

**REPORT OF THE AUDIT OF THE
NORTHERN KENTUCKY CONVENTION CENTER CORPORATION**

**For The Fiscal Year Ended
June 30, 2025**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
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To the People of Kentucky

Honorable Andy Beshear, Governor

Board of Directors, Northern Kentucky Convention Center Corporation

The enclosed report prepared by Dean Dorton Allen Ford, PLLC presents the financial audit of the books and records of the Northern Kentucky Convention Center Corporation for the year ended June 30, 2025 as required by KRS 154.90-020.

We engaged Dean Dorton Allen Ford, PLLC to perform the audit in accordance with auditing standards generally accepted in the United States of America. We worked closely with the firm during our report review process.

Respectfully submitted,

A handwritten signature in cursive script that reads "Allison Ball".

Allison Ball

Auditor of Public Accounts

Enclosure

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Independent Auditor's Report

Gretchen Landrum, Executive Director
Northern Kentucky Convention Center Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the basic financial statements of the Northern Kentucky Convention Center Corporation (NKCCC), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise NKCCC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of NKCCC as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with 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 (*Government Auditing Standards*). 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 NKCCC 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 NKCCC's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Gretchen Landrum, Executive Director
Northern Kentucky Convention Center Corporation
Independent Auditor's Report, continued

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 NKCCC'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 NKCCC'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.

Gretchen Landrum, Executive Director
Northern Kentucky Convention Center Corporation
Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of Proportionate Share of the Net Pension Liability, Pension Contributions, Proportionate Share of the Net OPEB Liability, OPEB Contributions and related notes on pages 29 to 32 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.

NKCCC management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026 on our consideration of NKCCC's internal control over financial reporting and on 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 NKCCC'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 NKCCC's internal control over financial reporting and compliance.

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
March 6, 2026

FINANCIAL STATEMENTS

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
STATEMENT OF NET POSITION
June 30, 2025

Assets

Current Assets:

Cash and Cash Equivalents	\$ 1,008,869
Investments	512,995
Accounts Receivable	1,175,915
Current Portion of Leases Receivable	284,952
Prepaid Expenses	25,504
Total Current Assets	3,008,235

Noncurrent Assets:

Restricted Cash	415,427
Accounts Receivable	374,773
Leases Receivable, Net of Current Portion	1,101,416
Net OPEB asset	85,854

Capital Assets:

Land and Construction in Progress	3,249,062
Other Capital Assets, Net	15,375,590
Total Noncurrent Assets	20,602,122
Total Assets	\$ 23,610,357

Deferred Outflows of Resources

Pensions	\$ 570,984
OPEB	311,027
Total Deferred Outflows of Resources	\$ 882,011

Liabilities

Current Liabilities:

Accounts Payable	\$ 74,094
Unearned Revenue	225,000
Event Deposits	1,139,015
Total Current Liabilities	1,438,109

Noncurrent Liabilities:

Net Pension Liability	2,965,513
Total Liabilities	\$ 4,403,622

Deferred Inflows of Resources

Pensions	\$ 324,650
OPEB	875,305
Leases	1,386,368
Total Deferred Inflows of Resources	\$ 2,586,323

Net Position

Net Investment in Capital Assets	\$ 18,624,652
Restricted For Promotions and Capital Improvements	415,427
Unrestricted	(1,537,656)
Total Net Position	\$ 17,502,423

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

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Year Ended June 30, 2025

Operating Revenues:	
Room Tax Revenue	\$ 2,258,640
Rental Income	1,056,714
Concession Revenue	1,375,736
Other Income	419,974
Total Operating Revenues	<u>5,111,064</u>
Operating Expenses:	
Advertising and Promotion	154,257
Bank Charges	5,212
Depreciation	1,235,433
Dues and Subscriptions	13,373
Employee Benefits	661,625
Event Security	4,340
Insurance	316,899
Miscellaneous	197,010
Office Expense	3,183
Parking and Bus	16,435
Payroll Taxes	125,435
Postage and Shipping	352
Professional Fees	127,354
Repairs and Maintenance	394,452
Salaries and Wages	1,705,428
Security	268,835
Supplies	70,692
Telephone	45,410
Travel and Lodging	499
Uniforms	28,423
Utilities	454,859
Total Operating Expenses	<u>5,829,506</u>
Operating Loss	(718,442)
Nonoperating Revenues (Expenses):	
Interest Income	30,515
Interest Expense	(98,941)
Unrealized Gain on Investments	26,573
Capital Contributions	212,135
Total Nonoperating Expenses	<u>170,282</u>
Loss	(548,160)
Beginning Net Position	<u>18,050,583</u>
Ending Net Position	<u>\$ 17,502,423</u>

