OHIO AUDITOR OF STATE
KEITH FABER

MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY
MONTGOMERY COUNTY
DECEMBER 31, 2022

TABLE OF CONTENTS

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Montgomery County Convention Facilities Authority
Montgomery County
22 East Fifth Street
Dayton, Ohio 45402

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Montgomery County Convention Facilities Authority, Montgomery County, Ohio (Authority), as of and for the year ended December 31, 2022, 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 respective financial position of the business-type activities of Montgomery County Convention Facilities Authority, Montgomery County, Ohio as of December 31, 2022, and the respective changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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 opinions.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2022, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

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 opinions. 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, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 September 18, 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

September 18, 2023

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The discussion and analysis of the Montgomery County Convention Facilities Authority (the "Authority") financial performance provides an overall review of the financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Authority's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key highlights for 2022 are as follows:

- The Authority collected over $3.7 million in the Authority tax for the first full year compared to $2.4 million in the previous partial year.
- The Authority received over $2.1 million in charges for services related to events either held or scheduled at the convention center. The revenue partially results from 180 event days that saw almost 73,000 participants attending the different events at the convention center.
- The Authority issued $5 million in special obligation bonds to finance the renovation of the convention center following the masterplan.

Using this Financial Report

This financial report contains the basic financial statements of the Authority, as well as the Management's Discussion and Analysis, Required Supplementary Information, and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information are the same.

Statement of Net Position

The statement of net position answers the question, "How did we do financially during the year?" This statement includes all assets, deferred outflows, liabilities and deferred inflows, both financial and capital, and short-term and long-term debt, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Net position is reported in three broad categories (as applicable):

Net Investment in Capital Assets: This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position: This component of net position consists of restricted assets which constraints are placed on assets by grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

Table 1 compares information on the Authority's net position between 2021 and 2022.

Table 1
Statement of Net Position

	Restated 2021	2022	Change
Assets:			
Current assets	$36,079,595	$38,690,415	$2,610,820
Noncurrent assets	332,074	218,584	(113,490)
Capital assets, net depreciation	2,402,571	5,066,030	2,663,459
Total Assets	38,814,240	43,975,029	5.160,789
Deferred Outflows of Resources	22,805	69,231	46,426
Liabilities:			
Current liabilities	730,217	1,684,509	954,292
Long-term liabilities	35,412,349	39,619,674	4,207,325
Total Liabilities	36,142,566	41,304,183	5,161,617
Deferred Inflows of Resources	335,528	296,850	(38,678)
Net Position:			
Net Investment in Capital Assets	1,285,435	956,332	(329,103)
Unrestricted	1,073,516	1,486,895	413,379
Total Net Position	$2,358,951	$2,443,227	$84,276

Fiscal year 2021 saw the activity increase with the start of the Authority's excise tax and issuance of two special obligation bonds. The City of Dayton transferred the convention center building to the Authority on April 1, 2021. This makes up the majority of the capital assets. Fiscal year 2022 saw the activity really increase. The renovation project started on the convention center. Most of the increase in capital assets relates to the work from that project. The current assets and long term liabilities increased with the additional bond issued in October 2022. The current liabilities increased as fiscal year 2023 will be the first principal payments on the two bond issues from 2021. The fiscal year 2021 restatement relates to the GASB 87 lease receivable for tenant revenue.

Table 2
Changes in Net Position

	2021	2022	Change
Operating Revenues:			
Intergovernmental	$439,414	$752,702	$313,288
Authority Tax	2,402,942	3,742,757	1,339,815
Charges for Services	323,165	2,181,579	1,858,414
Other Revenues	94,717	103,107	8,390
Total Operating Revenues	3,260,238	6,780,145	3,519,907
Operating Expenses:			
Salaries and Benefits	197,455	246,286	48,831
Materials and Supplies	541,374	424,032	(117,342)
Contractual Services	1,629,294	4,596,088	2,966,794
Other	416,399	61,697	(354,702)
Depreciation	522,645	699,369	176,724
Total Operating Expenses	3,307,167	6,027,472	2,720,305
Operating Income (Loss)	(46,929)	752,673	799,602
Nonoperating Revenues (Expenses):			
Interest Revenue includes Fair Value Change	3,390	63,041	59,651
Net Gain on Transfer from City	1,807,686	0	(1,807,686)
Capital Grants	500,000	15,558	(484,442)
Interest and Fiscal Charges	(397,284)	(746,996)	(349,712)
Total Nonoperating Revenues (Expenses)	1,913,792	(668,397)	(2,582,189)
Change in Net Position	1,866,863	84,276	(1,782,587)
Net Position, Beginning of Year	492,088	2,358,951	1,866,863
Net Position, End of Year	$2,358,951	$2,443,227	$84,276

