



OHIO AUDITOR OF STATE
KEITH FABER



**CONVENTION FACILITIES AUTHORITY FOR HAMILTON COUNTY
HAMILTON COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Convention Facilities Authority for Hamilton County
Hamilton County
801 Plum Street.
Cincinnati, OH 45202

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

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

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

Emphasis of Matter

As discussed in Note 6 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022, 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
May 10, 2022

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Convention Facilities Authority for Hamilton County, Ohio Management's Discussion and Analysis

Overview

The Management's Discussion and Analysis (MD&A) section is designed to supplement the reader's understanding of the financial statements by providing analytical, economical and factual information pertaining to the current and prior years' financial activities of the entity.

The Convention Facilities Authority for Hamilton County, Ohio (CFA) is an up to 11-member body corporate and politic, organized and existing under Chapter 351 of the Ohio Revised Code, as amended. The CFA issued bonds netting proceeds of \$111,176,644 dated March 2, 2004 for the purpose of expanding and renovating the Cinergy Convention Center (Duke Energy Convention Center) in Cincinnati. This year's MD&A will focus on the seventeenth year of operations for the CFA.

Financial Highlights

The CFA's total net position increased by \$4.3 million. This is due to increase in operating revenues.

Operating Revenue for the CFA increased by \$3.3 million. Upon completion of the project, each year the remaining funds in the distribution account on February 28th after the payment of the prior year's debt service will be returned to the City and the County on a pro-rata share before March 31st. The sources of funds in this account are the Hotel Tax collections. The amounts distributed from the 2020 receipts were \$198 thousand to the County and \$6 thousand to the City. The 2021 amounts available for distribution are \$2.1 million to the County and \$463 thousand to the City.

Operating expenses increased by \$1.2 million and operating revenues increased by \$3.3 million in 2021.

Financial Statements

The financial statements of the CFA report information about the CFA using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the CFA's overall financial status.

The following statements are included in this report:

The Statement of Net Position reports the CFA's assets, liabilities, deferred inflows of resources, and available resources. Capital assets related to the Duke Energy Convention Center are reported as part of the City of Cincinnati, Ohio (City) Financial Statements.

The Statement of Revenues, Expenses, and Changes in Net Position reports all financial revenues and expenses made through the CFA.

The Statement of Cash Flows is designed to report the sources and uses of cash for the reporting entity.

Notes to the Financial Statements provide the reader with additional details about the amounts reported on the financial statements and the accounting policies used in preparation of the statements.

Financial Analysis

Statement of Net Position

Summary Statement of Net Position

(Amounts in Thousands)

| | 2021 | 2020 |
|-----------------------------------|--------------------|--------------------|
| Current and Other Assets | \$ 6,397 | \$ 3,637 |
| Current Liabilities | 6,209 | 3,719 |
| Long-term Liabilities Outstanding | <u>51,188</u> | <u>55,118</u> |
| Total Liabilities | 57,397 | 58,837 |
| Deferred Inflows | 882 | 966 |
| Net Position: | | |
| Restricted for Capital Projects | 0 | 49 |
| Unrestricted | <u>(51,882)</u> | <u>(56,215)</u> |
| Total Net Position | <u>\$ (51,882)</u> | <u>\$ (56,166)</u> |

Long-term liabilities for 2021 were \$51.1 million, consisting of \$46.2 million of outstanding debt due more than one year and \$5 million of unamortized bond premiums, compared to \$55.1 million in 2020. Total debt payments in 2021 were \$3.3 million in principal and \$2.5 million in interest. The debt will be repaid from specifically identified Hotel Tax revenues collected by both Hamilton County, Ohio (County) and the City.

Statement of Revenues, Expenses, and Changes in Net Position

Summary Statement of Revenues, Expenses, and Changes in Net Position

(Amounts in Thousands)

| | 2021 | 2020 |
|---------------------------|--------------------|--------------------|
| Operating Revenues | \$ 8,873 | \$ 5,566 |
| Non-Operating Revenues | <u>1</u> | <u>510</u> |
| Total Revenues | 8,874 | 6,076 |
| Operating Expenses | 2,612 | 1,460 |
| Non-operating Expenses | <u>1,978</u> | <u>2,592</u> |
| Total Expenses | 4,590 | 4,052 |
| Change in Net Position | 4,284 | 2,024 |
| Net Position, January 1 | <u>(56,166)</u> | <u>(58,190)</u> |
| Net Position, December 31 | <u>\$ (51,882)</u> | <u>\$ (56,166)</u> |

Operating revenues have included the following items pledged to support expenses for both debt service and project costs as part of the renovation and expansion of the Duke Energy Convention Center:

