

**CONVENTION FACILITIES AUTHORITY
FOR HAMILTON COUNTY, OHIO**

Basic Financial Statements

Year Ended December 31, 2007

With

Independent Auditors' Report



Mary Taylor, CPA

Auditor of State

Board of Directors
Convention Facilities Authority for Hamilton County
801 Plum Street
City Hall, Room 246
Cincinnati, Ohio 45202

We have reviewed the *Independent Auditors' Report* of the Convention Facilities Authority for Hamilton County, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Convention Facilities Authority for Hamilton County is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 11, 2008

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**CONVENTION FACILITIES AUTHORITY
FOR HAMILTON COUNTY, OHIO**

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Clark, Schaefer, Hackett & Co.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Convention Facilities Authority
for Hamilton County, Ohio:

We have audited the accompanying basic financial statements of the Convention Facilities Authority for Hamilton County, Ohio (the "CFA"), a component unit of Hamilton County, Ohio as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the CFA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Convention Facilities Authority for Hamilton County, Ohio as of December 31, 2007, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of the CFA'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 - 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
June 30, 2008

**Convention Facilities Authority for Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)**

Overview

The Management's Discussion and Analysis section is designed to supplement the readers 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 Center) in Cincinnati. This years MD&A will focus on the third year of operations for the CFA.

Financial Highlights

The CFA's total net assets increased by \$299 thousand. This is due to completion of the project.

Operating Revenue for the CFA decreased by \$1.9 million. There were no corporate contributions or naming rights revenue in 2007. Upon completion of the project, on Feb 28th of each year funds remaining in the distribution account after the payment of the prior year's debt service is returned to the City of Cincinnati (City) and the Hamilton County (County) on a pro-rata share. The sources of funds in this account are the City and County annual contribution and Hotel Tax collections. The amounts returned from the 2006 receipts were \$1.8 million to the County and \$870 thousand to the City. The 2007 distribution will be approximately \$2.4 million to the County and \$839 thousand to the City and is recorded as a liability at December 31, 2007.

Operating expenses for the CFA decreased by \$19.8 million in 2007. Projects costs incurred in 2007 were accrued as 2006 expenditures since the project was completed in June 2006.

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 Assets reports the CFA's assets, liabilities and available resources. Capital assets related to the Duke Energy Center are reported as part of the City of Cincinnati, Ohio (City) Financial Statements.

The Statement of Revenues, Expenditures and Changes in Net Assets reports all financial receipts and disbursements 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 Assets

Summary Statement of Net Assets (Amounts In Thousands)

	2007	2006
Current and Other Assets	\$ 9,781	\$ 23,450
Long-term liabilities	90,190	104,171
Other liabilities	<u>5,740</u>	<u>5,727</u>
Total liabilities	95,930	109,898
Net Assets:		
Restricted	344	11,515
Unrestricted	<u>(86,493)</u>	<u>(97,963)</u>
Total Net Assets	<u>\$ (86,149)</u>	<u>\$ (86,448)</u>

Long-term liabilities for 2007 were \$90.2 million consisting of \$86.4 million of outstanding debt and \$3.8 million of unamortized bond premiums, compared to \$104.2 million in 2006. Total debt payments in 2007 were \$2.1 million in principal and \$4.4 million in interest. In addition bonds totaling \$11.255 million were defeased. The debt will be repaid from specifically identified Hotel Tax revenues collected by both Hamilton County, Ohio (County) and the City and annual contributions from both the County and the City.

Statement of Revenues, Expenses and Changes in Net Assets

**Summary of Revenues, Expenses and
Changes in Net Assets
(Amounts In Thousands)**

	2007	2006
Operating Revenues	\$ 9,311	\$ 11,240
Non-operating Revenues	<u>1,033</u>	<u>1,498</u>
Total Revenues	10,344	12,738
Operating Expenses	5,630	25,437
Non-operating Expenses	<u>4,415</u>	<u>4,827</u>
	<u>10,045</u>	<u>30,264</u>
Change in Net Assets	299	(17,526)
Net Assets, January 1	<u>(86,448)</u>	<u>(68,922)</u>
Net Assets, December 31	<u><u>\$(86,149)</u></u>	<u><u>\$(86,448)</u></u>

Operating revenues include 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 Center:

- Hotel Taxes
 - o County 3 ½%
 - o City 2002 1 ½ %
 - o City 1%
- Corporate Contributions
- Annual Contributions
 - o City \$1.0 million beginning in 2004
 - o County \$250,000 beginning in 2005
- 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 Center primarily through the issuance of revenue bonds.

