected increased from 3% to 4%. 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”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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 financial statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
- Notes to the basic financial statements

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

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
NOTES TO THE BASIC FINANCIALS STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

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.

C. 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 the 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 ongoing operations.

D. Cash and Cash Equivalents

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

E. Capital Assets and Depreciation

Currently, the only capital assets the Authority owns is a 14 foot by 48-foot 2-sided LED billboard located on I-70 east bound in eastern Clark County and a perimeter security fence surrounding the billboard. Depreciation is provided on the straight-line basis over the estimated useful life of the billboard, 20 years, and the fence, 10 years. 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.

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.

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
NOTES TO THE BASIC FINANCIALS STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (continued)

3. DEPOSITS

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

At December 31, 2022, the bank balance of all Authority deposits was \$572,369. Of the bank balance, \$500,000 was covered by federal depository insurance and \$72,369 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk 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. The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

4. ACCOUNTS RECEIVABLE

Accounts receivable represent excise tax payments due from hotel/motel operators that have not been received by the Authority. Accounts receivable balance for the year ending 2022 was \$45,378.

5. CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2022 is as follows:

Business Type Activities	Beginning Balance	Additions	Disposals	Ending Balance
Depreciable Capital Assets				
Billboard	\$ 571,338	\$ -	\$ -	\$ 571,338
Fencing	4,400	-	-	4,400
Total Depreciable Capital Assets	575,738	-	-	575,738
Less accumulated depreciation for:				
Billboard	(209,550)	(28,579)	-	(238,129)
Fencing	(3,043)	(440)	-	(3,483)
Total accumulated depreciation	(212,593)	(29,019)	-	(241,612)
Total Capital Assets, Net	\$ 363,145	(29,019)	\$ -	\$ 334,126

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
NOTES TO THE BASIC FINANCIALS STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (continued)

6. BONDS PAYABLE

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

Business Type Activity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2014 Revenue Bonds	\$ 164,033	\$ -	\$ 63,374	\$ 100,659	\$ 65,759

In 2014, the Authority issued a revenue bond to finance the billboard project. The current portion of the bond payable represents the payments of principal due within 12 months. The remaining amount due is reported 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, 2022:

Year	Principal	Interest	Total
2023	65,759	2,616	68,375
2024	34,900	389	35,289
Total	\$ 100,659	\$ 3,005	\$ 103,664

7. 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.

Type	Coverage	Provider
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

For each of the past three fiscal years, the amount of settlements have not exceeded insurance coverage

**Clark County Convention Facilities Authority
Management’s Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)**

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OVERVIEW OF THE AUTHORITY

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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 generally 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 fund. This fund 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, and liabilities with the difference reported as net position.
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**Clark County Convention Facilities Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)**

FINANCIAL POSITION OF THE AUTHORITY

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

	2021	2020	Change
Current and Other Assets	\$ 480,677	\$ 414,808	\$ 65,869
Capital Assets, Net	363,145	392,164	(29,019)
Total Assets	<u>843,822</u>	<u>806,972</u>	<u>36,850</u>
Current Liabilities	67,070	62,609	4,461
Non-Current Liabilities	100,659	164,033	(63,374)
Total Liabilities	<u>167,729</u>	<u>226,642</u>	<u>(58,913)</u>
Net investment in capital assets	199,112	167,056	32,056
Unrestricted	476,981	413,274	63,707
Total Net Position	<u>\$ 676,093</u>	<u>\$ 580,330</u>	<u>\$ 95,763</u>

The enterprise fund total assets exceeded total liabilities by \$676,093 in 2021. The capital assets include an LED Billboard and fencing surrounding the 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 are provided annually from collection of the hotel/motel excise taxes.

**Clark County Convention Facilities Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)**

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

	2021	2020
Operating Revenues:		
Hotel/motel excise tax	\$ 458,078	\$ 329,383
Total operating revenue	458,078	329,383
Operating Expenses:		
Administration fees	18,000	18,000
Billboard expenses	31,131	31,044
Insurance	1,090	1,090
Operations	2,670	644
Professional Fees	18,150	4,817
Other	-	-
Total operating expenses	71,041	55,595
Operating income before depreciation	387,037	273,788
Depreciation	(29,019)	(29,019)
Operating income before non-operating revenue and expenses	358,018	244,769
Non-operating revenues/(expenses):		
Interest Expense	(7,300)	(9,543)
Grants Awarded	(255,000)	(417,300)
Interest Income	29	40
Late fees collected	16	-
Total non-operating revenues/(expenses)	(262,255)	(426,803)
Change in net position	95,763	(182,034)
Total net position - beginning	580,330	762,364
Total Net Position	\$ 676,093	\$ 580,330

