



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY  
MONTGOMERY COUNTY**

**DECEMBER 31, 2023**

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# 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

#### ***Opinion***

We have audited the financial statements of the Montgomery County Convention Facilities Authority, Montgomery County, Ohio (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Montgomery County Convention Facilities Authority, Montgomery County, Ohio as of December 31, 2023, and the 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 Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 July 26, 2024, 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

July 26, 2024

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*Montgomery County  
Convention Facilities Authority  
Montgomery County, Ohio*

*Management's Discussion and Analysis  
December 31, 2023  
(Unaudited)*

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, 2023. 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 2023 are as follows:

- The Authority collected over \$4.1 million in the Authority tax for fiscal year 2023 compared to \$3.7 million in fiscal year 2022.
- The Authority received over \$2.7 million in charges for services related to events either held or scheduled at the convention center. The revenue partially results from 146 event days that saw over 100,000 participants (2022 was just under 73,000 participants) attending the different events at the convention center.
- The Authority spent over \$11 million on the renovation construction project during 2023.

### **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.

*Montgomery County  
Convention Facilities Authority  
Montgomery County, Ohio*

*Management's Discussion and Analysis  
December 31, 2023  
(Unaudited)*

**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".

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**Montgomery County  
Convention Facilities Authority  
Montgomery County, Ohio**

**Management's Discussion and Analysis  
December 31, 2023  
(Unaudited)**

Table 1 compares information on the Authority's net position between 2022 and 2023.

**Table 1  
Statement of Net Position**

	2022	2023	Change
<b>Assets:</b>			
Current assets	\$38,690,415	\$32,979,130	(\$5,711,285)
Noncurrent assets	218,584	110,993	(107,591)
Capital assets, net depreciation	5,066,030	15,791,723	10,725,693
Total Assets	<u>43,975,029</u>	<u>48,881,846</u>	<u>4,906,817</u>
<b>Deferred Outflows of Resources</b>	<u>69,231</u>	<u>130,368</u>	<u>61,137</u>
<b>Liabilities:</b>			
Current liabilities	1,684,509	5,874,912	4,190,403
Long-term liabilities	<u>39,619,674</u>	<u>37,758,677</u>	<u>(1,860,997)</u>
Total Liabilities	<u>41,304,183</u>	<u>43,633,589</u>	<u>2,329,406</u>
<b>Deferred Inflows of Resources</b>	<u>296,850</u>	<u>192,503</u>	<u>(104,347)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	956,332	551,078	(405,254)
Restricted	0	1,113,219	1,113,219
Unrestricted	<u>1,486,895</u>	<u>3,521,825</u>	<u>2,034,930</u>
Total Net Position	<u>\$2,443,227</u>	<u>\$5,186,122</u>	<u>\$2,742,895</u>

Fiscal year 2023 saw the activity increase over 2022. The renovation project started on the convention center. The current assets decreased with the spend down of the bond proceeds for the renovation project. The capital assets increased with additional construction in progress reported. The current liabilities increased as fiscal year 2024 principal payments on all three bond issues are higher and the Authority reported a larger contract payable and significant retainage payable. The long term liabilities dropped as the due within one year amount on the bonds increased. For 2023, the Authority reports a restricted net position for the balances held for 2024 debt service and the debt service reserve policy established by the Board.