During fiscal year 2021, the Authority was able to start collecting the excise tax as well as capture the lodging taxes from the City of Dayton under the ground lease agreement (intergovernmental revenue). ASM Global also contributed a $500,000 capital grant under the terms of the operating agreement that the Authority can use for future capital purposes. Fiscal year 2022 saw the full year of collections for the City of Dayton intergovernmental revenue and Authority Tax. The contractual services jumped with a full year of convention center operations and some of the expenses classified as deferred maintenance that were not capitalized.

Capital Assets

The Authority had $5 million in net capital assets at December 31, 2022. The largest asset is the remaining value of the convention center. The Authority started to implement the renovation project which accounted for $1.6 million in construction in progress during the year. More information on the Authority's capital assets can be found in note 4 of the basic financial statements.

Long-Term Obligations

The Authority has over $40.4 million in debt obligations at December 31, 2022. The majority of that amount is related to the two special obligation bond issuances during fiscal year 2021 for the renovation project and an additional special obligation bond issued in fiscal year 2022. More information on the Authority's long-term obligations can be found in note 8 of the basic financial statements.

Economic Outlook

The Authority's excise tax, going into 2023, is exceeding prior year collections year to date as the hospitality industry rebounds from COVID-19, and there are several new hotels scheduled to open during 2023. ASM Global has worked to schedule a significant number of events and has over 100 bookings for 2023 and once the renovation project is complete and we are in a better market position regionally, should realize over 200 events per year. The Executive Director, at the direction of the Board of Directors, is implementing the masterplan which only increases the center's attractiveness to current and potential clients, generating additional operational revenue.

Contacting the Authority

This financial report is designed to provide a general overview of the finances of the Montgomery County Convention Facilities Authority and to show the Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Montgomery County Convention Facilities Authority, 22 East Fifth Street, Dayton, Ohio 45402 (513-265-3045).

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MONTGOMERY COUNTY
CONVENTION FACILITIES AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS:	
CURRENT ASSETS:	
Cash and Cash Equivalents	$ 37,854,443
Taxes Receivable	73,207
Accounts Receivable	469,310
Intergovermental Receivable	199,236
Accrued Interest Receivable	19,576
Lease Receivable - Due within One Year	74,643
TOTAL CURRENT ASSETS	38,690,415
LONG TERM ASSETS:	
Lease Receivable (less Current)	183,071
Net Pension Asset	4,410
Net OPEB Asset	31,103
Net Capital Assets	5,066,030
TOTAL LONG TERM ASSETS	5,284,614
TOTAL ASSETS	43,975,029
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources from Pension	53,880
Deferred Outflows of Resources from OPEB	15,351
TOTAL DEFERRED OUTFLOWS OF RESOURCES	69,231
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts Payable	401,574
Contracts Payable	292,045
Retainage Payable	15,701
Deposits Payable	83,724
Accrued Interest Payable	47,790
Current Portion of Lease Payable	143,675
Current Portion of Special Obligation Revenue Bonds	700,000
TOTAL CURRENT LIABILITIES:	1,684,509
LONG TERM LIABILITIES:	
Lease Payable	268,674
Special Obligation Revenue Bonds	39,351,000
TOTAL LONG TERM LIABILITIES:	39,619,674
TOTAL LIABILITIES	41,304,183
DEFERRED INFLOWS FOR RESOURCES:	
Deferred Inflows of Resources from Lease Receivables	257,714
Deferred Inflows of Resources from Pension	7,001
Deferred Inflows of Resources from OPEB	32,135
TOTAL DEFERRED INFLOWS OF RESOURCES	296,850
NET POSITION:	
Net Investment in Capital Assets	956,332
Unrestricted	1,486,895
TOTAL NET POSITION	$ 2,443,227

