



**Convention Center Authority of the
Metropolitan Government of Nashville and
Davidson County, Tennessee**

Audit Results for the Year Ended June 30, 2023



CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS





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November 16, 2023

Finance and Audit Committee
Convention Center Authority of the Metropolitan Government
of Nashville and Davidson County, Tennessee
Nashville, Tennessee

Dear Committee Members:

We are pleased to present our report to the Finance and Audit Committee (the "Committee") of our audit of the Convention Center Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee.

Our responsibilities as auditors of the Authority include making certain required communications to you in connection with the conclusion of our audits as well as discussing matters with you that may be of interest to the Committee. This communication and our discussion around it are intended to satisfy those responsibilities. However, at any time if you have additional questions or matters that you would like to discuss, we are available to discuss those with you.

The accompanying report on the results of our audits is intended solely for the use of the Committee, Authority Members and management and is not intended for any other purpose. Again, if you have any follow-up questions or concerns, please do not hesitate to call Erica Saeger (Concurring Principal) or me at 615-320-5500.

We would like to take this opportunity to express our appreciation for the assistance and courtesy extended to us by your employees during the audits. We appreciate working with you, and we look forward to a continued relationship with the Convention Center Authority.

Very truly yours,

A handwritten signature in black ink that reads "David Hunt". The signature is stylized with a large, looped "D" and a cursive "Hunt".

David Hunt
Audit Principal



Required Communications

Professional standards require that we provide you with the following information related to the audit.

Reports on Financial Statements

We have audited the financial statements of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson, Tennessee (the “Authority”), as of and for the year ended June 30, 2023. Our audit results in the issuance of two opinions with respect to the Authority: (1) a standard Independent Auditor’s Report pursuant to U.S. generally accepted auditing standards and *Government Auditing Standards*; and (2) an Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

With respect to the first Auditor’s Report, we have issued an unmodified report relating to the Authority dated October 31, 2023.

With respect to the second Auditor’s Report on internal control over financial reporting and compliance, we issued a report dated October 31, 2023 that noted we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We have also audited the financial statements of the Convention Center Authority Employees’ Savings Trust for the year ended December 31, 2022 and issued our Auditor’s Report dated October 10, 2023 in which we have issued an unmodified report.



Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements defined above are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements do not relieve you or management of your responsibilities for those financial statements.

As required by generally accepted auditing standards and *Government Auditing Standards*, in planning and performing our audits, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion regarding the effectiveness of internal control. However, in accordance with *Government Auditing Standards*, we do report on our consideration of internal control and any findings we might have encountered in performing our audit, the purpose of which was not to express an opinion on internal control. However, because of the limitations on our audit with respect to internal control, significant deficiencies or material weaknesses could exist that have not been identified.

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 audits.

Engagement Personnel

David Hunt	Lead Principal
Erica Saeger	Concurring Principal
Katie Farris	Senior Manager
Meg Rechner	Supervisor
Gina Inkum	Director - Hoskins & Company, P.C. (DBE partner)
Kim Thomason	Principal - Thomason Financial Resources (DBE partner)
Jessica Deyo	Staff

Planned Scope and Timing of the Audits

We performed the audits according to the planned scope and timing previously communicated during our planning procedures.



Areas of Audit Emphasis

Our areas of audit emphasis were consistent with what was communicated to you in relation to planning the audits, and included:

- Cash and cash equivalents
- Receivables from primary government, customer accounts receivable;
and related bad debt allowances
- Capital assets and related depreciation
- Accounts payable and accrued expenses
- Unearned revenue
- Long-term debt and related accrued interest
- Compliance with state laws and regulations
- Classification of net position
- Charges for services
- Operating expenses
- Tourism tax revenue and other non-operating income
- Interest expense
- Financial statement disclosures

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note A to the financial statements. We noted no matters that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Based on our review, we believe that the Authority's significant accounting policies are reasonable and comprehensive.



Management Judgments and Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were managements' estimates regarding the useful lives of capital assets, the collectibility of receivables, and the assumptions used in determining the net pension liability. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole, and believe them to be reasonable. Furthermore, the disclosures in the financial statements are consistent and are considered adequate.

Audit Adjustments

Our audits of the financial statements were designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. For purposes of this communication, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Authority's financial reporting process (that is, could cause future financial statements to be materially misstated). For fiscal year 2023, there were no adjustments identified which individually or in the aggregate had a significant effect on the Authority's financial reporting.

Alternative Accounting Treatments

There were no discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices related to material items including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies impacting the year ended June 30, 2023.



Disagreements with Management

For purposes of this communication, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's reports. No such disagreements arose during the course of our audits.