**Montgomery County  
Convention Facilities Authority  
Montgomery County, Ohio**

**Management's Discussion and Analysis  
December 31, 2023  
(Unaudited)**

**Table 2  
Changes in Net Position**

	2022	2023	Change
<b>Operating Revenues:</b>			
Intergovernmental	\$752,702	\$892,786	\$140,084
Authority Tax	3,742,757	4,107,127	364,370
Charges for Services	2,181,579	2,767,873	586,294
Other Revenues	103,107	96,066	(7,041)
Total Operating Revenues	<u>6,780,145</u>	<u>7,863,852</u>	<u>1,083,707</u>
<b>Operating Expenses:</b>			
Salaries and Benefits	246,286	336,909	90,623
Materials and Supplies	424,032	590,147	166,115
Contractual Services	4,596,088	4,114,804	(481,284)
Other	61,697	639,443	577,746
Depreciation	699,369	745,345	45,976
Total Operating Expenses	<u>6,027,472</u>	<u>6,426,648</u>	<u>399,176</u>
Operating Income	<u>752,673</u>	<u>1,437,204</u>	<u>684,531</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest Revenue includes Fair Value Change	63,041	1,831,815	1,768,774
Capital Grants	15,558	514,462	498,904
Interest and Fiscal Charges	(746,996)	(1,040,586)	(293,590)
Total Nonoperating Revenues (Expenses)	<u>(668,397)</u>	<u>1,305,691</u>	<u>1,974,088</u>
Change in Net Position	84,276	2,742,895	2,658,619
Net Position, Beginning of Year	<u>2,358,951</u>	<u>2,443,227</u>	<u>84,276</u>
Net Position, End of Year	<u>\$2,443,227</u>	<u>\$5,186,122</u>	<u>\$2,742,895</u>

Fiscal year 2023 saw the full year collections on the additional hotel within the City of Dayton which increased the intergovernmental revenue from the City. The occupancy rates worked up across the county allowing the overall Authority tax to increase. As stated earlier, the Dayton Convention Center saw attendance increase over 36% from 2022 resulting in higher charges for services revenue. The increase in event activity is also responsible for increases in the expenses. The salary and benefits increased for the Authority with the staff added. The interest revenue and change in fair value increased for 2023 as interest rates increased over 2023 resulting in higher interest earning for the construction funds. Of the total interest earned, \$113,265 was related to operations. The capital grants also increased as the second contribution under the management company contract was received. The payment was earmarked for capital purposes.

*Montgomery County  
Convention Facilities Authority  
Montgomery County, Ohio*

*Management's Discussion and Analysis  
December 31, 2023  
(Unaudited)*

**Capital Assets**

The Authority had \$15.8 million in net capital assets at December 31, 2023. The largest asset is the construction in progress for the renovation project with other large asset being the remaining value of the original convention center transfer balance. 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 \$39.6 million in debt obligations at December 31, 2023. 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 2024, 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 2024. ASM Global has worked to schedule a significant number of events and has over 100 bookings for 2024 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.

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**MONTGOMERY COUNTY  
CONVENTION FACILITIES AUTHORITY  
MONTGOMERY COUNTY, OHIO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

**ASSETS:**

CURRENT ASSETS:

Cash, Cash Equivalents and Investments	\$ 32,090,099
Taxes Receivable	99,244
Accounts Receivable	384,117
Intergovernmental Receivable	243,546
Accrued Interest Receivable	87,017
Lease Receivable - Due within One Year	75,107
<b>TOTAL CURRENT ASSETS</b>	<u><u>32,979,130</u></u>

LONG TERM ASSETS:

Lease Receivable (less Current)	108,964
Net Pension Asset	2,029
Net Capital Assets	15,791,723
<b>TOTAL LONG TERM ASSETS</b>	<u><u>15,902,716</u></u>
<b>TOTAL ASSETS</b>	<u><u>48,881,846</u></u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources from Pension	90,127
Deferred Outflows of Resources from OPEB	40,241
	<u>40,241</u>

<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>130,368</u></u>
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**LIABILITIES:**

CURRENT LIABILITIES:

Accounts Payable	399,166
Accrued Wages and Benefits Payable	15,531
Contracts Payable	2,598,091
Retainage Payable	702,739
Deposits Payable	152,691
Accrued Interest Payable	80,244
Current Portion of Lease Payable	137,450
Current Portion of Special Obligation Revenue Bonds	1,789,000
<b>TOTAL CURRENT LIABILITIES:</b>	<u><u>5,874,912</u></u>

LONG TERM LIABILITIES:

Lease Payable	131,224
Net OPEB Liability	7,850
Net Pension Liability	57,603
Special Obligation Revenue Bonds	37,562,000
<b>TOTAL LONG TERM LIABILITIES:</b>	<u><u>37,758,677</u></u>
<b>TOTAL LIABILITIES</b>	<u><u>43,633,589</u></u>

**DEFERRED INFLOWS FOR RESOURCES:**

Deferred Inflows of Resources from Lease Receivables	184,071
Deferred Inflows of Resources from Pension	5,844
Deferred Inflows of Resources from OPEB	2,588
	<u>2,588</u>

<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>192,503</u></u>
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**NET POSITION:**

Net Investment in Capital Assets	551,078
Restricted	1,113,219
Unrestricted	3,521,825
<b>TOTAL NET POSITION</b>	<u><u>\$ 5,186,122</u></u>

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, 2023**

**OPERATING REVENUES:**

Intergovernmental	\$ 892,786
Authority Tax	4,107,127
Charges for Services	2,767,873
Rental	78,643
Miscellaneous	17,423
Total Operating Revenues	<u>7,863,852</u>

**OPERATING EXPENSES:**

Salaries and Benefits	336,909
Materials and Supplies	590,147
Contractual Services	4,114,804
Other expenses	639,443
Depreciation	745,345
Total Operating Expenses	<u>6,426,648</u>

Operating Income	<u>1,437,204</u>
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**NONOPERATING REVENUES (EXPENSES):**

Interest/Change in Fair Value	1,831,815
Capital Grants from City of Dayton (IRS Subsidy)	14,462
Capital Grants from Management Company	500,000
Interest and Fiscal Charges	(1,040,586)
Total Nonoperating Revenues (Expenses)	<u>1,305,691</u>

<b>CHANGE IN NET POSITION</b>	2,742,895
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Net Position Beginning of Year	2,443,227
Net Position End of Year	<u>\$ 5,186,122</u>

See accompanying notes to the basic financial statements



**MONTGOMERY COUNTY  
CONVENTION FACILITIES AUTHORITY  
MONTGOMERY COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Cash flows from operating activities:</b>	
Cash received from authority tax	\$ 4,081,090
Cash received from intergovernmental revenue	848,476
Cash received from customers	3,003,017
Cash payments to employees for services	(326,896)
Cash payments to supplier for goods and services	(4,654,934)
Cash received from other sources	15,082
Cash payment for other expenses	(614,005)
Net cash provided by operating activities	<u>2,351,830</u>
<b>Cash flows from capital related activities:</b>	
Capital Grant from Management Company	500,000
Acquisition of Capital Assets	(8,543,203)
Payments on Lease Obligations	(129,213)
Principal paid on bonds	(700,000)
Interest expense	(1,008,132)
Net cash used for capital related activities	<u>(9,880,548)</u>
<b>Cash flows from investing activities:</b>	
Change in Fair Value of Investments	461,458
Interest received	1,302,916
Net cash provided by investing activities	<u>1,764,374</u>
Net Decrease in Cash and Cash Equivalents	(5,764,344)
Cash, cash equivalents and investments at beginning of year	37,854,443
Cash, cash equivalents and investments at end of year	<u>\$ 32,090,099</u>

**Reconciliation of operating income to net cash provided by operating activities**

Operating Income	1,437,204
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation Expense	745,345
Changes in assets and liabilities:	
Increase in Taxes Receivable	(26,037)
Decrease in Accounts Receivable	85,193
Increase in Intergovernmental Receivable	(44,310)
Increase in Accounts Payable	(2,408)
Increase in Accrued Wages and Benefits Payable	15,531
Increase in Contracts Payable	80,949
Decrease in Retainage Payable	(15,701)
Increase in Deposits Payable	68,967
Change in Net Pension/OPEB Asset items	7,097
Net cash provided by operating activities	<u>\$ 2,351,830</u>

Non-cash transactions. During fiscal year 2023, the Authority reported \$3,219,881 of construction in progress through contracts and retainage payable. In fiscal year 2022, the amount reported was \$292,045. The City of Dayton received an IRS subsidy that also reduces the lease payable. For 2023, the amount received was \$14,462.

See accompanying notes to the basic financial statements

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**Montgomery County Convention  
Facilities Authority  
Montgomery County Ohio**

**Notes to the Basic Financial Statements  
December 31, 2023**

**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:

**Montgomery County Convention  
Facilities Authority  
Montgomery County Ohio**

**Notes to the Basic Financial Statements  
December 31, 2023**

**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 2023, 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, 2023, which approximates fair value.

For 2023, 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.

**Montgomery County Convention  
Facilities Authority  
Montgomery County Ohio**

**Notes to the Basic Financial Statements  
December 31, 2023**

**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 2023 was \$1,831,815 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, 2023. The Authority levied a three percent tax on all lodging institutions and certain hotels did not pay their November 2023 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.

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**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.

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**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;

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**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. Deposits**

*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 \$1,567,786 and the bank balance was \$1,858,828. \$250,000 of bank balances was covered by federal depository insurance coverage and \$1,608,828 was not exposed to custodial credit risk since it was collateralized with securities held in the Ohio Pooled Collateral System.



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**NOTE 3 – Deposits and Investments (Continued)**

**B. Investments**

As of December 31, 2023, 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	\$ 8,384,353	Level 2	0.27	AA+	27.47%
United States Treasury Notes & Bills	4,975,834	Level 2	0.34	AA+	16.30%
Commercial Paper	10,738,428	Level 2	0.27	A-1+	35.19%
STAR Ohio	3,883,698	NA	0.18	AAAm	12.72%
Money Market Account	2,540,000	NA	0.01	AAAm	8.32%
Totals	<u>\$30,522,313</u>				

***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.

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**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, 2023, follows:

	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Capital Assets, not depreciated				
Construction in progress	\$1,794,362	\$11,011,275	\$0	\$12,805,637
Capital Assets, being depreciated				
Building and Improvements	25,025,497	0	0	25,025,497
Equipment	1,968,186	459,763	0	2,427,949
Accumulated Depreciation	(23,722,015)	(745,345)	0	(24,467,360)
Capital Assets, Net	<u>\$5,066,030</u>	<u>\$10,725,693</u>	<u>\$0</u>	<u>\$15,791,723</u>

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 2023 fiscal year, the Authority reported a tax revenue of \$4,107,127 compared to \$3,742,757 in fiscal year 2022.

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**NOTE 6 – Pension Plans**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability***

Pensions and OPEB 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 net pension/OPEB liability (asset) represents the Authority’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability 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.

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 pensions/OPEB are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 7 for the OPEB disclosures.

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**Notes to the Basic Financial Statements  
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**NOTE 6 – Pension Plans (Continued)**

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

Plan Description – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. 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.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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**NOTE 6 – Pension Plans (Continued)**

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. 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 the benefit (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 members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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**Notes to the Basic Financial Statements  
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**NOTE 6 – Pension Plans (Continued)**

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

	<u>Traditional</u>	<u>Member Directed</u>
<b>2023 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
 <b>2023 Actual Contribution Rates</b>		
Employer:		
Pension **	14.0 %	10.0 %
Post-employment Health Care Benefits **	<u>0.0</u>	<u>4.0</u>
 Total Employer	<u>14.0 %</u>	<u>14.0 %</u>
 Employee	<u>10.0 %</u>	<u>10.0 %</u>

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll. For 2023, the Authority's contractually required contribution was \$15,508 for the traditional plan and \$29,083 for the member-directed plan.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability (asset) was based on the 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 expense of the Authority's defined benefit pension plans:

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**Notes to the Basic Financial Statements  
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**NOTE 6 – Pension Plans (Continued)**

	<u>Traditional Plan</u>	<u>Member- Directed Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.00019500%	0.02593500%	
Prior Measurement Date	<u>0.00001700%</u>	<u>0.02428400%</u>	
Change in Proportionate Share	<u>0.00017800%</u>	<u>0.00165100%</u>	
Proportionate Share of the:			
Net Pension Liability	\$57,603	\$0	\$57,603
Net Pension Asset	0	2,029	2,029
Pension Expense (Income)	10,706	(4,523)	6,183

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional Plan</u>	<u>Member-Directed Plan</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 1,913	\$ 5,815	\$ 7,728
Change in assumptions	609	122	731
Net difference between projected and actual earnings on pension plan investments	16,420	951	17,371
Changes in proportionate share	19,706	0	19,706
Authority contributions subsequent to the measurement date	<u>15,508</u>	<u>29,083</u>	<u>44,591</u>
Total Deferred Outflows of Resources	<u>\$54,156</u>	<u>\$35,971</u>	<u>\$90,127</u>
<b>Deferred Inflows of Resources</b>			
Changes in proportion and differences	\$ 0	\$ 5,844	\$ 5,844

\$44,591 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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**NOTE 6 – Pension Plans (Continued)**

	Traditional Plan	Member- Directed Plan
Fiscal Year Ending December 31:		
2024	\$15,573	\$241
2025	10,199	334
2026	4,833	402
2027	8,043	506
2028	0	(5)
2029 and after	0	(494)
Total	\$38,648	\$984

**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.

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 liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Member-Directed Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age



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**Notes to the Basic Financial Statements  
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**NOTE 6 – Pension Plans (Continued)**

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.

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

During 2022, 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 12.1 percent for 2022.

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, 2022, these best estimates are summarized below:

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**NOTE 6 – Pension Plans (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

**Discount Rate** The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. 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:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
<b>Authority's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$86,288	\$57,603	\$33,743
OPERS Member-Directed Plan	(1,297)	(2,029)	(2,594)

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**Notes to the Basic Financial Statements  
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**NOTE 7 – Defined Benefit OPEB Plans**

**Net OPEB Asset**

See Note 6 for a description of the net OPEB liability.

**Plan Description – Ohio Public Employees Retirement System**

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.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Medicare Retirees** Medicare-eligible with a minimum of 20 years of qualifying service credit

**Non-Medicare Retirees** Non-Medicare retirees qualify based on the following age-and-service criteria:

**Group A** 30 years of qualifying service credit at any age;

**Group B** 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

**Group C** 32 years of qualifying service credit and minimum age 55; or,

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**Notes to the Basic Financial Statements  
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**NOTE 7 – Defined Benefit OPEB Plans (Continued)**

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health 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.

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.

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**Notes to the Basic Financial Statements  
December 31, 2023**

**NOTE 7 – Defined Benefit OPEB Plans (Continued)**

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension 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; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution was \$11,634 for 2023.

***Net OPEB Liability***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, 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 liability was based on the Authority’s share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.001245%
Prior Measurement Date	0.000993%
Change in Proportionate Share	0.000252%
Proportionate Share of the Net OPEB Liability	\$7,850
OPEB Expense	(\$15,484)

**Montgomery County Convention  
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**Notes to the Basic Financial Statements  
December 31, 2023**

**NOTE 7 – Defined Benefit OPEB Plans (Continued)**

\$11,634 reported as deferred outflows of resources related to OPEB 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, 2024. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
<b>Deferred Outflows of Resources</b>	
Changes of assumptions	\$ 7,667
Net difference between projected and actual earnings on OPEB plan investments	15,588
Changes in proportionate share	5,352
Contributions subsequent to the measurement date	11,634
<b>Total Deferred Outflows of Resources</b>	<b>\$40,241</b>
 <b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$1,958
Changes of assumptions	630
<b>Total Deferred Inflows of Resources</b>	<b>\$2,588</b>

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

	<u>OPERS</u>
Year Ending December 31:	
2024	\$7,866
2025	5,763
2026	4,862
2027	7,528
<b>Total</b>	<b>\$26,019</b>

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**Notes to the Basic Financial Statements  
December 31, 2023**

**NOTE 7 – Defined Benefit OPEB Plans (Continued)**

**Actuarial Assumptions – OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values 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 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. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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.

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

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**Notes to the Basic Financial Statements  
December 31, 2023**

**NOTE 7 – Defined Benefit OPEB Plans (Continued)**

During 2022, 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 contribution 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 15.6 percent for 2022.

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, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	



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**Notes to the Basic Financial Statements  
December 31, 2023**

**NOTE 7 – Defined Benefit OPEB Plans (Continued)**

**Discount Rate** A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. 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 4.05 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the Authority’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 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 (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability (asset)	\$26,718	\$7,850	(\$7,719)

**Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability 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 liability calculated using the assumed trend rates, and the expected net OPEB liability 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.

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**Notes to the Basic Financial Statements  
December 31, 2023**

**NOTE 7 – Defined Benefit OPEB Plans (Continued)**

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 2023 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 liability	\$7,358	\$7,850	\$8,404

**NOTE 8 – Long-Term Obligations**

	Balance December 31, 2022	Issued	Retired	Balance December 31, 2023	Due Within One Year
Lease Payable	\$412,349	\$0	\$143,675	\$268,674	\$137,450
S.O Bonds 2021 1.95%	10,000,000	0	200,000	9,800,000	492,000
S.O Bonds 2021 2.27%	25,000,000	0	500,000	24,500,000	1,197,000
S.O Bonds 2022 4.27%	5,051,000	0	0	5,051,000	100,000
Net Pension Liability	0	57,603	0	57,603	0
Net OPEB Liability	0	7,850	0	7,850	0
Long-Term Liabilities	\$40,463,349	\$65,453	\$843,675	\$39,685,127	\$1,926,450

*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.

*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.

**Montgomery County Convention  
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**Notes to the Basic Financial Statements  
December 31, 2023**

**NOTE 8 – Long-Term Obligations (Continued)**

*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.

All of the special obligation bonds are considered direct borrowings from Key Bank. Each bond is backed by a specific pledge of the net revenues of Authority.

The net pension and OPEB liabilities will be paid from the operating revenues of the Authority. It should be noted the Authority is only required to pay the annual contractually required amount per the pension system.

The principal and interest requirements for outstanding bonds and leases as of December 31, 2023 are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	2,055,000	781,586	2,836,586
2029-2033	11,037,000	3,143,781	14,180,781
2034-2038	12,433,000	1,744,159	14,177,159
2039-2042	6,159,000	311,941	6,470,941
Totals	<u>\$39,619,674</u>	<u>\$9,572,050</u>	<u>\$49,191,724</u>

**NOTE 9 – Litigation**

The Authority was involved in no material litigation as either plaintiff or defendant as of December 31, 2023.

**Montgomery County Convention  
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**Notes to the Basic Financial Statements  
December 31, 2023**

**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 2023, the Authority contracted with Cincinnati Financial Insurance for liability, property, and crime damage and Greenwich Insurance Company for public officials insurance. Coverage provided by the companies is as follows:

Public Official Errors and Omissions Liability	\$3,000,000
Cyber Insurance	1,000,000
Commercial Property (1/1/23-3/31/23)	43,011,000
Commercial Property (4/1/23-12/31/23)	55,800,000
Flood Insurance	25,000,000
Earthwork Insurance	25,000,000
Business Personal (1/1/23-3/31/23)	11,156,250
Business Personal (4/1/23-12/31/23)	11,500,000
Business Income replacement	3,000,000
General Liability - Each Occurrence	1,000,000
- Aggregate	2,000,000
Commercial Umbrella Coverage	10,000,000
Employment Practice	25,000
Commercial Property and Business Personal	25,000

The Authority has had no significant reduction in insurance coverage from prior two 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 – CONTRACTUAL COMMITMENTS**

The following is the list of the outstanding contractual obligations related to the renovation project for the Authority as of December 31, 2023:

Vendor	Amount
Messer Construction	\$24,005,831
LWC Incorporated	410,130
Jones Lang LaSalle Americas	219,250

**NOTE 12 – RESTRICTED NET POSITION**

The Authority reports a restricted net position balance for capital purposes of \$419,042 and debt service of \$694,177.

**Montgomery County Convention  
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**Notes to the Basic Financial Statements  
December 31, 2023**

**NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2023, the Authority implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement 96 requires the recognition of certain assets and liabilities for subscription-based information technology arrangements if they met certain requirements for reporting. The implementation of the statement had no impact on the Authority as the various arrangements were one year or under and the Authority had no control over the software.

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**MONTGOMERY COUNTY CONVENTION FACILITIES AUTHORITY**  
**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN**  
**LAST YEAR (1) (2)**

	2023
The Authority's Proportion of the Net Pension Liability	0.000195%
The Authority's Proportion Share of the Net Pension Liability	\$ 57,603
The Authority's Covered Payroll	\$ 216,071
The Authority's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	26.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%

(1) Fiscal year 2023 was the first year the Authority had an employee under this plan.

(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 - TRADITIONAL PLAN**  
**LAST TWO FISCAL YEARS (1)**

	2023	2022
Contractually Required Contributions	\$ 15,508	\$ 30,250
Contributions in Relation to the Contractually Required Contribution	(15,508)	(30,250)
Contribution Deficiency (Excess)	\$ -	\$ -
The Authority Employee Payroll	\$ 110,771	\$ 216,071
Contributions as a Percentage of Employee Payroll	14.00%	14.00%

(1) Information prior to 2022 is not available



**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 THREE FISCAL YEARS (1) (2)**

	<u>2023</u>		<u>2022</u>		<u>2021</u>
The Authority's Proportion of the Net Pension Asset	0.025935%		0.024284%		0.002421%
The Authority's Proportion Share of the Net Pension Asset	\$ (2,029)	\$	(4,410)	\$	(442)
The Authority's Covered Payroll	\$ 353,179	\$	149,786	\$	10,386
The Authority's Proportion Share of the Net Pension Asset as a Percentage of its Covered Payroll	-0.57%		-2.94%		-4.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.74%		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 FOUR FISCAL YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contributions	\$ 29,083	\$ 49,445	\$ 20,970	\$ 1,454
Contributions in Relation to the Contractually Required Contribution	<u>(29,083)</u>	<u>(49,445)</u>	<u>(20,970)</u>	<u>(1,454)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Authority Employee Payroll	\$ 207,736	\$ 353,179	\$ 149,786	\$ 10,386
Contributions as a Percentage of Employee Payroll	14.00%	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 LIABILITY (ASSET)**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - MEMBER-DIRECTED PLAN**  
**LAST THREE FISCAL YEARS (1) (2)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
The Authority's Proportion of the Net OPEB Liability (Asset)	0.001245%	0.000993%	0.000096%
The Authority's Proportion Share of the Net OPEB Liability (Asset)	\$ 7,850	\$ (31,103)	\$ (1,711)
The Authority's Covered Payroll	\$ 353,179	\$ 149,786	\$ 10,386
The Authority's Proportion Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	2.22%	-20.76%	-16.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	94.79%	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 FOUR FISCAL YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contributions	\$ 11,634	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>(11,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Authority Employee Payroll	\$ 207,736	\$ 353,179	\$ 149,786	\$ 10,386
Contributions as a Percentage of Employee Payroll	0.00%	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, 2023**

**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, 2022 or 2023.

*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%.

There were no changes for 2023.

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.

2023: The single discount rate changed from 2.75% to 5.22%. The municipal bond rate was changed from 1.84% to 4.05%.

*Changes in benefit terms:*

2021 - 2023: 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 Montgomery County Convention Facilities Authority, Montgomery County, (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 26, 2024.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

July 26, 2024



# 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 8/20/2024**

65 East State Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)