See accompanying notes to the basic financial statements

MONTGOMERY COUNTY
CONVENTION FACILITIES AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES:	
Intergovernmental	$ 752,702
Authority Tax	3,742,757
Charges for Services	2,181,579
Rental	65,049
Miscellaneous	38,058
Total Operating Revenues	6,780,145
OPERATING EXPENSES:	
Salaries and Benefits	246,286
Materials and Supplies	424,032
Contractual Services	4,596,088
Other expenses	61,697
Depreciation	699,369
Total Operating Expenses	6,027,472
Operating Income	752,673
NONOPERATING REVENUES (EXPENSES):	
Interest/Change in Fair Value	63,041
Capital Grants from City of Dayton (IRS Subsidy)	15,558
Interest and Fiscal Charges	(746,996)
Total Nonoperating Revenues (Expenses)	(668,397)
CHANGE IN NET POSITION	84,276
Net Position Beginning of Year	2,358,951
Net Position End of Year	$ 2,443,227

See accompanying notes to the basic financial statements

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MONTGOMERY COUNTY
CONVENTION FACILITIES AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:	
Cash received from customers	$ 6,235,603
Cash payments to employees for services	(291,740)
Cash payments to supplier for goods and services	(4,810,677)
Cash received from other sources	32,208
Cash payment for other expenses	(48,556)
Net cash provided by operating activities	1,116,838
Cash flows from capital related activities:	
Face Value on the Sale of Bonds	5,051,000
Acquisition of Capital Assets	(3,269,544)
Payments on Lease Obligations	(129,093)
Interest expense	(815,340)
Net cash provided by capital related activities	837,023
Cash flows from investing activities:	
Change in Fair Value of Investments	(184,910)
Interest received	231,930
Net cash provided by investing activities	47,020
Net Increase in Cash and Cash Equivalents	2,000,881
Cash and cash equivalents at beginning of year	35,853,562
Cash and cash equivalents at end of year	$ 37,854,443
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	752,673
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation Expense	699,369
Changes in assets and liabilities:	
Increase in Taxes Receivable	(46,871)
Increase in Accounts Receivable	(441,796)
Increase in Intergovernmental Receivable	(30,608)
Increase in Accounts Payable	207,686
Increase in Retainage Payable	15,701
Increase in Deposits Payable	6,941
Decrease in Net Pension/OPEB Asset items	(46,257)
Net cash provided by operating activities	$ 1,116,838

Non-cash transactions. During fiscal year 2022, the Authority reported $292,045 of construction in progress through accounts payable. In fiscal year 2021, the amount reported was $198,761. The City of Dayton received an IRS subsidy that also reduces the lease payable. For 2022, the amount received was $15,558.

See accompanying notes to the basic financial statements

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NOTE 1 - Nature of Organization and Reporting Entity

The Montgomery County Convention Facilities Authority, Montgomery County, (the Authority) is a body corporate and politic created by the Montgomery County Board of Commissioners on November 19, 2019. The Authority was created to own and manage convention and related facilities. The Authority has the power to levy an excise tax on the lodging expenses within Montgomery County as defined by Division (B)(1) of Section 351.021 of the Ohio Revised Code. The complete powers of the Authority is defined by Section 351 of the Ohio Revised Code and by the Montgomery County Board of Commissioners. The Authority is directed by an eleven-member Board of Directors with six appointed by the Montgomery County Commissioners, three by City of Dayton and two appointed from the remaining municipal corporations located in Montgomery County, Ohio.

The Board of Directors appoints a Director of the Authority. The position of the Director is a non-voting position on the Board, and the Director receives annual compensation for his/her duties. The compensation package of the Director is passed by resolution of the Board. The Director's main responsibility is acting as chief executive officer of the Authority as prescribed by the Board of Directors.

The accompanying statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements include all organizations, activities, and functions that comprise the Authority. Component units are legally separate entities for which the Authority (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Authority's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. Using these criteria, the Authority has no component units.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

NOTE 2 - Summary of Significant Accounting Policies

The Authority's financial statements consist of a single-purpose business-type activity which is reported on the accrual basis of accounting using the economic resources measurement focus.