The CFA's revenue bond ratings are:

	1 st Lien	2 nd Lien
Moody's Investors Services	Aaa	Aaa
Standard & Poor's Rating Services	AAA	AAA

Economic Factors

The Duke Energy 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 Cinergy Center now has 198,000 square feet of exhibit space and 103,000 square feet of meeting/ballroom space.

CONVENTION FACILITIES AUTHORITY FOR HAMILTON COUNTY, OHIO

Statement of Net Assets
December 31, 2007

(Amount In Thousands)

Assets

Current assets:

Cash and cash equivalents	\$	4,915
Receivables:		
Accounts		472
Accrued interest		211
Accrued transit occupancy tax		2,002
Prepaid bond insurance		<u>1,316</u>
Total current assets		8,916

Other:

Costs of issuance		<u>865</u>
Total other assets		<u>865</u>
Total assets	\$	<u>9,781</u>

Liabilities

Current liabilities:

Due to other governments	\$	3,212
Accrued interest payable		343
Bonds payable – current		<u>2,185</u>
Total current liabilities		5,740

Noncurrent liabilities:

Bonds payable (net of unamortized premium)		<u>90,190</u>
Total noncurrent liabilities		<u>90,190</u>

Total liabilities		<u>95,930</u>
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Net Assets

Restricted for project costs		344
Unrestricted		<u>(86,493)</u>
Total net assets	\$	<u><u>(86,149)</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 Revenue, Expenses, and Changes in Net Assets

For the Year Ended December 31, 2007

(Amounts In Thousands)

Operating revenues:

Annual contribution – City	\$	1,000
Annual contribution - County		250
Hotel taxes - City		2,063
Hotel taxes - County		5,998
Total operating revenues		<u>9,311</u>

Operating expenses:

Return of Residual Funds to City and County		<u>5,630</u>
Total operating expenses		<u>5,630</u>
Operating income		<u>3,681</u>

Non-operating revenues (expenses):

Interest expense		(4,365)
Bond insurance expense		(31)
Amortization expense		(19)
Interest revenue		1,033
Total non-operating revenues (expenses)		<u>(3,382)</u>
Change in net assets		299

Total net assets - beginning (86,448)

Total net assets - ending \$ (86,149)

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, 2007

(Amounts in Thousands)

Cash flows from operating activities

Received from other governments	\$	8,754
Received from contributions		100
Payments to other governments		<u>(5,612)</u>
Net cash provided by operating activities		3,242

Cash flows from Noncapital financing activities

Payments to Escrow Trust		(11,914)
Cost of defeasance		(19)
Interest paid on bonds		(4,435)
Principal paid on bonds		<u>(2,140)</u>
Net cash (used) by Noncapital financing activities		(18,508)

Cash flows from investing activities

Purchase of investments		(44,556)
Sale of investments		44,556
Interest and dividends on investments		<u>767</u>
Net cash provided by investing activities		<u>767</u>
Net Decrease in Cash and Cash Equivalents		(14,499)
Cash and cash equivalents at beginning of year		<u>19,414</u>
Cash and cash equivalents at end of year	\$	<u><u>4,915</u></u>

Cash flows from operating activities

Net Operating Income	\$	3,681
Adjustments to Reconcile Net Operating Income to Changes in Assets and Liabilities:		
Increase in Accounts Receivable		(372)
Increase in Transit Occupancy Tax Receivable		(85)
Increase in Due to Other Governments		<u>18</u>
Net Cash Provided by Operating Activities	\$	<u>3,242</u>

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

Convention Facilities Authority for Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2007

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 two 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 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 assets, a statement of revenue, expenses, and changes in net assets, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position, and cash flows.

b. Measurement Focus

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

c. Enterprise Fund Activity Accounting and Financial Reporting

In accordance with GASB Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Government, the CFA applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board of Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The CFA has elected not to apply FASB Statements and interpretations issued after November 30, 1989.

d. 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.

e. 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 Assets, investments with original maturities of three months or less at the time they are purchased by the CFA, are considered to be cash equivalents.

f. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their 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 assets are available.

g. 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.

h. Receivables and Payables

Hotel Occupancy tax is remitted to the CFA quarterly from the County and the City. Due to other governments represents project costs due to the City. Project cost reimbursements to the City, by the CFA, are made on a monthly basis.

i. Amortization of Bond Issuance Costs and Bond Premiums

The bond issuance costs are being amortized over the life of the bond in the same proportion as the annual principal payment to total outstanding principal.