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

- Prior to November 1, 2021, the Authority levied a 3% countywide bed tax on occupied hotel/motel rooms. Effective November 1, 2021, an additional 1% tax was added to the 3% resulting in a 4% countywide bed tax on 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

Clark County Convention Facilities Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

operating costs of those facilities which drive tourism to the County and increase overnight stays in County hotel/motel facilities. The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. This declaration and the following shutdowns had a devastating effect on the travel and tourism industry in 2020 as well as a lingering effect on 2021 with the rise of variant strains of COVID-19. As a result, the Authority's bed tax collections for 2021 of \$458,078 was 80% of the 2019 collections but was \$128,695 more than 2020.

- The management, operation and marketing of the Authority are facilitated through an agreement with the Greater Springfield Chamber of Commerce. The Authority has no employees.
- Grants awarded during 2021 of \$255,000 were \$162,300 lower than 2020. In 2020, the Authority's board voted to grant \$120,000 in emergency funding to local venues that were affected by the cancellation of shows, sales, and lack of visitors due to forced closings because of the governmental actions to fight COVID-19. No such emergency funding took place in 2021.

CAPITAL ASSETS

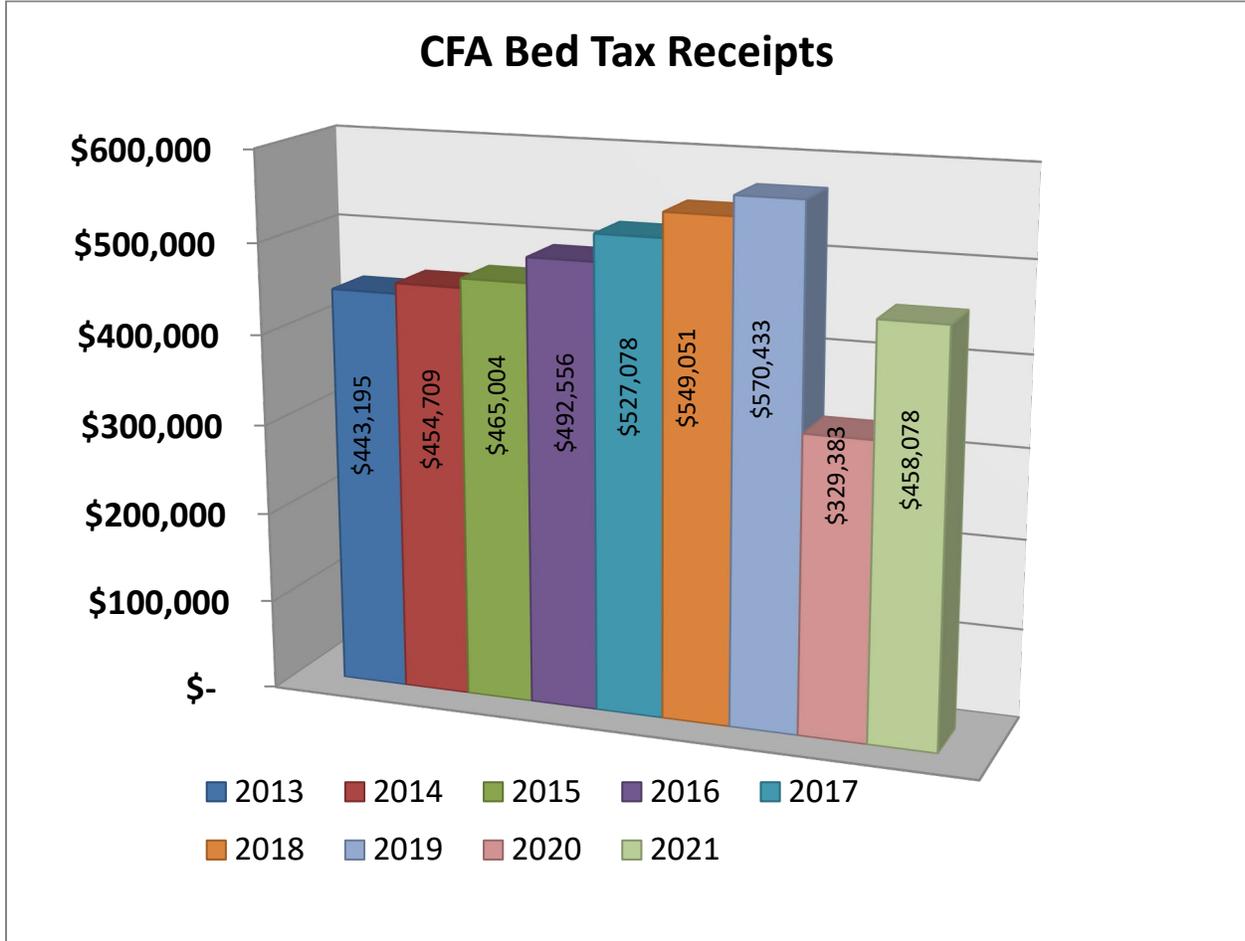
At the end of fiscal year 2021 the Authority had \$363,145 (net of accumulated depreciation) invested in the I-70 LED Billboard and fencing around the Billboard site. These are the only capital assets owned by the Authority.