- Hotel Taxes
 - o County 3 ½%
 - o City 2002 1 ½ %
 - o City 1%
- Corporate Contributions
- Annual Contributions
 - o City \$1.0 million began in 2004 and ended in 2014
 - o County \$250,000 began in 2005 and ended in 2014
- Naming Rights
- State Grants

Budgetary Highlights

Per the Cooperative Agreement among the CFA, County and City during the construction period or so long as any Junior Subordinated Bonds have been issued and remain unpaid the costs associated with the operation of the CFA (i.e. annual audit, insurance, etc.) were the responsibility of the City. Upon completion of the project (June 2006) the cost of operations for the CFA is paid from a portion of the City's 1% Hotel Tax and shall not exceed 10% of the 1% Hotel Tax. In 2006 the Junior Subordinate Bond commitment was released.

Debt Administration

The CFA financed the renovation and expansion of the Duke Energy Convention Center primarily through the issuance of revenue bonds. During December of 2014 the first and second lien bonds were refunded with first lien bonds. Also, new revenue bonds of \$4.8 were issued to provide funding for improvements to the facility.

The CFA's revenue bond ratings are:

Moody's Investors Services A2
Standard & Poor's Rating Services A

Economic Factors

The Duke Energy Convention Center contributes to the economic growth and stability of Cincinnati by providing a facility to host international, national and regional convention and trade shows, as well as public expositions and meetings. The old facility had 162,000 square feet of exhibit space and 82,000 square feet of meeting/ballroom space. With the expansion in 2006, the Duke Energy Convention Center now has 198,000 square feet of exhibit space and 103,000 square feet of meeting/ballroom space.

Request for Information

The financial report is designed to provide a general overview of the CFA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Director of Finance, City Hall, Room 250, 801 Plum Street, Cincinnati, OH, 45202.

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Convention Facilities Authority for Hamilton County, Ohio
Statement of Net Position
December 31, 2021
(Amount in Thousands)

Assets

Current Assets:

| | |
|-------------------------------|--------------|
| Cash and Cash Equivalents | \$ 3,625 |
| Receivables: | |
| Accrued Transit Occupancy Tax | 2,767 |
| Prepays | <u>5</u> |
| Total Current Assets | <u>6,397</u> |

Liabilities

Current Liabilities:

| | |
|---------------------------|--------------|
| Due to Other Governments | 2,537 |
| Accrued Interest Payable | 197 |
| Bonds Payable - Current | <u>3,475</u> |
| Total Current Liabilities | <u>6,209</u> |

Noncurrent Liabilities:

| | |
|--|---------------|
| Bonds Payable (Plus Unamortized Premium) | <u>51,188</u> |
| Total Noncurrent Liabilities | <u>51,188</u> |

| | |
|-------------------|---------------|
| Total Liabilities | <u>57,397</u> |
|-------------------|---------------|

Deferred Inflows of Resources

| | |
|--------------------|------------|
| Gain on Defeasance | <u>882</u> |
|--------------------|------------|

Net Position

| | |
|--------------------|---------------------------|
| Unrestricted | <u>(51,882)</u> |
| Total Net Position | <u><u>\$ (51,882)</u></u> |

The accompanying notes to the financial statements are an integral part of this statement.

Convention Facilities Authority for Hamilton County, Ohio
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021
(Amounts in Thousands)

| | |
|---|-------------|
| Operating Revenues: | |
| Hotel taxes - City | \$ 2,050 |
| Hotel taxes - County | 6,823 |
| Total Operating Revenues | 8,873 |
| Operating Expenses: | |
| Project Costs | 49 |
| Return of Residual Funds to City and County | 2,542 |
| Audit Fees | 10 |
| Legal Fees | 1 |
| Public Officials Insurance | 7 |
| Trustee Fees | 3 |
| Total Operating Expenses | 2,612 |
| Operating Income | 6,261 |
| Non-operating Revenues (Expenses): | |
| Interest Expense | (1,978) |
| Interest Revenue | 1 |
| Total Non-operating Revenues (Expenses) | (1,977) |
| Change in Net Position | 4,284 |
| Total Net Position - Beginning | (56,166) |
| Total net position - Ending | \$ (51,882) |

The accompanying notes to the financial statements are an integral part of this statement.