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

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2025

Cash Flows from Operating Activities:	
Cash Received from Clients	\$ 2,859,802
Cash Received from Room Tax	2,212,434
Cash Paid for Goods and Services	(2,444,144)
Cash Paid for Salaries and Benefits	(2,462,486)
Cash Received from Other Sources	419,974
Net Cash Provided by Operating Activities	<u>585,580</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(387,129)
Repayments of Line of Credit	(1,450,000)
Capital Contributions	212,135
Interest Paid on Debt	(98,941)
Net Cash Used in Capital and Related Financing Activities	<u>(1,723,935)</u>
Cash Flows from Investing Activities:	
Interest Received on Investments	<u>30,515</u>
Net Change in Cash and Cash Equivalents	(1,107,840)
Cash and Cash Equivalents at July 1, 2024	<u>2,532,136</u>
Cash and Cash Equivalents at June 30, 2025	<u>\$ 1,424,296</u>
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities:	
Operating Loss	\$ (718,442)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	1,235,433
Change in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:	
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivable	92,704
Prepaid Expenses	16,030
Net OPEB Asset	(19,154)
Deferred Outflows of Resources	540,407
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(358,589)
Unearned Revenue	180,000
Event Deposits	108,442
Net Pension Liability	(134,431)
Deferred Inflows of Resources	(356,820)
Net Cash Provided by Operating Activities	<u>\$ 585,580</u>
Noncash Investing, Capital, and Financing Activities:	
Change in Fair Value of Investments	\$ 26,573
Recognition of Lease Receivable	1,524,240
Recognition of Deferred Inflows of Resources - Lease	<u>1,524,240</u>
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 3,075,053</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of the Northern Kentucky Convention Center Corporation (the Convention Center) is presented to assist in understanding the Convention Center's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Governmental Account Standards Board, and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Convention Center was created through the enactment of House Bill No. 700 by the General Assembly of the Commonwealth of Kentucky (the Commonwealth), effective July 14, 1992, to develop and manage the Convention Center.

All revenues derived from the use of the Convention Center, or contributions to the Convention Center from other sources as authorized in KRS 154.90-015, shall be used solely to defray the expenses of the Convention Center, including payment on debt, the cost of management and operation of its facilities, the creation of an adequate reserve for repair, replacement, and capital improvements, the procurement of insurance, and promotional activities. Any additional revenues derived by the Convention Center from any other source shall similarly be used for the purposes mentioned above.

The counties of Boone, Campbell, and Kenton passed ordinances imposing an additional 1% room tax on hotels effective June 1, 1995 to help defray the cost of managing and operating the Convention Center.

Basis of Accounting

The activities of the Convention Center are accounted for as an enterprise fund. The financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus.

Use of Estimates

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

Classification of Revenues and Expenses

As an enterprise fund, the Convention Center distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from the rental of space within the facilities, providing services in connection with the Convention Center's ongoing operations, and a room tax imposed and levied for the sole purpose of meeting the operating expenses of the Convention Center.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Classification of Revenues and Expenses (Continued)

Operating expenses include the costs of operation and maintenance of the facilities, services, selling and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Convention Center allowed discounts related to event rentals and other services which totaled \$2,865,258 in fiscal year 2025.

Capital Assets

Property and equipment are stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets, ranging from three to 50 years. The Convention Center's capitalization policy is to capitalize all expenditures of \$10,000 or greater when the asset has a life in excess of three years.

Accounts Receivable

Accounts receivable represent amounts due from customers for events and room tax receivables. Room tax receivables at June 30, 2025 were \$203,389. Amounts due from customers after one year from the date of the Statement of Net Position are included in noncurrent assets.

An allowance for uncollectable amounts is recorded to the extent that a portion or all of a particular account will not be collected. In evaluating the collectability of accounts receivable, the Convention Center considers a number of factors, including historical loss rates, the age of the accounts, changes in collection patterns, and general industry conditions. Management considers accounts receivables to be fully collectable at June 30, 2025, accordingly, no allowance for uncollectible amounts was recorded.

Compensated Absences

The Convention Center awards sick and vacation leave time to employees annually, but the time must be used within the fiscal year of the award or it is removed. The Convention Center does not allow employees to accrue leave time of any form. Upon separation from employment, vacation leave time is paid, but sick leave time is not paid.

Event Deposits

Event deposits represent invoices issued, or payments received, from customers prior to the event being held, and revenue being recognized.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Leases

Leases are contracts that convey control of a right to use another entity's non financial asset (the underlying asset) for a period of time in an exchange or exchange like transaction.