DEBT

At December 31, 2021, the Authority had \$164,033 of outstanding debt which was used for the acquisition and installation of the I-70 LED Billboard.

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

**Clark County Convention Facilities Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)**



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.

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CLARK COUNTY CONVENTION FACILITIES AUTHORITY

**STATEMENT OF NET POSITION
DECEMBER 31, 2021 and 2020**

	2021	(Unaudited) 2020
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 455,285	\$ 409,597
	25,392	5,211
Total current assets	480,677	414,808
Non-current Assets:		
Capital Assets:		
Depreciable capital assets, net	363,145	392,164
Total capital assets	363,145	392,164
Total non-current assets	363,145	392,164
Total assets	843,822	806,972
Liabilities:		
Current Liabilities		
Accounts payable	3,696	1,534
Bonds payable - current portion	63,374	61,075
Total current liabilities	67,070	62,609
Non-current Liabilities		
Bonds payable - long term portion	100,659	164,033
Total non-current liabilities	100,659	164,033
Total Liabilities	167,729	226,642
Net Position:		
Net investment in capital assets	199,112	167,056
Unrestricted	476,981	413,274
Total Net Position	\$ 676,093	\$ 580,330

See accompanying notes to the basic financial statements

CLARK COUNTY CONVENTION FACILITIES AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

	2021	(Unaudited) 2020
Operating Revenues:		
Hotel/motel excise tax	\$ 458,078	\$ 329,383
Total operating revenue	458,078	329,383
Operating Expenses:		
Administration fees	18,000	18,000
Billboard expenses	31,131	31,044
Insurance	1,090	1,090
Operations	2,670	644
Professional Fees	18,150	4,817
Other	0	0
Total operating expenses	71,041	55,595
Operating income before depreciation	387,037	273,788
Depreciation	(29,019)	(29,019)
Operating income before non-operating revenue and expenses	358,018	244,769
Non-operating revenues/(expenses):		
Interest Expense	(7,300)	(9,543)
Grants Awarded	(255,000)	(417,300)
Interest Income	29	40
Late Fee Collected	16	0
Total non-operating revenues/(expenses)	(262,255)	(426,803)
Change in net position	95,763	(182,034)
Total net position - beginning	580,330	762,364
Total Net Position	\$ 676,093	\$ 580,330

See accompanying notes to the basic financial Statements

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	<u>2021</u>	<u>(Unaudited)</u> <u>2020</u>
Cash Flows from Operating Activities		
Hotel/motel excise taxes received	\$ 437,897	\$ 345,701
Payments for professional services	(18,435)	(4,818)
Payments for administrative services	(15,500)	(18,000)
Payments for billboard operating expenses	(31,184)	(37,681)
Payments for other expenses	<u>(3,760)</u>	<u>(1,734)</u>
Net cash provided by operating activities	<u>369,018</u>	<u>283,468</u>
 Cash Flows from Noncapital Financing Activities		
Grants awarded	(255,000)	(417,300)
 Cash Flows from Capital and related Financing Activities		
Cash paid on bond interest	(7,300)	(9,543)
Cash paid on bond principal	<u>(61,075)</u>	<u>(58,832)</u>
Net cash (used in) capital and related financing activities	<u>(68,375)</u>	<u>(68,375)</u>
 Cash Flows from Investing Activities		
Interest received	29	40
Late fees received	<u>16</u>	<u>0</u>
Net cash provided by (used in) investing activities	<u>45</u>	<u>40</u>
Net increase (decrease) in cash and cash equivalents	45,688	(202,167)
Cash - January 1	<u>409,597</u>	<u>611,764</u>
Cash - December 31	<u>\$ 455,285</u>	<u>\$ 409,597</u>
 Reconciliation of operating income before depreciation to net cash provided by operating activities:		
Operating income before depreciation	\$ 387,037	\$ 273,788
Adjustments to reconcile operating income before depreciation to net cash provided by operating activities:		
(Increase) decrease in receivables	(20,181)	16,318
Increase (decrease) in accounts payable	<u>2,162</u>	<u>(6,638)</u>
Total adjustments	<u>(18,019)</u>	<u>9,680</u>
Net cash provided by operating activities	<u>\$ 369,018</u>	<u>\$ 283,468</u>