Management Consultations with Other Independent Accountants

In some cases, management may consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion." If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Items Discussed Prior to Retention of Independent Auditors

Our selection as auditors for the Authority was not conditioned on any position or any issues discussed with management prior to our selection.

Fraud and Illegal Acts

We did not identify any fraudulent or illegal acts during the course of our audits, and neither were we advised by management regarding fraudulent events or transactions for the year ended June 30, 2023.

Difficulties Encountered During the Audit

We encountered no significant difficulties in performing our audits.



Independence

Our professional standards require that we communicate at least annually with you regarding all relationships between Crosslin, PLLC and the Authority that, in our professional judgment, may reasonably be thought to bear on our independence. As you aware, we are the principal auditors for the Metro Government audit, of which the Authority is a component unit. This relationship also requires that we maintain independence, and therefore has no negative impact on our independence with respect to the Authority.

We hereby confirm that we are independent accountants with respect to the Authority within the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.

Other Material Written Communications

Included as Appendix A is the management representation letter, which Authority management has executed as part of our audit process.

Changes in Auditing and Accounting Standards

The government and standard-setting bodies are issuing guidance at an unprecedented pace. Crosslin, PLLC is constantly receiving, reviewing, and searching for the latest authoritative literature, in part through its involvement with the AICPA's Government Audit Quality Center and the Government Finance Officers Association ("GFOA"). We routinely interface with our customers to ensure proper understanding and application of pronouncements, standards, interpretations, and addenda that arise. In addition, we will join Authority management in relevant discussions to implement all new standards as they arise.

Adopted in FY 2023:

- **GASB Statement No. 91, *Conduit Debt Obligations***
Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.
- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***
Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.



Changes in Auditing and Accounting Standards (continued)

- **GASB Statement No. 94, Public-Private and Public-Public, Partnership and Availability Payment Arrangements**
Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.
- **GASB Statement No. 96, Subscription - Based Information Technology Arrangements**
Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.
- **GASB Statement No. 99, Omnibus 2022** Effective Date: The requirements of this Statement are effective as follows:
 - The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
 - The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Upcoming statements:

- **GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62** Effective Date: For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- **GASB Statement No. 101, Compensated Absences** Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.



October 31, 2023

Crosslin, PLLC
The Astoria
3803 Bedford Avenue, Suite 103
Nashville, Tennessee 37215

This representation letter is provided in connection with your audit of the financial statements of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (“CCA”), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, which comprise the statements of net position as of June 30, 2023, and the statements of revenues, expenses and changes in net position and statements of cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, dated June 26, 2023, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of CCA required by generally accepted accounting principles to be included in the financial reporting entity.



- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which CCA is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, minutes, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.



- d) Minutes of the meetings of CCA or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - 1) Management,
 - 2) Employees who have significant roles in internal control, or
 - 3) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- 18) We confirm that there are no subsequent events that have occurred that would require adjustment to the financial statements or disclosures thereto except as discussed in Note J of the financial statements.

Government—specific

- 19) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.



- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) CCA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows or outflows or net position.
- 23) In relation to the implementation of GASB No. 87:
 - 1) Lease agreements under which we are the lessee are immaterial and, accordingly, reporting and disclosure under GASB No. 87 was not considered necessary.
 - 2) Lease agreements under which we are the lessor have been properly recorded and disclosed in accordance with GASB No. 87.
- 24) In relation to the implementation of GASB No. 96:
 - 1) Subscription-based information technology arrangements under which we are the lessee are immaterial and, accordingly, reporting and disclosure under GASB No. 96 was not considered necessary.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 26) There has been no instances of fraud or noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, or any other instances that warrant the attention of those charged with governance.
- 27) There have been no instances of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) There have been no instances of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.



- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with the preparation of the financial statements. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 31) CCA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) CCA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 34) CCA has no joint ventures with an equity interest.
- 35) The financial statements properly classify all funds and activities.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) amounts are properly classified and, if applicable, approved.
- 37) Investments and derivative instruments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenue, expenses, and changes in net position, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position, within operating and nonoperating revenues.



- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated. Additionally, capital assets, including intangible assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is presented within prescribed guidelines. We have disclosed to you any significant assumptions and interpretations underlying the presentation of the RSI.

CONVENTION CENTER AUTHORITY OF
THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

A handwritten signature in black ink, appearing to read "Heidi Runion", written over a horizontal line.

Heidi Runion
Director of Finance & Administration

A handwritten signature in blue ink, appearing to read "Maryanne Morris", written over a horizontal line.

Maryanne Morris
Finance Manager