Leases receivable represent the present value of payments expected to be received during the lease term, reduced by a provision for estimated uncollectible amounts, if necessary. Lease payments are discounted to present value using the rate implicit in the lease. In subsequent years, amortization of the discount is recognized as interest income in the statement of revenues, expenses, and changes in net position.

Variable payments based on the future performance of the lessee, usage of the underlying asset or criteria other than an index or rate are not included in the measurement of the lease receivable. Those variable payments are recognized as rental income in the period to which those payments relate.

At commencement of the lease, a deferred inflow of resources is recorded in an amount equal to the corresponding leases receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflow of resources is recognized as rental income in a systematic and rational manner (generally, straight line approach) over the term of the lease.

Subsequent to the commencement of the lease, the leases receivable and the deferred inflow of resources are re-measured if certain criteria are met.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- Net investment in capital assets: This classification is intended to reflect the portion of net position associated with capital assets (net of accumulated depreciation), less outstanding capital assets related debt.
- Restricted: This classification represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, law/regulations of other governments or constitutional provisions, or (b) from enabling legislation.
- Unrestricted: This classification represents amounts not appropriated for expenditures or legally segregated for a specific future use.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Pension and OPEB

The Convention Center participates in the County Employees Retirement System (CERS) administered by the Board of Trustees of CERS. This is a cost-sharing, multiple employer defined benefit pension and OPEB plan, which covers all eligible employees and provides for retirement, disability, and death benefits to plan members.

Cost-sharing governmental employers, such as the Convention Center, are required to report a net pension and OPEB liability, pension and OPEB expense, and pension and OPEB-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all governments in the plan.

The fiduciary net position, net pension and OPEB liability, deferred inflows and outflows of resources related to pension and OPEB, and pension and OPEB expense have been determined on the same basis used by CERS. The CERS financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the plan. Premium payments are recognized when due and payable in accordance with terms of the plan. Administrative and investment expenses are recognized when incurred.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at cost, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the dividend date. Gain (loss) on investments includes gains and losses on investments bought and sold as well as held during the fiscal year.

Change in Accounting Principle

During fiscal year 2025, the Convention Center adopted GASB Statement No. 101, *Compensated Absences*, requiring the Convention Center to recognize liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means.

The adoption of GASB Statement No. 101 resulted in no impact to net position at July 1, 2024.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through March 6, 2026, the date that the financial statements were available to be issued.

Note 2 – Restricted Cash - Noncurrent Asset

The Convention Center has an agreement with their food and beverage vendor whereby specified dollar amounts are set aside for the advertising and promotion of the sale of food and beverages. The specified dollar amounts are also used for certain replacements and capital improvements. Upon termination of the agreement, any remaining balances will be paid over to the Convention Center. The amount of restricted cash as of June 30, 2025 was \$415,427.

Note 3 – Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash and highly liquid investments having a maturity at the date of acquisition of three months or less. Custodial credit risk is the risk that in the event of a bank failure, the Convention Center's deposits are not insured. As of June 30, 2025, the Convention Center had deposits with financial institutions of \$1,424,296 (including the restricted cash balances). \$250,000 of those deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) while the additional balance is collateralized by government securities owned by Central Bank and held on deposit with the Federal Reserve.

Investments are reported at fair value. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The Convention Center invests in certificates of deposit (CD), held at the Depository Trust Company. The principal for each CD is backed by the FDIC, within the applicable FDIC limits. Funds in the deposit account are covered by FDIC insurance. As of June 30, 2025, the market value for the total investment was \$512,995. These index-linked CDs are classified as Level 1 within the fair value hierarchy.

As of June 30, 2025, the Convention Center had the following investments:

	<u>Maturity Date</u>	<u>Cost</u>	<u>Fair Value</u>
Certificate of Deposit - 0.00%	11/30/2026	\$ 109,178	\$ 92,810
Certificate of Deposit - 0.00%	11/30/2026	109,182	93,250
Certificate of Deposit - 0.00%	6/11/2027	150,000	150,579
Certificate of Deposit - 0.00%	2/10/2027	92,188	78,045
Certificate of Deposit - 0.00%	11/30/2027	107,376	97,563
Cash and Cash Equivalents		748	748
		<u>\$ 568,672</u>	<u>\$ 512,995</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Convention Center does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to losses arising from changes in interest rates.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Convention Center's investment in a single issuer. The Convention Center does not have a formal investment policy that limits its concentration of credit risk.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 3,190,584	\$ -	\$ -	\$ 3,190,584
Construction in Progress	1,286	57,192	-	58,478
Total Capital Assets, not being depreciated	3,191,870	57,192	-	3,249,062
Capital Assets, being depreciated				
Building	26,199,466	-	-	26,199,466
Equipment	2,416,821	84,873	(21,366)	2,480,328
Improvements	5,678,739	245,064	-	5,923,803
Furniture and Fixtures	1,912,720	-	-	1,912,720
Parking Lot	43,770	-	-	43,770
Total Capital Assets, being depreciated	36,251,516	329,937	(21,366)	36,560,087
Less Accumulated Depreciation:				
Building	(13,274,396)	(523,989)	-	(13,798,385)
Equipment	(1,807,994)	(199,211)	21,366	(1,985,839)
Improvements	(3,547,449)	(395,849)	-	(3,943,298)
Furniture and Fixtures	(1,312,870)	(115,290)	-	(1,428,160)
Parking Lot	(27,721)	(1,094)	-	(28,815)
Total Accumulated Depreciation	(19,970,430)	(1,235,433)	21,366	(21,184,497)
Total Capital Assets, being depreciated	16,281,086	(905,496)	-	15,375,590
Total Capital Assets	<u>\$ 19,472,956</u>	<u>\$ (848,304)</u>	<u>\$ -</u>	<u>\$ 18,624,652</u>

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 5 – Leases Receivable

The Convention Center leases space to its food and beverage services provider, the terms of which expire on December 31, 2029.

Revenue recognized under the lease contract during the year ended June 30, 2025 was \$170,000 which includes both lease revenue and interest. Lease revenue is reported in other income on the statement of revenues, expenses, and changes in net position. The interest earnings from the lease is reported in interest income.

Note 6 – Unearned Revenue

Unearned revenue represents an agreed upon payment of \$250,000 for the contract extension from the concession operator for costs incurred by the Convention Center for the furnishing of various food service equipment, small wares, and other improvements. The terms of the agreement requires the payments be recognized over a five-year period, whereby the Convention Center separately amortizes the amounts on a straight-line basis over a 60-month period. The arrangement terminates on December 31, 2029. The balance of unearned revenue as of June 30, 2025, is \$225,000.

Note 7 – Note Payable

In October 2019, the Convention Center was provided a loan commitment from a local financial institution as a revolving line of credit for the Convention Center's planned updates. The terms permitted the Convention Center to draw up to \$2,000,000 for the updates, with interest only quarterly payments through the 24-month period, at Central Bank's index floating rate. In October 2023, the maturity date of the line of credit was extended to October 16, 2025. During fiscal year 2025, the balance on the loan was paid in full and the account was closed. The Convention Center's loan was collaterally secured by an account held at Central Bank and Trust. During fiscal year 2025, the Convention Center paid a total of \$98,941 in interest payments.

Note 8 – Retirement Plan

Plan Description

All full-time employees of the Convention Center who work more than 100 hours per month participate in CERS, a multiple-employer cost sharing defined benefit pension plan. CERS is governed by a 9-member board of trustees. Another 9-member board of trustees called the Kentucky Retirement Systems oversees the Kentucky Employees Retirement Systems (KERS) and the State Police Retirement System (SPRS). The administrative entity comprising the office of counselors and professional staff is the Kentucky Public Pensions Authority (KPPA). It is governed by a third 8-member board composed of trustees from CERS and the Kentucky Retirement Systems. KRS 78.510 through KRS 78.880 establishes and governs the plan. CERS information is available in the publicly issued financial report issued by the KPPA. This report can be obtained by writing to the KPPA, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, by visiting the website at www.kyret.ky.gov or by calling (502) 696-8800.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 8 – Retirement Plan (Continued)

Plan Description (Continued)

The CERS plan provides retirement, health, disability, and death benefits to plan participants. Cost-of-living adjustments are provided at the discretion of the State Legislature. Employees contribute 5% if the participants are in tier one and 5% for all other tiers of creditable compensation. The CERS Board of Trustees determines employer contribution rates necessary for the actuarial soundness of the retirement system. The employer contribution is subject to approval by the Kentucky General Assembly through the adoption of the Biennial Executive Branch Budget. For fiscal year 2025, the required contribution rate for the Convention Center was 19.71%. Contributions of \$331,015 were made by the Convention Center to CERS during the year ended June 30, 2025.

At June 30, 2025, the Convention Center reported a liability of \$2,965,513 for its proportionate share of the collective net pension liability. The total and net pension liability for CERS was actuarially measured as of June 30, 2024. As of June 30, 2025, the Convention Center's proportionate share percentage was 0.049587%. This percentage is based on the long-term share of contributions by the Convention Center in relation to all other participating employers in CERS.

	Tier 1 Participation Prior to 9/1/2008	Tier 2 Participation 9/1/2008 through 12/31/2013	Tier 3 Participation on or after 1/1/2014
Covered Employees:	Substantially all regular full-time members employed in non-hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in the system.		
Benefit Formula:	Final Compensation x Benefit Factor x Years of Service		Cash Balance Plan
Final Compensation:	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor:	2.2% if the Participation Date was before 8/1/2004 or 2.0% if Participation Date was on or after 8/1/2004.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA):	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit:	Any age with 27 years of service. Age 65 with 48 months of service. Money Purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No Money Purchase calculations.	
Reduced Retirement Benefit:	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 8 – Retirement Plan (Continued)

Actuarial Valuation

For financial reporting, the actuarial valuation as of June 30, 2024, was performed by Gabriel, Roeder, Smith & Company (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The actuarial assumptions for CERS are:

Employer Contribution	19.71%
Member Contribution	5% Tier 1, 2, and 3
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining amortization period	Amortize the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period.
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Actuarial assumptions:	
Investment rate of return	6.50%
Inflation Rate	2.50%
Projected salary increases	3.30% to 10.30%, varies by service
Mortality Tables	The mortality table used for active members was the PUB-2010 General Mortality table for the nonhazardous plan, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was the PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Date of Experience Study	July 1, 2018 - June 30, 2022

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 8 – Retirement Plan (Continued)

Actuarial Valuation (Continued)

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a ten-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	<u>100.00%</u>	

The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

The discount rate is defined as the single rate of return that, when applied to all projected payments, results in an actuarial value of projected benefit payments. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 8 – Retirement Plan (Continued)

Actuarial Valuation (Continued)

The following table presents the net pension liability of the Convention Center, calculated using the discount rate of 6.50%, as well as what the Convention Center's net position liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%):

1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
\$ 3,823,030	\$ 2,965,513	\$ 2,253,999

The complete actuarial valuation report including all actuarial assumptions and methods is publicly available on the KPPA website at www.kyret.ky.gov or can be obtained as described previously.

Deferred Inflows/Outflows of Resources

For the year ended June 30, 2025, the Convention Center recognized pension expense of \$584,932 and deferred outflows and deferred inflows related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 143,536	\$ -
Changes in assumptions	-	133,983
Net difference between projected and actual earnings on investments	-	190,667
Change in proportionate share	96,433	-
Contributions subsequent to the measurement date	331,015	-
Total	<u>\$ 570,984</u>	<u>\$ 324,650</u>

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 8 – Retirement Plan (Continued)

Deferred Inflows/Outflows of Resources (Continued)

The \$331,015 of the deferred outflows of resources resulting from pension contributions made subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ending June 30, 2026. The deferred inflows of resources related to the net difference between projected and actual earnings on investments are amortized and recognized in pension expense over 5 years. All other amounts reported as deferred inflows and outflows of resources are amortized and recognized in pension expense over the average expected remaining service life of the entire plan membership, which is 2.63 years for nonhazardous employees. The net increase (decrease) in pension expense for future years related to the amortization of these deferred inflows and outflows of resources is as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Amortization</u>
2026	\$ (40,553)
2027	71,660
2028	(73,294)
2029	<u>(42,494)</u>
	<u>\$ (84,681)</u>

Note 9 – Other Post-Employment Benefits

Plan Description

All full-time employees of the Convention Center who work more than 100 hours per month participate in a multiple-employer cost sharing defined benefit Other Post-Employment Benefits (OPEB) plan through CERS. KRS 78.510 through KRS 78.880 establishes and governs the plan. CERS information is available in the publicly issued financial report issued by the KPPA. This report can be obtained by writing to the KPPA, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, by visiting the website at www.kyret.ky.gov or by calling (502) 696-8800.

The plan provides hospital and medical insurance benefits to plan participants. Employees hired on or after September 1, 2008, contribute 1% of creditable compensation. The CERS Board of Trustees determines employer contribution rates necessary for the actuarial soundness of the retirement system. For fiscal year 2025, the required contribution rate for the Convention Center was 0.00%. No contributions were made by the Convention Center to CERS during the year ended June 30, 2025.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 9 – Other Post-Employment Benefits (Continued)

Plan Description (Continued)

At June 30, 2025, the Convention Center reported an asset of \$85,854 for its proportionate share of the collective net OPEB asset. The total and net OPEB asset for CERS was actuarially measured as of June 30, 2024. As of June 30, 2025, the Convention Center's proportionate share percentage was 0.049632%. This percentage is based on the long-term share of contributions by the Convention Center in relation to all other participating employers in CERS.

	Tier 1 Participation Prior to 7/1/2003	Tier 2 Participation on or after 7/1/2003	Tier 3 Participation on or after 9/1/2008
Plan Administrator:	The plan is administered by the County Employees Retirement System.		
Covered Employees:	Substantially all regular full-time members employed in non-hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in the system.		
Benefit Factor:	Based on years of service. KRS pays a percentage of the monthly contribution rate.	10 yrs of earned service at retirement to be eligible for insurance benefits. Benefit of \$10 per month for each year of earned service without regard to a maximum dollar amount.	15 years for eligibility. Benefit of \$10 per month for each year of earned service without regard to maximum dollar amount.
Cost of Living Adjustment (COLA):	Members participating after 2008 received 1.5% increase annually.		
Contribution Rate:	Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. No member contribution	Contribution rates for the employers are actuarially determined. Member contribution is 1% of salary.

Actuarial Valuation

For financial reporting, the actuarial valuation as of June 30, 2024, was performed by GRS. The total OPEB asset, net OPEB asset, and sensitivity information as of June 30, 2024, were based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 9 – Other Post-Employment Benefits (Continued)

Actuarial Valuation (Continued)

The actuarial assumptions for CERS are:

Employer Contribution	0.00%
Member Contribution	Participation prior to 9/1/2008 make no contribution. Participation on or after 9/1/2008 contribute 1%.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortize the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period.
Remaining Amortization Period	20 years, Closed
Actuarial assumptions:	
Investment rate of return	6.50%
Inflation Rate	2.50%
Payroll Growth	2.00%
Projected salary increases	3.30% to 10.30%, varies by service
Mortality Tables	For active members, the mortality tables used were the PUB-2010 General Mortality table for the nonhazardous plan, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. For non-disabled retired members, the table used was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. For disabled retirees, the PUB-2010 Disabled Mortality table was used, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Healthcare Trend Rates:	
Pre-65	Initial trend starting at 7.10% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years.
Post-65	Initial trend starting at 8.00% at January 1, 2026, then gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years.
Date of Experience Study	July 1, 2018 - June 30, 2022

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 9 – Other Post-Employment Benefits (Continued)

Actuarial Valuation (Continued)

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a ten-year horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	<u>100.00%</u>	

The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

The discount rate is defined as the single rate of return that, when applied to all projected payments, results in an actuarial value of projected benefit payments. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 9 – Other Post-Employment Benefits (Continued)

Actuarial Valuation (Continued)

The discount rate used to calculate the total OPEB asset increased from 5.93% to 5.99% for the nonhazardous plan. The discount rate determination used an expected rate of return of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2024. However, the cost associated with the implicit employer subsidy was not included in the calculation of KPPA's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of KPPA's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the net OPEB asset of the Convention Center, calculated using the discount rate of 5.99%, as well as what the Convention Center’s net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.99%) or one percentage point higher (6.99%):

1% Decrease 4.99%	Current 5.99%	1% Increase 6.99%
\$ 116,084	\$ (85,854)	\$ (255,643)

The following table presents the net OPEB asset of the Convention Center, calculated using the current healthcare trend rate, as well as what the Convention Center’s net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

1% Decrease	Cost Trend Rate	1% Increase
\$ (206,553)	\$ (85,854)	\$ 54,753

The complete actuarial valuation report including all actuarial assumptions and methods is publicly available on the KPPA website at www.kyret.ky.gov or can be obtained as described previously.

Deferred Inflows/Outflows of Resources

For the year ended June 30, 2025, the Convention Center recognized an OPEB benefit of \$223,916 and deferred outflows and deferred inflows related to OPEB from the following sources:

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 9 – Other Post-Employment Benefits (Continued)

Deferred Inflows/Outflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 47,631	\$ 675,498
Changes in assumptions	77,794	60,579
Net difference between projected and actual earnings on investments	-	78,347
Change in proportionate share	162,329	60,881
Contributions subsequent to the measurement date	<u>23,273</u>	<u>-</u>
Total	<u>\$ 311,027</u>	<u>\$ 875,305</u>

The \$23,273 of the deferred outflows of resources resulting from OPEB contributions made subsequent to the measurement date and the implicit subsidy will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026. The deferred inflows of resources related to the net difference between projected and actual earnings on investments are amortized and recognized in pension expense over 5 years. All other amounts reported as deferred inflows and outflows of resources are amortized and recognized in OPEB expense over the average expected remaining service life of the entire plan membership, which is 4.60 years for nonhazardous employees. The net decrease in OPEB expense for future years related to the amortization of these deferred inflows and outflows of resources is as follows:

<u>Fiscal Year Ending</u>	<u>Amortization</u>
2026	\$ (258,938)
2027	(147,280)
2028	(175,926)
2029	<u>(5,407)</u>
	<u>\$ (587,551)</u>

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(Continued)

Note 10 – Risk Management

The Convention Center is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Convention Center has purchased commercial insurance to cover these risks except for fire and tornado coverage, for which the Convention Center utilizes the Commonwealth of Kentucky's Risk Management Fund to cover these potential risks. The Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for additional disclosures related to the Risk Management Fund. The amount of commercial coverage has not significantly decreased nor has the amount of settlements exceeded coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

Schedule of Proportionate Share of the Net Pension Liability

	FY 2025 ¹	FY 2024 ¹	FY 2023 ¹	FY 2022 ¹	FY 2021 ¹	FY 2020 ¹	FY 2019 ¹	FY 2018 ¹	FY 2017 ¹	FY 2016 ¹
Proportion of the net pension liability	0.04959%	0.04831%	0.04570%	0.02968%	0.04654%	0.05004%	0.04905%	0.05097%	0.04801%	0.04516%
Proportionate share of the net pension liability	\$ 2,965,513	\$ 3,099,944	\$ 3,303,442	\$ 1,892,269	\$ 3,569,363	\$ 3,518,983	\$ 2,987,111	\$ 2,983,669	\$ 2,363,810	\$ 1,941,454
Covered-employee payroll	\$ 1,556,643	\$ 1,348,943	\$ 1,263,621	\$ 789,006	\$ 1,232,361	\$ 1,213,247	\$ 1,204,068	\$ 1,211,195	\$ 1,160,491	\$ 1,037,197
Proportionate share of the net pension liability as a percentage of its covered employee payroll	190.51%	229.81%	261.43%	239.83%	289.64%	290.05%	248.08%	246.34%	203.69%	187.18%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%

Schedule of Pension Contributions

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Actuarially required contribution	\$ 331,014	\$ 363,320	\$ 317,271	\$ 266,839	\$ 187,862	\$ 276,888	\$ 218,599	\$ 183,891	\$ 173,717	\$ 151,698
Contribution in relation to the actuarial contribution	331,015	363,349	328,157	256,100	139,678	248,671	206,074	172,816	164,918	143,653
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ (29)</u>	<u>\$ (10,886)</u>	<u>\$ 10,739</u>	<u>\$ 48,184</u>	<u>\$ 28,217</u>	<u>\$ 12,525</u>	<u>\$ 11,075</u>	<u>\$ 8,799</u>	<u>\$ 8,045</u>
Covered-employee payroll	\$ 1,679,424	\$ 1,556,643	\$ 1,348,943	\$ 1,263,621	\$ 789,006	\$ 1,232,361	\$ 1,213,247	\$ 1,204,068	\$ 1,211,195	\$ 1,160,491
Contribution as a percentage of covered-employee payroll	19.71%	23.34%	24.33%	20.27%	17.70%	20.18%	16.99%	14.35%	13.62%	12.38%

¹ This column is based on the measurement date, which is one year prior to the reporting date.

See Independent Auditor's Report

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025
(Continued)

Schedule of Proportionate Share of the Net OPEB Liability¹

	<u>FY 2025²</u>	<u>FY 2024²</u>	<u>FY 2023²</u>	<u>FY 2022²</u>	<u>FY 2021²</u>	<u>FY 2020²</u>	<u>FY 2019²</u>
Proportion of the net OPEB liability (asset)	0.04963%	0.04831%	0.04570%	0.02967%	0.04653%	0.05002%	0.04905%
Proportionate share of the net OPEB (asset) liability	\$ (85,854)	\$ (66,700)	\$ 901,679	\$ 568,056	\$ 1,123,437	\$ 841,348	\$ 870,784
Covered-employee payroll	\$ 1,556,643	\$ 1,348,943	\$ 1,263,621	\$ 789,006	\$ 1,232,361	\$ 1,213,247	\$ 1,204,068
Proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	-5.52%	-4.94%	71.36%	72.00%	91.16%	69.35%	72.32%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	104.89%	104.23%	104.23%	62.91%	51.67%	60.44%	57.62%

Schedule of OPEB Contributions¹

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
Actuarially required contribution	\$ -	\$ -	\$ 45,729	\$ 73,037	\$ 37,557	\$ 58,525	\$ 70,890
Contribution in relation to the actuarial contribution	-	-	47,541	88,613	34,449	61,330	66,828
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,812)</u>	<u>\$ (15,576)</u>	<u>\$ 3,108</u>	<u>\$ (2,805)</u>	<u>\$ 4,062</u>
Covered-employee payroll	\$ 1,679,424	\$ 1,556,643	\$ 1,348,943	\$ 1,263,621	\$ 789,006	\$ 1,232,361	\$ 1,213,247
Contribution as a percentage of covered-employee payroll	0.00%	0.00%	3.52%	7.01%	4.37%	4.98%	5.51%

¹ Years will be added to these schedules in future fiscal years until 10 years of information is available.

² This column is based on the measurement date, which is one year prior to the reporting date.

See Independent Auditor's Report

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025
(Continued)

Notes to the Required Supplementary Information

The following summarizes key changes in assumptions and benefit terms from year to year:

2025 (CERS plan year ended June 30, 2024): The discount rate used to calculate the total OPEB asset increased from 5.93% to 5.99%. The healthcare trend rates changed for pre 65 retirees to an initial trend starting at 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years and for post 65 retirees to an initial trend starting at 8.00% in 2026, then gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years.

2024 (CERS plan year ended June 30, 2023): The Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022", and include a change in the investment return assumption from 6.25% to 6.50%; an increase in the inflation rate from 2.30% to 2.50%; a change in the healthcare trend rates at January 1, 2025 used from an initial trend starting at 6.30% to 6.80% for Pre-65 retirees and from an initial trend starting at 6.30% to 8.50% for Post-65 retirees; and an increase in the discount rate for the OPEB plan from 5.70% to 5.93% for the nonhazardous plan. House Bill 506 passed during the 2023 Legislative Session reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

2023 (CERS plan year ended June 30, 2022): Senate Bill 209, passed during the 2022 Legislative Session, increased the insurance dollar payment for members hired on or after July 1, 2003, and was first payable January 1, 2023. The discount rate used to calculate the total OPEB liability changed from 5.20% to 5.70% for the nonhazardous plan.

2022 (CERS plan year ended June 30, 2021): Senate Bill 169, passed during the 2021 Legislative Session, increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty related disability. The discount rate used to calculate the total OPEB liability changed from 5.34% to 5.20% for the nonhazardous plan.

2021 (CERS plan year ended June 30, 2020): Senate Bill 249, passed during the 2020 Legislative Session, changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. Additionally, House Bill 271, passed during the 2020 Legislative Session, removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. The payroll growth assumption was changed to 3.30% to 10.30% for nonhazardous employees for the pension plan. The discount rate used to calculate the total OPEB liability changed from 5.68% to 5.34% for the nonhazardous plan.

NORTHERN KENTUCKY CONVENTION CENTER CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025
(Continued)

Notes to the Required Supplementary Information (Continued)

2020 (CERS plan year ended June 30, 2019): Annual salary increases were updated based on the 2018 Experience Study; annual rates of retirement, disability, withdrawal, and mortality were updated based on the 2018 Experience Study; the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for nonhazardous members; the assumed increase in future health care costs, or trend assumption was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs for post-age 65 retirees; and the assumed impact of the Cadillac Tax was changed from a 3.6% to a 0.9% load on employer paid premiums for Non-Medicare retirees who became participants prior to July 1, 2003. The payroll growth assumption changed to 3.30% to 11.55% for nonhazardous employees for the pension plan and 3.30% to 10.30% for nonhazardous employees for the OPEB plan. The discount rate used to calculate the total OPEB liability changed from 5.97% to 5.68% for the nonhazardous plan.

2019 (CERS plan year ended June 30, 2018): There were no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members were increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children were increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children.

2018 (CERS plan year ended June 30, 2017): The demographic and economic assumptions that affect the measurement of the total pension liability were updated as follows: (i) the assumed investment rate of return was decreased from 7.50% to 6.25%, (ii) the assumed rate of inflation was reduced from 3.25% to 2.30%, and (iii) the payroll growth assumption was reduced from 4.00% to 2.00%.

2017 (CERS plan year ended June 30, 2016): None.

2016 (CERS plan year ended June 30, 2015): The demographic and economic assumptions that affect the measurement of the total pension liability were updated as follows: (i) the assumed investment rate of return was decreased from 7.75% to 7.50%, (ii) the assumed rate of inflation was reduced from 3.50% to 3.25%, (iii) the assumed rate of wage inflation was reduced from 1.00% to 0.75%, (iv) the payroll growth assumption was reduced from 4.50% to 4.00%, (v) the mortality table used for active members was changed to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used was changed to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) was used for the period after disability retirement and (vi) the assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

See Independent Auditor's Report

**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 STANDARD***

**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**

Independent Auditor's Report

Gretchen Landrum, Executive Director
Northern Kentucky Convention Center Corporation

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 Northern Kentucky Convention Center Corporation (NKCCC), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise NKCCC's basic financial statements, and have issued our report thereon dated March 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NKCCC'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 NKCCC's internal control. Accordingly, we do not express an opinion on the effectiveness of NKCCC'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 entity'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.

Gretchen Landrum, Executive Officer
Northern Kentucky Convention Center Corporation
Report on Internal Control and Compliance and Other Matters, continued

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NKCCC'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
March 6, 2026