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, 2007 the carrying amount of CFA deposits held by the trustee total \$4,915,000 and the bank balance was \$4,915,000. These were originally held in custodial accounts at J. P. Morgan and Co. until JP Morgan Chase and The Bank of New York merged as of December 11, 2006. The accounts are held in custodial accounts at The Bank of New York and are not collateralized.

Investments – The Trustee for the CFA holds no investments as of December 31, 2007.

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 (Cinergy Center) of \$106,005,000 dated March 2, 2004.

The First Lien Improvement Bonds in the amount of \$70,065,000 were issued at interest rates between 2.0 – 5.0 % and yields between 1.05 – 4.44%. They are payable semiannually on June 1 and December 1 through 2033 the first payment was due December 1, 2004.

The Second Lien Improvement Bonds in the amount of \$35,940,000 were issued at interest rates ranging from 2.0% to 5.25% and yields from 1.05% to 4.44%. Bond are payable semiannually on June 1 and December 1 through 2033 the first payment was due December 31, 2004. A portion of this debt was defeased in August, 2007 and the remaining debt at December 31, 2007 is \$22,805,000 principal and \$12,727,000 interest.

Defeasance of Bonds

On August 30, 2007, the CFA purchased \$11,914,500 defeasance obligations resulting in an in-substance defeasance of the Second Lien Improvement Bonds. Securities will be held in an Escrow Trust Agreement with the Bank of New York with various maturity dates through 2014 at interest rates varying from 3.72% to 4.44%. The final draw will be in 2014 on the call date of these bonds.

Bonds maturing December 1, 2024 and December 1, 2029 through December 1, 2033 were defeased at a total principal of \$11,255,000 and interest of \$13,446,687. The reacquisition price to defease the bonds exceeded the net carrying amount of the defeased bonds by \$287,888. This amount is reported in the statement of net assets and amortized over the remaining life of the old bonds.

The total net present value of the interest savings resulting from the issuance of refunding bonds is \$769,556.

(Amounts in Thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$102,005	\$ 0	\$13,395	\$88,610	\$2,185
Plus deferred Premium	<u>4,306</u>	<u>0</u>	<u>541</u>	<u>3,765</u>	<u>0</u>
Total long-term Liabilities	<u>\$106,311</u>	<u>\$ 0</u>	<u>\$13,936</u>	<u>\$92,375</u>	<u>\$ 2,185</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
2008	1,415	3,139	4,554
2009	1,450	3,104	4,554
2010	1,490	3,064	4,554
2011	1,525	3,026	4,551
2012	1,570	2,984	4,554
2013 – 2017	9,025	13,730	22,755
2018 – 2022	11,525	11,236	22,761
2023 – 2027	14,705	8,053	22,758
2028 - 2032	18,765	3,990	22,755
2033	<u>4,335</u>	<u>217</u>	<u>4,552</u>
Total	<u>\$65,805</u>	<u>\$52,543</u>	<u>\$118,348</u>

Second Lien Improvement Bonds			
Amounts in thousands			
Year	Principal	Interest	Total Amount
2008	770	971	1,741
2009	785	952	1,737
2010	810	930	1,740
2011	830	909	1,739
2012	850	886	1,736
2013 – 2017	4,730	3,971	8,701
2018 – 2022	5,945	2,755	8,700
2023 – 2027	6,350	1,279	7,629
2028	<u>1,735</u>	<u>74</u>	<u>1,809</u>
Total	<u>\$22,805</u>	<u>\$12,727</u>	<u>\$35,532</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, the City 1% Hotel Tax, the County Annual Contribution of \$250,000 beginning in 2005 and the City Annual Contribution of \$1,000,000 beginning in 2004.

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 Center, (ii) be responsible for the operation and maintenance of the Duke Energy 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.

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.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the Convention Facilities
Authority for Hamilton County, Ohio:

We have audited the financial statements of the Convention Facilities Authority for Hamilton County, Ohio (the "CFA"), a component unit of Hamilton County, Ohio as of and for the year ended December 31, 2007, which comprises the CFA's basic financial statements and have issued our report thereon dated June 30, 2008. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the CFA's internal control over financial reporting as a basis for designing our auditing procedures 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 CFA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CFA's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the CFA's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended for the information and use of the Board of Directors, management, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 30, 2008



Mary Taylor, CPA
Auditor of State

CONVENTION FACILITIES AUTHORITY OF HAMILTON COUNTY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 26, 2008**