The significant accounting policies followed in the preparation of these financial statements conform to general accepted accounting principals for local government units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources as applied to governmental non-profit organizations. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements is as follows:

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and deferred inflows and outflows of resources are included on the statement of net position. Equity (i.e., net position) consists of retained earnings. The statement of revenues, expenses and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operation.

Cash Equivalents

The Authority maintains a cash management program whereby cash is deposited with banking institutions in Montgomery County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates fair value. Investment procedures are restricted by the provisions of the Ohio Revised Code.

During 2022, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), US Treasury Notes/Bills, U.S. governmental agencies, commercial paper, and money market funds. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investments Pools and Pool Participants". Investments in STAR Ohio and money market funds are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2022, which approximates fair value.

For 2022, there were no limitations or restrictions on any participants withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

For purposes of the statement of cash flows and for presentation on the statement of net position, the Authority's cash management pool and investments with original maturities of three months or less are considered to be cash equivalents. Investments, not part of the cash management pool, with an initial maturity of more than three months are reported as investments.

Interest revenue earned during 2022 was $63,041 after accounting for the fair value change of the investments.

Capital assets and depreciation

The accounting and reporting treatment applied to capital assets is determined by the ultimate use.

Capital assets, which include property, plant, and equipment, are reported on the statement of net position. Capital assets are defined by the Authority as assets with an initial, individual or group unit cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or acquisition value if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. Infrastructure, such as streets public right of way, and bridges are capitalized if the life expectancy is five years or more and a designated value exceeding $300,000. The Authority also reports capital assets that are leased as defined by GASB 87 for an exchange or exchange-like transaction.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Buildings and Improvements	40 Years
Infrastructure	40 Years
Equipment	10 Years

The Authority reports capital assets at year end. The largest asset was transferred by the City of Dayton to the Authority during the fiscal year for the convention center. The estimated useful life used exceeds the forty year term in the policy as the building still has value. At the time of the transfer, the building was estimated to have a fifty year life. The remaining life of the building matches with the Authority's capital renovation plans.

Taxes and Intergovernmental Receivables

Receivables on the Authority's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable systematic method of determining their existence, completeness, valuation and collectability. The Authority does report taxes receivable and an intergovernmental receivable as of December 31, 2022. The Authority levied a three percent tax on all lodging institutions and certain hotels did not pay their November 2022 or earlier obligations by year end. The Authority also has an agreement with the City of Dayton for their lodging tax revenue to be transferred to the Authority as well. The City of Dayton revenue is reported as intergovernmental revenue.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Deposits Payable

The Authority reports a deposit payable for prepaid event deposits that have been received for future events.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the financial statements.

In general, payables and accrued liabilities that will be paid are reported on the financial statements regardless of whether they will be liquidated with current resources. Long-term debt and other long-term amounts are reported as a liabilities on the statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, deferred outflows of resources represents a composition of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The Authority reports deferred outflows of resources on the statement of net position for pension/other post-employment benefits (OPEB) items. The deferred outflows of resources related to pension/OPEB are explained in Notes 6 and 7.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. Deferred inflows of resources related to pension/OPEB on the statement of net position (see Notes 6 and 7). The Authority also reports a deferred inflow of resources for the remaining lease payments reported for the tenant lease agreement.

Pensions/ Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Net Position

Net position presents the difference between assets, deferred outflows, liabilities and deferred inflows in the statement of net position. Net position – net investment in capital assets is capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by Authority legislation or external restrictions by creditors, grantors, laws or regulations of other governments. The Authority applies restricted resources first when expenses are incurred for purposes for which either restricted or unrestricted amounts are available.

Significant Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Data

The Authority's annual budget, as provided by law, is prepared on the cash basis of accounting. The budget includes amounts for current year revenues and expenses.

The Authority maintains budgetary control by not permitting total capital expenditures and accounts charges to individual expense categories to exceed their respective appropriations without an amendment of appropriations by the Board of Directors.

NOTE 3 – Deposits and Investments

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The following is a list of the allowable investments for the Authority:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTE 3 – Deposits and Investments (Continued)

- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

- Interim deposits in eligible institutions applying for interim funds;

- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

- The State Treasury Asset Reserve of Ohio (STAR Ohio);

- Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

- Under limited circumstances, corporate debt obligations rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation it will be held to maturity. Investments may be made only upon delivery of the securities representing the investments to the Finance Manager or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. <u>Deposits</u>

Custodial Credit Risk
Custodial Credit Risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority does not have a custodial credit risk policy beyond what the State statute requires.

At year-end the carrying amount of the Authority's deposits was $621,491 and the bank balance was $645,283. $250,000 of bank balances was covered by federal depository insurance coverage and $395,283 was not exposed to custodial credit risk since it was collateralized with securities held in the Ohio Pooled Collateral System.

NOTE 3 – Deposits and Investments (Continued)

B. Investments

As of December 31, 2022, the Authority had the following investments.

	Fair Value	Fair Value Measurement Using	Average Year to Maturity	S&P Rating	Concentration of Credit Risk
Federal Home Loan Banks Notes	$ 7,693,417	Level 2	1.85	AA+	20.66%
United States Treasury Notes & Bills	11,806,912	Level 2	0.49	AA+	31.71%
Commercial Paper	9,620,977	Level 2	0.27	A-1+	25.84%
STAR Ohio	7,773,109	NA	0.18	AAAm	20.88%
Money Market Account	338,537	NA	0.01	AAAm	0.91%
Totals	$37,232,952				

Fair Value Measurement:
Fair value as defined by GASB Statement No. 72 requires the Authority to apply valuation techniques that best represent fair value in the circumstances-market approach, cost approach and income approach. The following are the levels for which inputs can be measured. Level 1 – quoted prices (unadjusted) in active markets for identical assets/liabilities (most reliable); Level 2 – quoted prices for similar assets/liabilities, quoted price for identical assets/liabilities or similar assets/liabilities in markets that are not active, or other quoted prices that are observable; and Level 3 – unobservable inputs (least reliable).

The Authority's investments in money market funds and STAR Ohio are excluded from fair value measurement requirements under GASB Statement No. 72, and instead are reported at amortized cost.

Custodial Credit Risk
The risk that, in the event of a failure of a counter party, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

Interest Rate Risk
The risk that the Authority will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the "prudent investor" rule to attempt to limit such risk.

NOTE 3 – Deposits and Investments (Continued)

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority has no investment policy dealing with credit risk except to maintain investments that are subject the investment policy.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The Authority's investment policy allows investments in Federal Agencies or Instrumentalities.

NOTE 4 - Capital Assets

A summary of the changes in capital assets during the year ended December 31, 2022, follows:

	Balance 12/31/2021	Increases	Decreases	Balance 12/31/2022
Capital Assets, not depreciated				
Construction in progress	$198,761	$1,595,601	$0	$1,794,362
Capital Assets, being depreciated				
Building and Improvements	25,000,000	25,497	0	25,025,497
Equipment	226,456	1,741,730	0	1,968,186
Accumulated Depreciation	(23,022,646)	(699,369)	0	(23,722,015)
Capital Assets, Net	$2,402,571	$2,663,459	$0	$5,066,030

During the fiscal year 2021, the City of Dayton transferred the convention center building and related components to the Authority. The building is being renovated under a masterplan by the Authority but there is still value for the current state. The Authority's typical useful life estimate assigned to the buildings asset class is 40 years. However, when the Convention Center building was transferred to the Authority by the City of Dayton, it would have already been considered fully depreciated as it was 46 years old upon being transferred. The Authority's Board made a one time extension and declared this particular building will have a useful life of 50 years in conjunction with the City's initial evaluation. It will continue to be depreciated at a rate of $500,000 per year through December 31, 2025.

NOTE 5 – Excise Tax

On December 3, 2020 the Board of Directors approved resolution 2020-13 implementing a three percent (3%) excise tax on lodging transaction occurring in Montgomery County and adopting a code of regulations relating to the administration of such tax. The Board approved the excise tax for collection starting on March 1, 2021 on a monthly basis with payment due by the end of the following month. During the 2022 fiscal year, the Authority reported a tax revenue of $3,742,757 compared to $2,402,942 in fiscal year 2021.

NOTE 6 – Pension Plans

A. Net Pension Asset

The net pension asset reported on the statement of net position represents an asset to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension asset represents Authority's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan's fiduciary net position. The net pension asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the asset is solely the asset of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension asset would be effective when the changes are legally enforceable.

The proportionate share of the plan's unfunded benefits is presented as a long-term *net pension asset* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accounts payable* on the accrual basis of accounting.

Plan Description – The Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (Authority employees) may elect the traditional plan and the combined plan, all employee members are in OPERS' member directed plan; therefore, the following disclosure focuses on the member directed pension plan.

NOTE 6 – Pension Plans (Continued)

Member-Directed Plan participants can use vested retiree medical account (RMA) funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015 will vest in the RMA over 15 years at a rate of 10% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015 vest in the RMA over a five-year period at a rate of 20% per year. Health care coverage is neither guaranteed nor statutorily required. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for the HRA, as the prior trust structure, the 401(h) Health Care Trust (401(h) Trust) and the Voluntary Employees' Beneficiary Association Trust (VEBA Trust), could not legally support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Trust was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The VEBA Trust accumulated funding for RMAs for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning 2016, the 115 Trust, established under IRC Section 115, is the funding vehicle for all health care plans.

Member-directed plan members who have met the retirement eligibility requirements may apply for retirement benefits. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance (net of taxes withheld), or a combination of these options. When a member chooses to annuitize his/her defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Members participating in the Member-Directed Plan are not eligible for disability benefits or death benefits to beneficiaries.

NOTE 6 – Pension Plans (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

The Member-Directed Plan is a defined contribution plan in which at retirement members have the option to convert their defined contribution account to a defined benefit annuity. The purchased defined benefit annuities are calculated based on the members' contributions, vested employer contributions, and investment gains and losses resulting from the members' investment selections. The calculation of proportionate shares for the Member-Directed Plan in the Schedule of Employer Allocations is based on employer contributions to the plan as contributions specific to purchased defined benefit annuities are identifiable only to retirees annuitizing their benefit. Additionally, only the State and Local divisions participate in the Member-Directed Plan and those employer rates are identical.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $49,445 for the year ending December 31, 2022. Of this amount, $4,062 is reported as a liability on the statement of net position.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension asset was based on Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension income:

NOTE 6 – Pension Plans (Continued)

	OPERS Member-Directed Plan
Proportion of the Net Pension Asset	
Current Measurement Date	0.02428400%
Prior Measurement Date	0.00024210%
Change in Proportionate Share	0.02404190%
Proportionate Share of the:	
Net Pension Asset	$ 4,410
Pension Income	(22,019)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 4,296
Change in assumptions	139
Authority contributions subsequent to the measurement date	49,445
Total Deferred Outflows of Resources	$53,880
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 1,005
Changes in proportion and differences	5,996
Total Deferred Inflows of Resources	$7,001

$49,445 reported as deferred outflows of resources related to pension resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 6 – Pension Plans (Continued)

	OPERS
Fiscal Year Ending December 31:	
2023	241
2024	338
2025	249
2026	235
2027	102
2028 and after	1,401
Total	$2,566

Actuarial Methods and Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension asset was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

NOTE 6 – Pension Plans (Continued)

	OPERS Member-Directed Plan
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	OPERS Member-Directed Plan
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

NOTE 6 – Pension Plans (Continued)

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

NOTE 6 – Pension Plans (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

Discount Rate The discount rate used to measure the total pension asset for the current year was 6.9 percent for the member-directed plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension (asset)	$ (3,885)	$ (4,410)	$ (4,857)

NOTE 7 – Defined Benefit OPEB Plans

Net OPEB Asset

OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB asset represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the asset is solely the asset of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset. Resulting adjustments to the net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

NOTE 7 – Defined Benefit OPEB Plans (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The heath care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

NOTE 7 – Defined Benefit OPEB Plans (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets. the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

NOTE 7 – Defined Benefit OPEB Plans (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $0 for 2022.

OPEB Assets, OPEB Income, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.000993%
Prior Measurement Date	0.000096%
Change in Proportionate Share	0.0008970%
Proportionate Share of the Net OPEB Asset	($31,103)
OPEB (Income)	($16,303)

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NOTE 7 – Defined Benefit OPEB Plans (Continued)

There is nothing reported for subsequent contributions as the retirement system did not allocate any portion of the contribution to OPEB contributions.

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes in proportionate share	$ 15,351
Deferred Inflows of Resources	
Differences between expected and actual experience	$4,718
Changes of assumptions	12,590
Net difference between projected and actual earnings on OPEB plan investments	14,827
Total Deferred Inflows of Resources	$32,135

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2023	$9,712
2024	1,701
2025	3,240
2026	2,131
Total	$16,784

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

NOTE 7 – Defined Benefit OPEB Plans (Continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2034	8.5 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

NOTE 7 – Defined Benefit OPEB Plans (Continued)

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

NOTE 7 – Defined Benefit OPEB Plans (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00%	3.45%

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	($18,291)	($31,103)	($41,736)

NOTE 7 – Defined Benefit OPEB Plans (Continued)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	($31,438)	($31,103)	($30,704)

NOTE 8 – Long-Term Obligations

	Balance December 31, 2021	Issued	Retired	Balance December 31, 2022	Due Within One Year
Lease Payable	$557,000	$0	$144,651	$412,349	$143,675
S.O Bonds 2021 1.95%	10,000,000	0	0	10,000,000	200,000
S.O Bonds 2021 2.27%	25,000,000	0	0	25,000,000	500,000
S.O Bonds 2022 4.27%	0	5,051,000	0	5,051,000	0
Long-Term Liabilities	$35,557,000	$5,051,000	$144,651	$40,463,349	$843,675

Lease Payable: On April 1, 2021, the Authority and City of Dayton entered into a ground lease for transfer of the convention center building and related contents. As part of the agreement, the Authority has lease obligation payments annually through November 1, 2025.

NOTE 8 – Long-Term Obligations (Continued)

Special Obligation Bonds: On September 8, 2021, the Authority issued $10,000,000 in special obligations bond backed by the Authority excise tax and other available revenues for the renovation and construction of the convention center project. The bonds were issued with a ten year lock rate of 1.95% with a final maturity of December 1, 2040.

Special Obligation Bonds: On November 26, 2021, the Authority issued $25,000,000 in special obligations bond backed by the Authority excise tax and other available revenues for the renovation and construction of the convention center project. The bonds were issued with a ten year lock rate of 2.27% with a final maturity of December 1, 2040.

Special Obligation Bonds: On October 11, 2022, the Authority issued $5,051,000 in special obligations bond backed by the Authority excise tax and other available revenues for the renovation and construction of the convention center project. The bonds were issued with a nine year lock rate of 4.27% with a final maturity of December 1, 2042.

The principal and interest requirements for outstanding bonds and leases as of December 31, 2022 are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2023	$843,675	$1,008,133	$1,851,808
2024	1,926,450	962,828	2,889,278
2025	2,044,224	921,891	2,966,115
2026	1,959,000	876,310	2,835,310
2027	2,006,000	829,554	2,835,554
2028-2032	10,779,000	3,402,905	14,181,905
2033-2037	12,139,000	2,038,621	14,177,621
2038-2042	8,766,000	539,941	9,305,941
Totals	$40,463,349	$10,580,183	$51,043,532

NOTE 9 – Litigation

The Authority was involved in no material litigation as either plaintiff or defendant as of December 31, 2022.

NOTE 10 – Risk Management

The Authority is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2022, the Authority contracted with Cincinnati Financial Insurance for liability, property, and crime damage and AIG for public officials insurance. Coverage provided by the companies is as follows:

Public Official Errors and Omissions Liability	$1,000,000
Cyber Insurance	1,000,000
Commercial Property (1/1/22-3/31/22)	40,500,000
Commercial Property (4/1/22-12/31/22)	43,011,000
Business Personal (1/1/22-3/31/22)	10,625,000
Business Personal (4/1/22-12/31/22)	11,156,250
Business Income replacement	3,000,000
Public Official Errors and Omissions Liability	5,000
Employment Practice	25,000
Commercial Property and Business Personal	25,000

The Authority has had no significant reduction in insurance coverage from prior years. The Authority has had no settlements exceed insurance coverage for the past two years. Workers' compensation coverage is maintained by paying premiums to the State Bureau of Workers' Compensation. The premium is calculated based upon accident history and administrative costs.

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2022, the Authority implemented GASB Statement No. 87, "Leases". GASB Statement 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of statement no impact on the beginning net position for the Authority. The Authority did restate beginning assets and deferred inflows of resources by $329,921 for leases receivable.

NOTE 12 – COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Authority did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The Authority's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - MEMBER-DIRECTED PLAN
LAST TWO FISCAL YEARS (1) (2)

	2022	2021
The Authority's Proportion of the Net Pension Asset	0.024284%	0.002421%
The Authority's Proportion Share of the Net Pension Asset	$ (4,410)	$ (442)
The Authority's Covered Payroll	$ 149,786	$ 10,386
The Authority's Proportion Share of the Net Pension Asset as a Percentage of its Covered Payroll	-2.94%	-4.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	171.84%	188.21%

(1) Information prior to 2021 is not available
(2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year end.

MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY
SCHEDULE OF AUTHORITY'S PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - MEMBER-DIRECTED PLAN
LAST THREE FISCAL YEARS (1)

	2022	2021	2020
Contractually Required Contributions	$ 49,445	$ 20,970	$ 1,454
Contributions in Relation to the Contractually Required Contribution	(49,445)	(20,970)	(1,454)
Contribution Deficiency (Excess)	$ -	$ -	$ -
The Authority Employee Payroll	$ 353,179	$ 149,786	$ 10,386
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%

(1) Information prior to 2020 is not available

MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - MEMBER-DIRECTED PLAN
LAST TWO FISCAL YEARS (1) (2)

	2022	2021
The Authority's Proportion of the Net OPEB (Asset)	0.000993%	0.000096%
The Authority's Proportion Share of the Net OPEB (Asset)	$ (31,103)	$ (1,711)
The Authority's Covered Payroll	$ 149,786	$ 10,386
The Authority's Proportion Share of the Net OPEB (Asset) as a Percentage of its Covered Payroll	-20.76%	-16.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset	128.23%	115.57%

(1) Information prior to 2021 is not available
(2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year end.

MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY
SCHEDULE OF AUTHORITY'S OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - MEMBER-DIRECTED PLAN
LAST THREE FISCAL YEARS (1)

	2022	2021	2020
Contractually Required Contributions	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -
The Authority Employee Payroll	$ 353,179	$ 149,786	$ 10,386
Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%

(1) Information prior to 2020 is not available

MONTGOMERY COUNTY CONVENTION
FACILITIES AUTHORITY
MONTGOMERY COUNTY, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 – PENSION AND OPEB PLANS

1. Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions – Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms for the periods 2021 or 2022.

Changes in assumptions: There were no changes in assumption for the period 2021. For 2022, the actuarial assumed rate of return was reduced from 7.20% to 6.90%.

2. Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions – Net OPEB Liability

Changes in assumptions:

2021: The single discount rate changed from 3.16% to 6%. The municipal bond rate was changed from 2.75% to 2%. The health care cost trend initial rate was changed from 10.5% to 8.5%.

2022: The municipal bond rate was changed from 2.00% to 1.84%. The health care cost trend initial rate was changed from 8.5% to 5.5%. The wage inflation also decreased from 3.25 percent to 2.75 percent.

Changes in benefit terms:

2021 & 2022: There were no changes in benefit terms for the periods.

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OHIO AUDITOR OF STATE
KEITH FABER

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

Montgomery County Convention Facilities Authority
Montgomery County
22 East Fifth Street
Dayton, Ohio 45402

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 business-type activities of the Montgomery County Convention Facilities Authority, Montgomery County, (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 18, 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 opinions 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

September 18, 2023

OHIO AUDITOR OF STATE
KEITH FABER

MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY

MONTGOMERY 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 9/28/2023

88 East Broad Street, Columbus, Ohio 43215
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