Convention Facilities Authority for Hamilton County, Ohio
Statement of Cash Flows
For the Year Ended December 31, 2021
(Amounts in Thousands)

Cash Flows from Operating Activities

| | |
|---|----------|
| Received from Other Governments | \$ 6,916 |
| Payments to Other Governments | (203) |
| Payments for Project Costs & Other | (75) |
| Net Cash Provided by Operating Activities | 6,638 |

Cash Flow from Capital Financing Activities

| | |
|---|---------|
| Interest Paid on Bonds | (2,531) |
| Principal Paid on Bonds | (3,310) |
| Net Cash (Used) by Capital Financing Activities | (5,841) |

Cash Flow from Investing Activities

| | |
|---|---|
| Interest & Dividends on Investments | 1 |
| Net Cash Provided by Investing Activities | 1 |

| | |
|--|----------|
| Net Increase in Cash and Cash Equivalents | 798 |
| Cash and Cash Equivalents at Beginning of Year | 2,827 |
| Cash and Cash Equivalents at End of Year | \$ 3,625 |

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

| | |
|---|----------|
| Net Operating Income | \$ 6,261 |
| Adjustments to Reconcile Net Operating Income to Changes in Assets and Liabilities: | |
| (Increase) Decrease in Transit Occupancy Tax Receivable | (1,957) |
| Increase(Decrease) in Prepaid | (5) |
| Increase(Decrease) in Due to Other Governments | 2,339 |
| Net Cash Provided by Operating Activities | \$ 6,638 |

The accompanying notes to the financial statements are an integral part of this statement.

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Convention Facilities Authority for Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

1. Reporting Entity

The Convention Facilities Authority for Hamilton County, Ohio (CFA) is an up to 11-member body corporate and politic, organized and existing under Chapter 351 of the Ohio Revised Code, as amended. It is controlled by Hamilton County who may appoint 6 members. The City of Cincinnati may appoint 3 members and the remaining 2 members are from other municipalities. Each member may serve a 4-year term and may not serve more than 3 consecutive terms. The CFA was created in 2002 for the purpose of financing the Cincinnati Convention Center renovation and expansion, now known as the Duke Energy Convention Center. No financial activity took place until the revenue bonds were sold in 2004.

a. Component Unit

The Convention Facilities Authority (CFA) is a component unit of Hamilton County, Ohio. The financial report of the CFA is included in the Hamilton County of Ohio financial reports. The CFA is controlled by Hamilton County, Ohio, who appoints the majority of its board members (6 out of 11).

2. Summary of Significant Accounting Policies

The financial statements of the CFA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

a. Basis of Presentation

The CFA's financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

b. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred inflows and liabilities are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the CFA finances and meets the cash flow needs of its enterprise activities.

c. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The CFA's financial statements are prepared using the accrual basis of accounting.

Non-exchange transactions, in which the CFA receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the CFA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the CFA on a reimbursement basis.

Expenses are recognized at the time they are incurred.

d. Cash and Cash Equivalents

All monies received by the CFA are accounted for by the CFA's fiscal agent, the City of Cincinnati, or the trustee. All cash received by the fiscal agent, or the trustee is maintained in separate accounts in the CFA's name. For purposes of the Statement of Cash Flows and presentation on the Statement of Net Position, investments with original maturities of three months or less at the time they are purchased by the CFA, are considered to be cash equivalents.

e. Net Position

Net position represents the difference between assets, and liabilities and deferred inflows. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The CFA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

f. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity. For the CFA, these revenues are the contributions received for the financing of the Convention Facility and the hotel taxes for the repayment of the debt of the Convention Facility. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the CFA. Revenues and expenses not meeting this definition are reported as non-operating.

g. Receivables and Payables

Hotel Occupancy tax is remitted to the CFA quarterly from the County and the City. Due to other governments represents the Return of Residual Funds.

h. Bond Premiums and Gain on Defeasance

The bond premiums and gain on defeasance are being amortized over the life of the bond in the same proportion as the annual debt service payments to total outstanding debt service payments. Bond premiums are included in the outstanding noncurrent bonds payable. Gain on defeasance is reported as a deferred inflow of resources.

i. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents a source of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until then.

j. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. Deposits and Investments

Deposits – At December 31, 2021 the carrying amount of CFA deposits held by the trustee total \$3,625,000 and the bank balance was \$3,625,000. The accounts are held in custodial accounts at The Bank of New York Mellon and are not collateralized.

Investments – The Trustee for the CFA holds no investments as of December 31, 2021.

The CFA's investment policy is limited by the Cooperative Agreement with the City and the County. The eligible investments include obligations guaranteed as to principal and interest by the United States or by an agency or instrumentality of the federal government or a no-load money market fund, which consists of these obligations. The CFA may also invest in time certificates of deposits of eligible institutions, bonds and other obligations of the State, City, or political subdivision of the State, Ohio subdivision's fund, and certain written repurchase agreements.

The CFA does not have a written credit risk policy, concentration of credit risk policy, investment rate risk policy, or foreign currency risk policy.