See accompanying notes to the basic financial statements

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CLARK COUNTY CONVENTION FACILITIES AUTHORITY
NOTES TO THE BASIC FINANCIALS STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 on each transaction occurring within the boundaries of the County. Effective November 1, 2021, the rate of tax being collected increased from 3% to 4%. 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”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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 financial statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
- Notes to the basic financial statements

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

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
NOTES TO THE BASIC FINANCIALS STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

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.

C. 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 the 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 ongoing operations.

D. Cash and Cash Equivalents

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

E. Capital Assets and Depreciation

Currently, the only capital assets the Authority owns is a 14 foot by 48-foot 2-sided LED billboard located on I-70 east bound in eastern Clark County and a perimeter security fence surrounding the billboard. Depreciation is provided on the straight-line basis over the estimated useful life of the billboard, 20 years, and the fence, 10 years. 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.

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.

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
NOTES TO THE BASIC FINANCIALS STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (continued)

3. DEPOSITS

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

At December 31, 2021, the bank balance of all Authority deposits was \$455,285. Of the bank balance, \$425,176 was covered by federal depository insurance and \$30,109 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk 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. The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

4. ACCOUNTS RECEIVABLE

Accounts receivable represent excise tax payments due from hotel/motel operators that have not been received by the Authority. Accounts receivable balance for the year ending 2021 was \$25,392.

5. CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2021 is as follows:

Business Type Activities	Beginning Balance	Additions	Disposals	Ending Balance
Depreciable Capital Assets				
Billboard	\$ 571,338	\$ -	\$ -	\$ 571,338
Fencing	4,400	-	-	4,400
Total Depreciable Capital Assets	575,738	-	-	575,738
Less accumulated depreciation for:				
Billboard	(180,971)	(28,579)	-	(209,550)
Fencing	(2,603)	(440)	-	(3,043)
Total accumulated depreciation	(183,574)	(29,019)	-	(212,593)
Total Capital Assets, Net	\$ 392,164	(29,019)	\$ -	\$ 363,145

CLARK COUNTY CONVENTION FACILITIES AUTHORITY
NOTES TO THE BASIC FINANCIALS STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (continued)

6. BONDS PAYABLE

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

Business Type Activity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2014 Revenue Bonds	\$ 225,108	\$ -	\$ 61,075	\$ 164,033	\$ 63,374

In 2014, the Authority issued a revenue bond to finance the billboard project. The current portion of the bond payable represents the payments of principal due within 12 months. The remaining amount due is reported 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, 2021:

Year	Principal	Interest	Total
2022	\$ 63,374	\$ 5,001	\$ 68,375
2023	65,759	2,616	68,375
2024	34,900	389	35,289
Total	\$ 164,033	\$ 8,006	\$ 172,039

7. 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.

Type	Coverage	Provider
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

For each of the past three fiscal years, the amount of settlements have not exceeded insurance coverage

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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 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 (*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, 2022 and 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 October 16, 2023.

Report on 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) as a basis for designing 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 Authority'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. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 16, 2023

**CLARK COUNTY CONVENTION FACILITIES AUTHORITY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

OTHER – FINDINGS FOR RECOVERY

We identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

FINDING NUMBER 2022-001

Finding for Recovery – Partially Repaid Under Audit

Ohio Rev. Code Section § 351.021(C)(2) states that the board of directors of such a convention facilities authority, by resolution adopted on or before November 1, 2009, may levy within the territory of the authority an excise tax on transactions by which lodging by a hotel is or is to be furnished to transient guests at a rate not to exceed three per cent on such transactions for the same purposes for which a tax may be levied under division (B) of this section. A tax levied under division (C)(2) of this section is in addition to any tax levied under section 5739.09 of the Revised Code. The board of directors of a convention facilities authority that levies an excise tax under division (C)(2) of this section may, by resolution adopted by a majority of the members of the board on or before November 1, 2021, amend the resolution levying the tax to increase the rate of the tax by not more than an additional one per cent on each transaction. The resolution shall provide that all revenue from the increase in rate shall be used for the same purposes for which a tax may be levied under division (B) of this section. The resolution may be adopted only if the board of county commissioners of the county, by resolution, authorizes the rate increase.