4. Long-term Debt

The CFA issued 30-year improvement bonds for the City of Cincinnati Convention Center Expansion (Duke Energy Convention Center) of \$106,005,000 dated March 2, 2004. A portion of the Second Lien Improvement Bonds was defeased on August 30, 2007. On December 4, 2014, the First Lien Improvement Bonds with a balance of \$55,005,000 and Second Lien Improvement Bonds with a balance of \$16,970,000 were refunded with First Lien Improvement Bonds of \$65,135,000.

First Lien Improvement Bonds were issued on December 4, 2014, which total \$69,890,000. Interest rate on the new improvement bonds range from 2.0% to 5.0%, with yields ranging from 0.42% to 3.8%. Interest on the bonds is payable semiannually on June 1 and December 1 through 2033. Principal on the bonds is payable on each December 1. Of the \$69,890,000 total par amount, \$4,755,000 was issued for new projects, while the remaining \$65,135,000 was issued to enact the refunding described above.

(Amounts in Thousands)

| | Beginning | | | Ending | Due Within |
|-------------------|------------------|------------------|-------------------|-----------------|-----------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>One Year</u> |
| Bonds Payable | \$ 52,975 | | \$ 3,310 | \$49,665 | \$ 3,475 |
| Plus Unamortized | | | | | |
| Premium | <u>5,453</u> | | <u>455</u> | <u>4,998</u> | |
| Total Liabilities | <u>\$ 58,428</u> | | <u>\$ 3,765</u> | <u>\$54,663</u> | <u>\$ 3,475</u> |

The annual debt service requirements to maturity for the revenue bonds are as follows:

First Lien Improvement Bonds

(Amounts in Thousands)

| Year Ending | Principal | Interest | Total Amount |
|-------------|------------------|------------------|------------------|
| 2022 | \$ 3,475 | \$ 2,366 | \$ 5,841 |
| 2023 | 3,650 | 2,192 | 5,842 |
| 2024 | 3,830 | 2,010 | 5,840 |
| 2025 | 4,030 | 1,818 | 5,848 |
| 2026 | 4,230 | 1,617 | 5,847 |
| 2027-2031 | 21,340 | 5,049 | 26,389 |
| 2032-2033 | <u>9,110</u> | <u>689</u> | <u>9,799</u> |
| Total | <u>\$ 49,665</u> | <u>\$ 15,741</u> | <u>\$ 65,406</u> |

The Revenues pledged to the Trustee to support the debt include the following: the County Hotel Tax of 3.5 %, the City 2002 1.5% Hotel Tax, and the City 1% Hotel Tax.

In December 2014, CFA defeased a portion of the First Lien and Second Lien Improvement Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the CFA's financial statements. The chart below depicts the defeased bonds:

(Amounts in Thousands)

| Refunded Date | Par Amount | Rate | Call Date |
|--------------------------|-----------------------|-------------|----------------------|
| 12/4/2014 | \$ 5,585 | 4% | 12/1/2023 |
| 12/4/2014 | 28,810 | 5% | 12/1/2023 |
| | <u>\$ 34,395</u> | | |

5. Agreements / Leases

Pursuant to a Memorandum of Understanding between the City and the County, dated September 30, 2002, a Cooperative Agreement between the City and the County, dated, February 9, 2004 (the “Cooperative Agreement”), and a Project Service Agreement between the City and the Authority, dated February 3, 2004, the City and the County have agreed, among other things, that the City will (i) own the Duke Energy Convention Center, (ii) be responsible for the operation and maintenance of the Duke Energy Convention Center and (iii) manage the design and construction of the Project. Construction of the Improvements began in May 2004 and was completed in June 2006. There have been nine supplemental agreements. The ninth supplement was executed February 12, 2020.

The CFA entered into a lease with the City of Cincinnati for the existing and expanded Duke Energy Convention Center Facility for the term of the improvement bonds, issued through December 2033, for an amount sufficient to retire City Bond Anticipation Notes, of \$15.5 million. These notes were issued in anticipation of the revenue bond sale by the CFA. At the end of the lease, the City of Cincinnati will own the existing and expanded Duke Energy Convention Center Facilities.

In addition, the City and CFA have entered into a lease whereby the City will operate the existing and expanded Duke Energy Convention Center Facilities for the term of the improvement bonds through December 2033.

6. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Convention Facilities Authority. The future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated at this time.

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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

Convention Facilities Authority for Hamilton County
Hamilton County
801 Plum Street
Cincinnati, Ohio 45202

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Convention Facilities Authority for Hamilton County, Hamilton County, (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 10, 2022. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

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 purposes 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 Government'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
May 10, 2022

OHIO AUDITOR OF STATE KEITH FABER



CONVENTION FACILITIES AUTHORITY FOR HAMILTON COUNTY, OHIO

HAMILTON 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 5/31/2022

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

This report is a matter of public record and is available online at
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