Board of Directors Resolution 2009-1 levied on each transaction by a transient guest, an excise tax in the amount of three percent (3%) of the amount of each transaction occurring within the boundaries of Clark County, Ohio, pursuant to authority granted by the Board of County Commissioners and by Section 351.021(C)(2) of the Ohio Revised Code.

Board of Directors Resolution 2021-1 amended Resolution 2009-1 of the Clark County Convention Facilities Authority (CFA) to increase the Rate of Excise tax by 1% per sections 351.021 of the Ohio Revised Code, effective November 1, 2021.

During 2022, three instances were noted where a hotel submitted a tax payment to the Authority which was calculated at 3% of net taxable receipts instead of 4% of net taxable receipts in accordance with the passed rate. The total tax due was \$12,101.32, however the hotels only paid \$9,075.99, which resulted in an underpayment to the Authority of \$3,025.33. The Springfield Fairfield Inn paid \$3,544.34; however, the total that should have been paid was \$4,725.78, resulting in an underpayment of \$1,181.44. The Kanchan NP Hospitality LLC paid \$550.20; however, the total that should have been paid was \$733.60, resulting in an underpayment of \$183.40. The Harris Hospitality Springfield LLC paid \$4,981.45; however, the total that should have been paid was \$6,641.94 resulting in an underpayment of \$1,660.49. Fiscal Officer Chad Yancey was directly responsible for overseeing the collection process of these amounts.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Kanchan NP Hospitality LLC, in the amount of \$183. Additionally, a Finding for public monies due but not collected is hereby issued against Springfield Fairfield Inn, in the amount of \$1,181, Harris Hospitality Springfield LLC, in the amount of \$1,660, and Chad Yancey and his bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$2,841, and in favor of the Clark County Convention Facilities Authority Enterprise Fund.

On September 27, 2023, Kachan NP Hospitality LLC paid \$183, via check, to the Authority as evidenced by check number 2143 and deposit dated October 3, 2023. As a result, the Finding against them in the amount of \$183 has been repaid under audit. No other Finding amounts have been repaid or resolved.

FINDING NUMBER 2022-001
(Continued)

The Authority should implement procedures to verify hotel excise tax payments are accurate and properly calculated in accordance with Resolution 2021-1. The Authority should also implement policies and procedures to pursue collection of taxes if incorrect tax payments are remitted. Failure to do so could result in the Authority not collecting the money it is due from hotels and motels.

Officials' Response

Collection efforts have begun with the other two properties that underpaid their excise tax.

FINDING NUMBER 2022-002

Finding for Recovery

Ohio Rev. Code § 5739.02(B)(1) exempts sales to the state or any of its political subdivisions from sales tax.

Ohio Rev. Code § 351.12 states that the operation and maintenance of facilities will constitute the performance of essential governmental functions, a convention facilities authority shall not be required to pay any taxes or assessments upon any facility to which it holds title, or upon any property acquired or used by it under this chapter, or upon the income therefrom, provided that any part of such a facility or property leased to, or exclusively used by, a private enterprise, and the income therefrom, shall be subject to appropriate taxes and assessments, and the listing of such a facility or property shall be split as provided in section 5713.04 of the Revised Code. The transfer to or from a convention facilities authority of title or possession of any facility, part thereof, or item included or to be included in any such facility and the receipt or sale by the authority of any services included in division (B)(3) of section 5739.01 of the Revised Code shall not be subject to the taxes levied pursuant to Chapters 5739. and 5741. of the Revised Code. The bonds and notes issued under this chapter, their transfer, and the income therefrom, shall at all times be free from taxation within the state.

State ex. rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a proper public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Due to deficiencies in the Authority's internal controls over compliance, the Authority paid sales tax totaling \$1,032.54 on a purchase from LSI Graphic Solutions on April 20, 2022. Directors John Maurer and Michael McDorman authorized and signed the check involving the sales tax. Since the Authority was not legally required to pay the sales tax on this purchase, this expenditure was not for a valid public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Director John Maurer, Director Michael McDorman, and the Directors' bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$1,032, and in favor of the Clark County Convention Facilities Authority Enterprise Fund.

The Authority should implement policies and procedures to verify all payments made to vendors are exempt from sales tax. Failure to do so could result in improper expenditures and possible findings for recovery being issued in future audits.

Officials' Response

I have filed for a sales tax refund with the state for the sales tax that was paid.

OHIO AUDITOR OF STATE KEITH FABER



CLARK COUNTY CONVENTION FACILITIES AUTHORITY

CLARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/9/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov