AUDITED BASIC FINANCIAL STATEMENTS

of the

FRANKLIN COUNTY
CONVENTION FACILITIES AUTHORITY

FOR THE YEARS ENDED
DECEMBER 31, 2007 AND DECEMBER 31, 2006

Mary Taylor, CPA
Auditor of State

Board of Directors
Franklin County Convention Facilities Authority
400 North High Street
Columbus, Ohio 43215

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 16, 2008

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FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
FRANKLIN COUNTY

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Board of Directors
The Franklin County Convention Facilities Authority
400 North High Street
Columbus, Ohio 43215

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities and each major fund of the Franklin County Convention Facilities Authority, Franklin County, Ohio (the Authority) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standard*s. Those standards require that we plan and perform the audit to obtain reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the Franklin County Convention Facilities Authority, Franklin County, Ohio as of December 31, 2007 and 2006, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standard*s, we have also issued a report dated April 9, 2008 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and agreements, and other matters. While we did not opine on the internal control over financial reporting or compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
April 9, 2008

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of the Franklin County Convention Facilities Authority (herein referred to as the Authority) and provides an introduction to the Authority's basic financial statements for the years ended December 31, 2007 and 2006. The information contained in this MD&A should be considered in conjunction with information presented in the Authority's basic financial statements and corresponding notes to the basic financial statements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Authority's basic financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The Authority operates as a proprietary (enterprise) fund. The financial information of the Authority is accounted for in two funds in order to reflect limitations and restrictions placed on the use of available resources. The Capital fund is used to account for financial resources used for the acquisition, development or construction of the Greater Columbus Convention Center (herein referred to as Convention Center), as well as the accumulations of resources for, and the payment of capital debt principal, interest and related costs. The Operating fund is used to account for all financial resources except those required to be accounted for in the Capital fund. The fund balance of the Operating fund is available to the Authority for any purpose, provided it is expended or transferred in accordance with Authority regulations.

Following this MD&A, are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the basic financial statements. All basic financial statements include prior year data for comparison. The basic financial statements for the Authority are the following:

- Statements of Net Assets – This statement presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets.

- Statements of Revenues, Expenses and Changes in Net Assets - This statement shows how the Authority's net assets have changed during the most recent year. This includes operating and non-operating revenues and expenses of the Authority.

- Statements of Cash Flow – This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, capital and related financial activities. A reconciliation of operating income with net cash provided by (used for) operating activities is provided.

FINANCIAL POSITION OF THE AUTHORITY

The following represents the Authority's financial position for the years ended December 31:

	Operating Fund			
	2005	2006	2007	Increase (Decrease) over/ (under) 2006
Current and other assets	$ 5,593,115	$ 9,287,220	$ 14,030,273	$ 4,743,053
Capital assets, net	3,635	1,818	-	(1,818)
Total assets	5,596,750	9,289,038	14,030,273	4,741,235
Long-term debt outstanding	-	-	-	-
Other liabilities	160,918	210,392	232,316	21,924
Total liabilities	160,918	210,392	232,316	21,924
Invested in capital assets, net of related debt	3,635	1,818	-	(1,818)
Restricted for debt service	142,110	143,663	143,663	-
Unrestricted	5,290,087	8,933,165	13,654,294	4,721,129
Total net assets	**$ 5,435,832**	**$ 9,078,646**	**$ 13,797,957**	**$ 4,719,311**

	Capital Fund			
	2005	2006	2007	Increase (Decrease) over/ (under) 2006
Current and other assets	$ 26,532,234	$ 28,538,902	$ 69,860,389	$ 41,321,487
Capital assets, net	172,887,765	166,510,283	160,955,146	(5,555,137)
Total assets	199,419,999	195,049,185	230,815,535	35,766,350
Long-term debt outstanding	146,109,596	140,799,873	175,421,351	34,621,478
Other liabilities	788,664	1,021,351	984,709	(36,642)
Total liabilities	146,898,260	141,821,224	176,406,060	34,584,836
Invested in capital assets, net of related debt	26,778,169	26,680,809	28,490,834	1,810,025
Restricted for debt service	20,274,404	20,271,375	22,201,428	1,930,053
Unrestricted	5,469,166	6,275,777	3,717,213	(2,558,564)
Total net assets	**$ 52,521,739**	**$ 53,227,961**	**$ 54,409,475**	**$ 1,181,514**

The Authority's total assets (both funds combined) exceeded total liabilities by $68.2 million at December 31, 2007. A large portion of net assets, $28.5 million at December 31, 2007, represents the Authority's investment in capital assets, less the related debt outstanding used to acquire those capital assets. These capital assets are property, facilities, equipment and related items that have been invested in to support the initial construction, as well as the continual expansion and improvement, of the Convention Center. Although the Authority's investment in capital assets is reported net of debt, it is noted that the resources needed to repay the debt is provided annually from collection of hotel/motel excise taxes, since capital assets themselves cannot be used to liquidate liabilities.

An additional portion of net assets, $22.3 million at December 31, 2007, is subject to restrictions as set forth in the Authority's Bond Indenture. These assets are not available for new spending, as the majority of these assets are held in reserve to meet debt service requirements should other revenue sources prove inadequate.

The remaining unrestricted net assets of $17.4 million may, in part, be used to meet any of the Authority's ongoing obligations. The Authority anticipates that these resources will be used to support future capital expenditures.

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)

The following represents the changes in revenues, expenses and net assets for the years ended December 31:

	Operating Fund			
	2005	2006	2007	Increase (Decrease) over/ (under) 2006
Operating Revenues				
Center Operations	$ 391,849	$ 447,900	$ 367,370	$ (80,530)
Miscellaneous	2,659	-	1,143	1,143
Total Operating Revenue	394,508	447,900	368,513	(79,387)
Operating Expenses				
Salary and other payroll expenses	370,681	441,651	439,013	(2,638)
Professional fees	65,226	75,557	228,446	152,889
Insurance	367,197	340,556	341,952	1,396
Miscellaneous	160,325	201,624	205,202	3,578
Total Operating Expenses	963,429	1,059,388	1,214,613	155,225
Operating (loss) before depreciation	(568,921)	(611,488)	(846,100)	(234,612)
Depreciation	(1,819)	(1,817)	(1,818)	(1)
Operating (loss) before nonoperating revenues and expenses	(570,740)	(613,305)	(847,918)	(234,613)
NonOperating Revenues (Expenses)				
Hotel/motel excise tax	3,910,129	3,986,514	5,006,076	1,019,562
Interest earnings	46,939	244,552	462,756	218,204
Transfers in (out)	10,967	25,053	98,397	73,344
Total NonOperating Revenues (Expenses)	3,968,035	4,256,119	5,567,229	1,311,110
Change in net assets	3,397,295	3,642,814	4,719,311	1,076,497
Total net assets - beginning	2,038,537	5,435,832	9,078,646	3,642,814
Total net assets - ending	$ 5,435,832	$ 9,078,646	$ 13,797,957	4,719,311

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)

	Capital Fund			
	2005	2006	2007	Increase (Decrease) over/ (under) 2006
Operating Revenues				
Lease Rent	$ 1,476,681	$ 1,720,039	$ 2,053,227	$ 333,188
Total Operating Revenue	1,476,681	1,720,039	2,053,227	333,188
Operating Expenses				
Insurance	58,144	61,205	62,717	1,512
Total Operating Expenses	58,144	61,205	62,717	1,512
Operating income before depreciation	1,418,537	1,658,834	1,990,510	331,676
Depreciation	(7,046,842)	(7,094,197)	(7,149,661)	(55,464)
Operating (loss) before nonoperating revenues and expenses	(5,628,305)	(5,435,363)	(5,159,151)	276,212
NonOperating Revenues (Expenses)				
Hotel/motel excise tax	10,925,781	12,064,773	12,004,690	(60,083)
(Decrease) in fair value of investments	(286,794)	484,564	249,350	(235,214)
Interest earnings	862,172	1,097,201	1,860,348	763,147
Interest expense	(7,922,081)	(7,479,900)	(7,675,326)	(195,426)
Transfers in (out)	(10,967)	(25,053)	(98,397)	(73,344)
Total NonOperating Revenues (Expenses)	3,568,111	6,141,585	6,340,665	199,080
Change in net assets	(2,060,194)	706,222	1,181,514	475,292
Total net assets - beginning	54,581,933	52,521,739	53,227,961	706,222
Total net assets - ending	$ 52,521,739	$ 53,227,961	$ 54,409,475	1,181,514

Key changes to revenues, expenses and net assets, as listed, are as follows:

- Lease rent is annual lease payments received for the use of property owned or leased by the Authority. The Authority manages three such lease agreements; one with the Hyatt Regency Hotel connected to the Convention Center, the second with Drury Inn, also connected to the Convention Center, and the third with Nationwide Arena. In all three agreements, lease payments include both a fixed lease payment which is consistent from year to year and a performance based lease payment which varies from year to year pending the financial success of the hotels and the arena. In 2007, lease rent increased by $333,188 primarily due to the continual improvement in the financial performance of the Hyatt Regency Hotel. This improvement in the Hyatt's performance is due to increases in occupancy levels and room rates.

- The management, operation and marketing of the Convention Center is facilitated through the Authority's management agreement with SMG. As part of this management agreement, SMG is responsible for the financial activity of the Convention Center. SMG financially manages all revenues collected through the operation of the Convention Center and utilizes these revenues to pay for all expenditures associated with operating the facility. Bottom line performance of the Convention Center is recorded as either a revenue to or expense from the operating fund; depending upon the reported success of operating the Convention Center in any given year. 2007 was a busy year for Convention Center operations. Activity in the center was constant as many events and delegates utilized the facility. As a result of this activity, the Convention Center had a financially successful year. Convention Center operations ended 2007 with a surplus of $367,370.

- Insurance is a major expense for the Operating fund. Included in this line item are costs associated with purchasing property, general liability, umbrella and public official's liability insurance. In 2007, the Authority's expenses for insurance remained in par with the prior year. Overall, insurance expenses increased by $1,396, less than 1.0 percent.

- Excluding insurance, all other operating expenses of the Authority increased by $153,830 in 2007. Most of the added expense is due to a professional service contract that analyzed the feasibility of constructing a new convention quality hotel across the street from the Convention Center.

- The Authority levies a 4.0 percent countywide bed tax on occupied hotel/motel rooms and an additional 0.9 percent bed tax on City of Columbus occupied hotel/motel rooms. Revenue collected from this excise tax as well as earnings from investments are first used to pay for annual debt service obligations of the Authority. Revenues and earnings in excess of debt service obligations are deposited into the Operating fund. In 2007, hotel/motel tax collections increased by $960,000 or 5.98 percent above prior year collections.

- During 2007, the Authority issued $47,465,000 in tax and lease revenue anticipation and refunding bonds. The main purpose of this issue was to provide new money to the Authority to pay the cost of renovating Battelle Hall. Constructed during the late 1970's, Battelle Hall was designed as a 7,500 seat arena-type venue used to support concerts, family shows and sporting events. The hall is divided between a main floor and balcony that together comprise 90,000 square feet. Little has been altered within Battelle Hall since original construction; and age and the emergence of competing entertainment venues have resulted in declining usage of its space.

  Recent review and evaluation of Battelle Hall suggests it would serve the Convention Center better if the space could be redesigned. Of need within the Convention Center is multi-purpose space that can continue to serve as an exhibit hall and meeting space, but also serve as a large up-scale ballroom. In addition, many clients have complained that pre-function space for Battelle Hall is limited and the hall itself is difficult to access from the north facility and is perceived as being far from the core of activity within the Convention Center.

  To enhance usage of Battelle Hall, the Authority is proceeding with a renovation project that will significantly improve the space. Included within the scope of the project is a complete redesign of Battelle Hall that will upgrade the space into a multi-purpose facility to serve conventions as well as sporting events and ballroom functions. A new entrance connecting Battelle Hall to the north facility of the Convention Center will also be constructed. This new connection will enhance access and use of Battelle Hall while better incorporating it into the Convention Center. In addition, the project will renovate public spaces, meeting rooms and entrances to Battelle Hall and to the south facility of the Convention Center.

  Still under design, the Battelle Hall renovation project will begin construction in August, 2008 with completion targeted for year end 2009.

- 2007 tax collections, when combined with interest earnings, exceeded debt service obligations for the year by $5.0 million. These excess revenues were deposited into the Operating fund.

- 2007 interest earnings are mainly acquired through investment of reserve funds in U.S. Agency Securities consistent with an investment policy approved by the Authority. While investments will be held until maturity, there is a reported increase in investments for 2007 due to the valuation of such investments at current market. This increase is temporary as reported gains and loses will fluctuate throughout the investment period.

- Operating and Capital funds combined, the Authority ended the year with an increase in net assets of $5,900,825.

CAPITAL ASSETS

At the end of fiscal year 2007, the Authority had $160,955,146 (net of accumulated depreciation) invested in capital assets. This investment in capital assets includes land, a 900 car parking facility and 500 car underground parking garage, a convention center with over 430,000 square feet of exhibit hall space, three large ballrooms, and related meeting and back of house space, and supporting furniture, fixtures and equipment .

The Authority's net capital assets decreased $5.5 million in fiscal year 2007. This decrease is the result of current year depreciation expense (including disposals) of $7,149,661; building and equipment additions of $963,105; and an increase in the value of projects still under construction of $631,419.

Detailed capital asset information can be found in the notes to the basic financial statements.

DEBT ADMINISTRATION

At December 31, 2007, the Authority had $175.4 million in bonds outstanding, an increase of $34.6 million from the previous fiscal year. This increase is the result of the Authority issuing $38,535,000 of tax and lease revenue anticipation bonds for renovations to Battelle Hall, offset by current year principal payments.

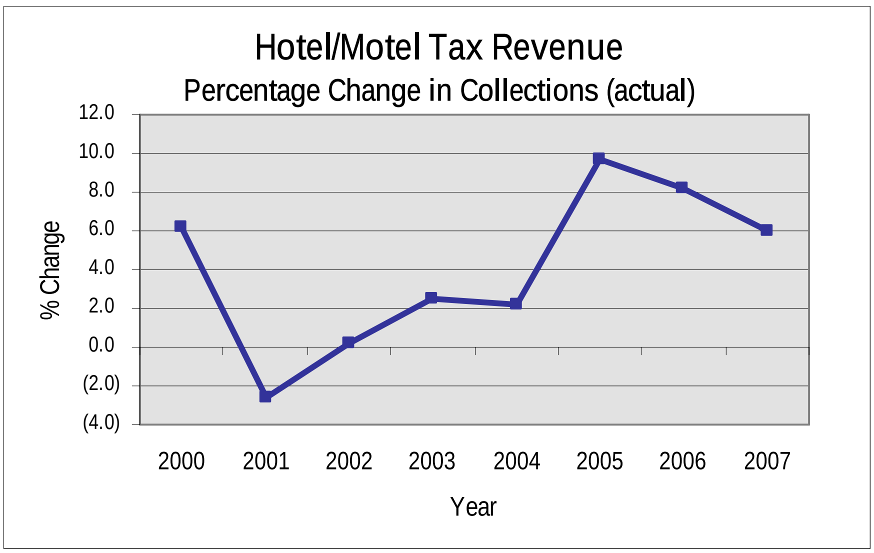
Annual debt service requirements are met through the collection of hotel/motel excise taxes. The Bond Indenture requires that proceeds from the hotel/motel excise tax as well as from earnings received through investments must first be used to meet annual debt service obligations. Only after these obligations are met can tax proceeds and investment earnings be used to offset on-going improvements and operations of the Convention Center.

In accordance with the Bond Indenture, a debt service reserve fund and a rental reserve fund have been established as special trust funds to provide for the payment of bond principal and interest in the event the amount in the debt service fund is insufficient. The Bond Indenture prescribes the amount to be placed into these special trust funds as well as the minimum reserve balances. Per Bond Indenture requirements, reserve balances are valued on a cash basis. These reserves totaled $22,201,428 at December 31, 2007.

Detailed debt information can be found in the notes to the basic financial statements.

ECONOMIC FACTORS

Economic factors have impacted the convention and travel industry nationwide as well as within the Columbus market. As illustrated in the following graph, percentage growth in revenue resulting from hotel/motel usage dropped in 2001 after years of sustained annual growth of 6.0 percent or more. Recovery was gradual; however, the extent and the duration of this period for the Columbus hotel community was not as dramatic as that experienced in other communities. In fact, revenue growth in 2005 and in 2006 would suggest that the Columbus hotel/motel market is again doing well. This improvement continued in 2007.



The Convention Center also has seen a change in the types of events held in the facility since 2001. Corporate travel has declined as businesses have streamlined the number and size of conventions as a way to control expenses. On the other hand, the Convention Center has been able to off-set this reduction by an increase in short term events held in the Convention Center. As a result, the Convention Center has remained self-sustaining during this period. The improvement in revenues during 2005, 2006 and 2007 can be attributed to the Convention Center's success in booking events with strong attendance and maintaining a level of repeat business that assures event income on an ongoing basis.

The impact of growth in hotel/motel tax revenue over the past several years on the Authority has been minimal. Even with reduced levels of hotel/motel revenue, the Authority has been able to meet all debt service obligations without using reserve funds. Current projections, based upon actual bookings within the local hotel industry as well as within the Convention Center, suggest that 2008 may be more of a challenging year for the hospitality industry. Economic conditions again may impact the level of growth expected from hotel/motel tax collections. Despite this slowed growth rate, the Authority is expected to meet all debt and expense obligations with available resources.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances and to show accountability for money received by the Authority. For questions or for additional information regarding this report, write to the Franklin County Convention Facilities Authority, 400 North High Street, 4th Floor, Columbus, Ohio 43215 or contact Maria Mercurio, Finance Director, at 614.827.2805 or mcmfccfa@aol.com.

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2007 AND 2006

	Business-type Activities-Enterprise Fund					
	2007			2006		
	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 14,654	$ 203,769	$ 218,423	$ 38,132	$ 188,065	$ 226,197
Investments	12,298,278	42,388,990	54,687,268	7,792,730	3,567,124	11,359,854
Hotel/motel excise tax receivable	176,157	2,285,919	2,462,076	284,281	2,128,649	2,412,930
Lease receivable	-	1,588,328	1,588,328	-	1,266,378	1,266,378
Interest receivable	-	286,434	286,434	-	109,211	109,211
SMG receivable	1,438,505	-	1,438,505	1,071,136	-	1,071,136
Miscellaneous receivable	-	-	-	124	-	124
Prepaid Items	102,679	840,575	943,254	100,817	939,944	1,040,761
Total current assets	14,030,273	47,594,015	61,624,288	9,287,220	8,199,371	17,486,591
Noncurrent Assets:						
Restricted Cash and investments	-	22,201,428	22,201,428	-	20,277,885	20,277,885
Capital Assets:						
Land	-	32,428,682	32,428,682	-	32,428,682	32,428,682
Construction in Progress	-	965,811	965,811	-	334,392	334,392
Depreciable capital assets, net	-	127,560,653	127,560,653	1,818	133,747,209	133,749,027
Total capital assets	-	160,955,146	160,955,146	1,818	166,510,283	166,512,101
Restricted cash and investments held in escrow	-	64,946	64,946	-	61,646	61,646
Total noncurrent assets	-	183,221,520	183,221,520	1,818	186,849,814	186,851,632
Total assets	14,030,273	230,815,535	244,845,808	9,289,038	195,049,185	204,338,223
LIABILITIES						
Current Liabilities:						
Accounts payable	23,640	153,292	176,932	13,959	335,624	349,583
Interest payable	-	666,471	666,471	-	524,081	524,081
Accrued liabilities and other	208,676	100,000	308,676	196,433	100,000	296,433
Bonds payable	-	6,020,000	6,020,000	-	6,510,000	6,510,000
Total current liabilities	232,316	6,939,763	7,172,079	210,392	7,469,705	7,680,097
Noncurrent liabilities:						
Bonds payable, net	-	169,401,351	169,401,351	-	134,289,873	134,289,873
Restricted arbitrage rebate escrow	-	64,946	64,946	-	61,646	61,646
Total noncurrent liabilities	-	169,466,297	169,466,297	-	134,351,519	134,351,519
Total liabilities	232,316	176,406,060	176,638,376	210,392	141,821,224	142,031,616
NET ASSETS						
Invested in capital assets, net of related debt	-	28,490,834	28,490,834	1,818	26,680,809	26,682,627
Restricted for debt service	143,663	22,201,428	22,345,091	143,663	20,271,375	20,415,038
Unrestricted	13,654,294	3,717,213	17,371,507	8,933,165	6,275,777	15,208,942
Total net assets	$ 13,797,957	$ 54,409,475	$ 68,207,432	$ 9,078,646	$ 53,227,961	$ 62,306,607

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

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Business-type Activities-Enterprise Fund					
	2007			2006		
	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total
OPERATING REVENUES:						
Lease rent	$ -	$ 2,053,227	$ 2,053,227	$ -	$ 1,720,039	$ 1,720,039
Center operations	367,370	-	367,370	447,900	-	447,900
Miscellaneous	1,143	-	1,143	-	-	-
Total operating revenues	368,513	2,053,227	2,421,740	447,900	1,720,039	2,167,939
OPERATING EXPENSES						
Salary and leave	353,386	-	353,386	365,162	-	365,162
Professional fees	228,446	-	228,446	75,557	-	75,557
Insurance	341,952	62,717	404,669	340,556	61,205	401,761
Retirement and payroll taxes	85,627	-	85,627	76,489	-	76,489
Rent	558	-	558	1,139	-	1,139
Advertising	4,515	-	4,515	2,594	-	2,594
Travel	51	-	51	2,325	-	2,325
Office	34,114	-	34,114	23,292	-	23,292
Telephone	1,476	-	1,476	1,150	-	1,150
Property tax	7,389	-	7,389	7,389	-	7,389
Miscellaneous	157,099	-	157,099	163,735	-	163,735
Total operating expenses	1,214,613	62,717	1,277,330	1,059,388	61,205	1,120,593
Operating (loss) income before depreciation	(846,100)	1,990,510	1,144,410	(611,488)	1,658,834	1,047,346
Depreciation	1,818	7,149,661	7,151,479	1,817	7,094,197	7,096,014
Operating (loss) income before nonoperating revenues and expenses	(847,918)	(5,159,151)	(6,007,069)	(613,305)	(5,435,363)	(6,048,668)
NONOPERATING REVENUES (EXPENSES)						
Hotel/motel excise tax	5,006,076	12,004,690	17,010,766	3,986,514	12,064,773	16,051,287
Increase/decrease in fair value of investments	-	249,350	249,350	-	484,564	484,564
Interest earnings	462,756	1,860,348	2,323,104	244,552	1,097,201	1,341,753
Interest expense	-	(7,675,326)	(7,675,326)	-	(7,479,900)	(7,479,900)
Total nonoperating revenues (expenses)	5,468,832	6,439,062	11,907,894	4,231,066	6,166,638	10,397,704
Income (loss) before transfers	4,620,914	1,279,911	5,900,825	3,617,761	731,275	4,349,036
Transfers in	98,397	-	98,397	25,053	-	25,053
Transfers out	-	(98,397)	(98,397)	-	(25,053)	(25,053)
Change in net assets	4,719,311	1,181,514	5,900,825	3,642,814	706,222	4,349,036
Total net assets-beginning	9,078,646	53,227,961	62,306,607	5,435,832	52,521,739	57,957,571
Total net assets-ending	$ 13,797,957	$ 54,409,475	$ 68,207,432	$ 9,078,646	$ 53,227,961	$ 62,306,607

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

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Business-Type Activities-Enterprise Fund					
	2007			2006		
	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total
Cash Flows from Operating Activities						
Receipts from leases	$ -	$ 1,731,278	$ 1,731,278	$ -	$ 1,526,666	$ 1,526,666
Receipts from services	1,267	36,651	37,918	699,876	-	699,876
Payments for professional services and operations	(766,718)	-	(766,718)	(628,825)	-	(628,825)
Payments to employees	(343,459)	-	(343,459)	(318,313)	-	(318,313)
Payments for retirement and payroll taxes	(84,373)	-	(84,373)	(75,223)	-	(75,223)
Net cash provided by (used in) operating activities	(1,193,283)	1,767,929	574,646	(322,485)	1,526,666	1,204,181
Cash Flows from NonCapital Financing Activities						
Hotel/motel excise taxes received	5,114,200	11,847,421	16,961,621	3,824,061	11,899,686	15,723,747
Transfers in (out)	98,397	(98,397)	-	25,053	(25,053)	-
Net cash provided by noncapital financing activities	5,212,597	11,749,024	16,961,621	3,849,114	11,874,633	15,723,747
Cash Flows from Capital and related Financing Activities						
Purchases of capital assets	-	(1,776,857)	(1,776,857)	-	(478,169)	(478,169)
Proceeds from the sale of refunding debt	-	47,465,000	47,465,000	-	-	-
Cash paid on bond interest	-	(5,336,457)	(5,336,457)	-	(6,393,319)	(6,393,319)
Cash paid on bond principal	-	(15,040,000)	(15,040,000)	-	(6,405,000)	(6,405,000)
Net cash provided by (used in) capital and related financing activities	-	25,311,686	25,311,686	-	(13,276,488)	(13,276,488)
Cash Flows from Investing Activities						
Interest received from investments	462,756	1,683,125	2,145,881	244,552	1,084,034	1,328,586
Net investment sales/(purchases)	(4,505,548)	(40,496,059)	(45,001,607)	(3,793,218)	(1,059,244)	(4,852,462)
Net cash provided by (used in) investing activities	(4,042,792)	(38,812,934)	(42,855,726)	(3,548,666)	24,790	(3,523,876)
Net increase (decrease) in cash and cash equivalents	(23,478)	15,705	(7,773)	(22,037)	149,601	127,564
Cash- January 1	38,132	188,064	226,196	60,169	38,463	98,632
Cash- December 31	$ 14,654	$ 203,769	$ 218,423	$ 38,132	$ 188,064	$ 226,196
Reconciliation of operating loss to net cash provided by (used in) by operating activities:						
Operating loss	$ (847,918)	$ (5,159,151)	$ (6,007,069)	$ (613,305)	$ (5,435,363)	$ (6,048,668)
Adjustments to reconcile operating income to net						
Cash provided by (used in) operating activities:						
Depreciation	1,818	7,149,661	7,151,479	1,817	7,094,197	7,096,014
(Increase) in lease receivable	-	(321,950)	(321,950)	-	(193,373)	(193,373)
(Increase) in miscellaneous receivable	-	-	-	(124)	-	(124)
Increase (decrease) in SMG receivable	(367,369)	-	(367,369)	252,100	-	252,100
(Increase) decrease in prepaid items and other	(1,738)	96,069	94,331	(12,448)	58,368	45,920
(Decrease) in accounts payable	9,681	-	9,681	538	-	538
Increase (decrease) in accrued liabilities and other liabilities	12,243	3,300	15,543	48,937	2,837	51,774
Total adjustments	(345,365)	6,927,080	6,581,715	290,820	6,962,029	7,252,849
Net cash provided by (used in) operating activities	$ (1,193,283)	$ 1,767,929	$ 574,646	$ (322,485)	$ 1,526,666	$ 1,204,181
Noncash financing activities:						
Net amortization and accretion related to the capital debt		$ 2,196,479			$ 1,095,277	

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

1. DESCRIPTION OF ENTITY

Organization – The Franklin County Convention Facilities Authority (the "Authority") was established by the Board of County Commissioners of Franklin County, Ohio on July 12, 1988. The Authority is exempt from Federal corporate income taxes. The Authority was formed to acquire, construct, equip, and operate a Convention Center, and entertainment and sports facilities in Columbus, Ohio.

The Authority levies an excise tax on hotels and motels in the amount of 4% of each transaction occurring within the boundaries of Franklin County, Ohio and an additional excise tax in the amount of .9% of each transaction occurring within the municipal limits of Columbus located within the boundaries of Franklin County. The Columbus City Auditor administers and collects these excise taxes on behalf of the Authority. The Columbus City Auditor remits taxes collected to the Authority's trustee on a monthly basis. The trustee allocates monthly tax revenues to the capital fund and operating fund based upon the terms of the Bond Indenture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies – The significant accounting policies followed in preparation of these basic financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

The Authority follows the business-type activities reporting requirements of GASB Statement No. 34. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis.

GASB Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

- Management's Discussion and Analysis
- Basic financial statements
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
- Notes to the financial statements

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue to apply all applicable pronouncements of the Governmental Accounting Standards Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Proprietary Fund – The Authority operates as an enterprise fund. Enterprise funds are used to account for the costs of providing goods or services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the Authority intends to fully recover the cost of the goods or services provided.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Operating fund is the net income received from the management company responsible for running the day-to-day operations of the facility. The principal operating revenue in the Capital fund is generated from the land lease agreements. Operating expenses for the enterprise funds include administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Accounting – The accounts of the Authority are maintained in accordance with the principles of "Fund Accounting" in order to reflect limitations and restrictions placed on the use of available resources. The following proprietary fund types are used by the Authority:

> ***Operating Fund*** – The Operating fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. The net assets of the Operating fund are available to the Authority for any purpose, provided it is expended or transferred according to the Authority's regulations.
>
> ***Capital Fund*** – The Capital fund is used to account for financial resources used for the acquisition, development or construction of the facility, as well as the accumulation of resources for, and the payment of, capital debt principal, interest and related costs.

Accrual Basis – The financial statements of the Authority have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned or for derived tax revenue, when the exchange transaction on which the tax is imposed occurs. Expenses are recorded as incurred. Differences between the amounts earned and received are shown as receivables. Differences between expenses incurred and paid are shown as liabilities.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, cash and cash equivalents includes demand and time deposits with original maturities less than three months.

Funds Held in Escrow – At December 31, 2007 and 2006, various short-term investments and cash balances amounting to $64,946 and $61,646, respectively, were held in an escrow account on deposit with the trustee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted Assets – Certain resources set aside for the repayment of Capital fund bonds are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

Capital Assets and Depreciation – Office equipment is capitalized at cost in the Operating fund; construction costs (including capitalized interest) and improvements are recorded at cost in the Capital fund. Generally, items purchased with individual or group costs ranging from $5,000 to $25,000 or more are capitalized based on the nature of the asset. Completed facilities are transferred from construction in progress to the appropriate category. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 40 years.

Bond Discount and Premium – The bond discount and premium are being accreted or amortized over the life of the bond issue using the level yield method.

Bond Issuance Costs – Costs relating to issuing bonds are netted against the outstanding bonds, as a liability valuation account, and are amortized using the straight-line method, which does not differ materially from the level yield method, over the life of the bond issue.

Deferred Loss on Advanced Refunding – The deferred loss on advanced bond refundings is netted against the outstanding bonds, as a liability valuation account, and is being amortized using the straight-line method over the life of the refunded bond.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Interfund Activity **–** Exchange transactions between funds are reported as revenues in the seller funds and as expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as nonoperating revenues/expenses. Repayments from funds responsible for particular expenses to the funds that initially paid for them are not presented within the basic financial statements.

Transfers during fiscal years 2007 and 2006 are considered allowable based upon Authority's policies and the purpose of intended transfers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Prepaid Items – Payments made to vendors for services that will benefit beyond year end are recorded as prepaid items under the consumption method.

Extraordinary and Special Items – Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Authority and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal years 2007 or 2006.

3. CASH AND INVESTMENTS

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

Deposits – Custodial credit risk for deposits is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 and 2006, the carrying amount of the Authority's deposits were $218,423 and $226,197, respectively, and the bank balances were $223,367 and $231,263, respectively. Of the bank balance at December 31, 2007, $119,598 was covered by Federal Deposit Insurance and $103,769 was uninsured and collateralized with securities held by the financial institution or by its trust department or agent but not in the Authority's name. Of the bank balance at December 31, 2006, $143,198 was covered by Federal Deposit Insurance.

The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Authority and deposited either with the Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments – The Authority has adopted a formal investment policy. The objectives of the policy are the preservation of capital and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. Funds are invested in accordance with Section 135 "Uniform Depository Act" of the Ohio Revised Code as revised by Senate Bill 81.

3. CASH AND INVESTMENTS – CONTINUED

The types of obligations eligible for investment and deposits include:

1. U.S. Treasury Bills, Notes, and Bonds; various federal agency securities, including issues of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corp. (FHLMC) , Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), Government National Mortgage Association (GNMA), and other agencies or instrumentalities of the United States. Eligible investments include securities that may be "called" (by the issuer) prior to the final maturity date. All eligible investments may be purchased at a premium or a discount. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

2. Commercial paper notes issued by companies incorporated under the laws of the United States; specific limitations apply as defined under Ohio Revised Code Section 135.14(B) (7).

3. Bankers acceptances issued by any domestic bank rated in the highest category by a nationally recognized rating agency; specific limitations apply as defined under Ohio Revised Code Section 135.14(B)(7).

4. Certificates of deposit from any eligible institution mentioned in Ohio Revised Code Section 135.32.

5. No-load money market mutual funds rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in Ohio Revised Code Sections 135.14(B)(1) and 135.14(B)(2) and repurchase agreements secured by such obligations. Eligible money market funds shall comply with ORC Section 135.01 regarding limitations and restrictions.

6. Repurchase agreements with any eligible institutions mentioned in Ohio Revised Code Section 135.32, or any eligible securities dealer pursuant to Ohio Revised Code Section 135.32(J), except that such eligible securities dealers shall be restricted to primary government securities dealers. Repurchase agreements will settle on a delivery versus payment basis with collateral held in the safekeeping by a third party custodian. The market value of securities subject to a repurchase agreement must exceed the principal value of the repurchase agreement by at least two percent as defined under the Ohio Revised Code.

7. The state treasurer's investment pool (STAR Ohio), pursuant to Ohio Revised Code Section 135.45.

The Authority intends to hold its investments until maturity but reports the investments at fair value in accordance with GASB Statement No. 31 and discloses the investment according to risk in accordance with GASB Statement No. 40.

3. CASH AND INVESTMENTS – CONTINUED

The following chart illustrates the Authority's investments at fair value as of December 31:

December 31, 2007	Fair Value	Credit Rating	Maturity in Years <1	1-3	3-5
Operating Fund:					
STAR Ohio	$ 12,298,278	AAA[1]	$ 12,298,278	$ -	$ -
	12,298,278		12,298,278	-	-
Capital Fund:					
STAR Ohio	44,258,900	AAA[1]	44,258,900	-	-
Federal Agency Securities	20,396,464	AAA[1]	3,713,681	7,138,923	9,543,860
	64,655,364		47,972,581	7,138,923	9,543,860
Totals	$ 76,953,642		$ 60,270,859	$ 7,138,923	$ 9,543,860

December 31, 2006	Fair Value	Credit Rating	Maturity in Years <1	1-3	3-5
Operating Fund:					
STAR Ohio	$ 6,853,542	AAA[1]	$ 6,853,542	$ -	$ -
Federal Agency-Securities	939,188	AAA[1]	939,188		
Carrying Amount of Deposits	-		-		
	7,792,730		7,792,730	-	-
Capital Fund:					
STAR Ohio	3,573,633	AAA[1]	3,573,633	-	-
Federal Agency-Securities	20,333,022	AAA[1]	5,846,207	7,565,711	6,921,104
Carrying Amount of Deposits	-		-	-	-
	23,906,655		9,419,840	7,565,711	6,921,104
Totals	$ 31,699,385		$ 17,212,570	$ 7,565,711	$ 6,921,104

[1] Standards & Poors

Reconciliation of the Authority's deposits and investments to the Statements of Net Assets is as follows:

	2007 Operating Fund	2007 Capital Fund	2006 Operating Fund	2006 Capital Fund
Per Statement of Net Assets:				
Cash and Cash Equivalents	$ 14,654	$ 203,769	$ 38,132	$ 188,065
Investments	12,298,278	42,388,990	7,792,730	3,567,124
Restricted Cash and Investments	-	22,201,428	-	20,277,885
Restricted Arbitrage Rebate Escrow	-	64,946	-	61,646
Totals	$ 12,312,932	$ 64,859,133	$ 7,830,862	$ 24,094,720

3. CASH AND INVESTMENTS – CONTINUED

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Interest Rate Risk - The Authority limits investments to five years but does not specifically limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority holds investments to maturity to avoid realizing losses from rising interest rates.

Concentration of Credit Risk - The Authority's investment policy does not limit the amounts that may be invested in any one issuer.

As further discussed in Note 6, a portion of investments in the Capital fund is restricted for debt service.

4. CAPITAL ASSETS

Capital Asset activity for the years ended December 31, 2007 and 2006 are as follows:

Fiscal Year 2007

Operating Fund	**Beginning Balance**	**Increases**	**Disposals/ Transfers**	**Ending Balance**
Capital assets, being depreciated				
Equipment & Furnishings	$ 33,044	$ -	$ -	$ 33,044
Total Capital assets, being depreciated	33,044	-	-	33,044
Less accumulated depreciation for:				
Equipment & Furnishings	(31,226)	(1,818)	-	(33,044)
Total Accumulated depreciation	(31,226)	(1,818)	-	(33,044)
Total Capital assets, being depreciated, net	$ 1,818	$ (1,818)	$ -	$ -
Capital Fund				
Capital assets, not being depreciated:				
Land	$ 32,428,682	$ -	$ -	$ 32,428,682
Construction in progress	334,392	965,811	(334,392)	965,811
Total capital assets, not being depreciated	32,763,074	965,811	(334,392)	33,394,493
Capital assets, being depreciated				
Buildings & improvements	195,292,461	568,946	-	195,861,407
Improvements other than buildings	1,595,523	-	-	1,595,523
Major building equipment	9,381,154	-	-	9,381,154
Parking lot	1,144,558	-	-	1,144,558
Equipment & Furnishings	5,722,095	394,159	-	6,116,254
Total capital assets, being depreciated	213,135,791	963,105	-	214,098,896
Less accumulated depreciation for:				
Buildings & improvements	(64,329,139)	(6,742,769)	-	(71,071,908)
Improvements other than buildings	(525,095)	(65,514)	-	(590,609)
Major building equipment	(9,381,155)	-	-	(9,381,155)
Parking lot	(484,051)	(28,614)	-	(512,665)
Equipment & Furnishings	(4,669,142)	(312,764)	-	(4,981,906)
Total accumulated depreciation	(79,388,582)	(7,149,661)	-	(86,538,243)
Total capital assets, being depreciated,net	133,747,209	(6,186,556)	-	127,560,653
Total capital assets, net	$ 166,510,283	$ (5,220,745)	$ (334,392)	$ 160,955,146

4. CAPITAL ASSETS – CONTINUED

Fiscal Year 2006

Operating Fund	**Beginning Balance**	**Increases**	**Disposals/ Transfers**	**Ending Balance**
Capital assets, being depreciated				
Equipment & Furnishings	$ 33,044	$ -	$ -	$ 33,044
Total Capital assets, being depreciated	33,044	-	-	33,044
Less accumulated depreciation for:				
Equipment & Furnishings	(29,409)	(1,817)	-	(31,226)
Total Accumulated depreciation	(29,409)	(1,817)	-	(31,226)
Total Capital assets, being depreciated, net	$ 3,635	$ (1,817)	$ -	$ 1,818
Capital Fund				
Capital assets, not being depreciated:				
Land	$ 32,428,682	$ -	$ -	$ 32,428,682
Construction in progress	624,389	-	(289,997)	334,392
Total capital assets, not being depreciated	33,053,071	-	(289,997)	32,763,074
Capital assets, being depreciated				
Buildings & improvements	194,380,366	912,095	-	195,292,461
Improvements other than buildings	1,552,245	43,278	-	1,595,523
Major building equipment	9,381,154	-	-	9,381,154
Parking lot	1,144,558	-	-	1,144,558
Equipment & Furnishings	5,670,756	51,339	-	5,722,095
Total capital assets, being depreciated	212,129,079	1,006,712	-	213,135,791
Less accumulated depreciation for:				
Buildings & improvements	(57,609,127)	(6,720,012)	-	(64,329,139)
Improvements other than buildings	(452,299)	(72,796)	-	(525,095)
Major building equipment	(9,374,936)	(6,219)	-	(9,381,155)
Parking lot	(455,438)	(28,613)	-	(484,051)
Equipment & Furnishings	(4,402,585)	(266,557)	-	(4,669,142)
Total accumulated depreciation	(72,294,385)	(7,094,197)	-	(79,388,582)
Total capital assets, being depreciated,net	139,834,694	(6,087,485)	-	133,747,209
Total capital assets, net	$ 172,887,765	$ (6,087,485)	$ (289,997)	$ 166,510,283

5. LONG TERM OBLIGATIONS

A. Bonds outstanding at December 31, 2007 and 2006 are as follows:

Type	Interest rate	Maturity
Refunded Term/Series 97	5%	2013 to 2027
Refunded Serial/ 97	4.3% to 5%	2003 to 2012
Refunded Serial/ 02	2.5% to 5.25%	2003 to 2019
Zero Coupon	0	2002 to 2019
Refunded Series/ 05	3.9% to 5%	2006 to 2027
Series 2007	4% to 5%	2008 to 2027

	12/31/2006	Additions	Reductions	Balance 12/31/2007	Due within One Year
Refunded Series/ 05	$ 63,570,000	$ -	$ -	$ 63,570,000	$ 840,000
Refunded Serial/ 97	10,400,000	-	(10,400,000)	-	-
Refunded Serial/ 02	53,315,000	-	(285,000)	53,030,000	295,000
Zero Coupon	17,420,000	-	(4,355,000)	13,065,000	4,355,000
Series 2007	-	47,465,000	-	47,465,000	530,000
Total	144,705,000	47,465,000	(15,040,000)	177,130,000	6,020,000
Less:					
Accretion	970,398	35,488	-	1,005,886	
Unamortized premiums	6,545,056	1,745,703	(637,023)	7,653,736	
Unamortized discounts	(3,879,178)	-	1,235,758	(2,643,420)	
Unamortized inssuance costs	(242,712)	(385,418)	46,167	(581,963)	
Unamortized deferred costs	(7,298,692)	(274,350)	430,154	(7,142,888)	
	(3,905,128)	1,121,423	1,075,056	(1,708,649)	
Total Debt less amortization	$ 140,799,872	$ 48,586,423	$ (13,964,944)	$ 175,421,351	

	Balance 12/31/2005	Additions	Reductions	Balance 12/31/2006	Due within One Year
Refunded Series/ 05	$ 63,570,000	$ -	$ -	$ 63,570,000	$ -
Refunded Serial/ 97	12,170,000	-	(1,770,000)	10,400,000	1,870,000
Refunded Serial/ 02	53,595,000	-	(280,000)	53,315,000	285,000
Zero Coupon	21,775,000	-	(4,355,000)	17,420,000	4,355,000
Total	151,110,000	-	(6,405,000)	144,705,000	6,510,000
Less:					
Accretion	927,484	42,914		970,398	
Unamortized discount	2,061,915	603,963		2,665,878	
Unamortized insurance costs	(262,715)	20,003		(242,712)	
Unamortized deferred costs	(7,727,088)	428,396		(7,298,692)	
	(5,000,404)	1,095,276	-	(3,905,128)	
Total Debt less amortization	$ 146,109,596	$ 1,095,276	$ (6,405,000)	$ 140,799,872	

5. LONG TERM OBLIGATIONS – CONTINUED

Interest on the term and serial bonds is payable semiannually on June 1 and December 1. Interest is accreted on the zero coupon bonds semiannually on June 1 and December 1, to provide yields of 7.05% to 7.15% at maturity. Interest has been accrued on all bonds through December 31, 2007. Bonds mature on December 1 in the years set forth above.

On January 6, 1998, the Authority issued $84,000,000 of tax and lease revenue anticipation bonds with an average interest rate of 5.0%, in part to advance refund $8,005,000 of outstanding 2020 term bonds with an average interest rate of 6%.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,108,117. This difference, reported in the accompanying basic financial statements as a deduction from bonds payable, is being charged to operations through the year 2020 using the straight-line method. The Authority completed the refunding to reduce its total bond payments through the year 2020 by $853,298 and to obtain an economic gain (difference between the present values of the old and new bond payments) of $501,205.

Series 2002

On November 1, 2002, the Authority issued $54,405,000 of tax and lease revenue anticipation refunding bonds with a true interest cost of 4.18%, to refund $57,880,000 of outstanding 1992 serial and term bonds with a true interest cost of 6.23%.

The 2002 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,377,800. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2019 using the straight-line method. The Authority completed the advance refunding to reduce its total bond payments through the year 2019 by $10,717,885 and to obtain an economic gain (difference between the present values of the old and new bond payments) of $7,724,113.

Series 2005

On July 15, 2005, the Authority issued $63,925,000 of tax and lease revenue anticipation refunding bonds with a true cost of 3.65%, to advance refund $61,600,000 of outstanding 1997 refunded term serial bonds and $2,320,000 of outstanding 1997 refunded serial bonds with a true interest cost of 4.5%. The proceeds of $67,677,842 (net of $923,311 in underwriting fees, insurance and other issuance costs) provided for a deposit of $66,757,531 into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 serial and term bonds. As a result, the 1997 bonds are considered to be defeased and the liability for those bonds was removed from the bonds payable balance. The first required principal payment for this debt is not due until fiscal year 2008.

The 2005 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,970,387. This difference, reported in the accompanying basic financial statements as a deduction from bonds payable, is being charged to operations through the year 2027 using the straight-line method. The Authority completed the advance refunding to reduce its total bond payments through the year 2027 by $4,334,940 and to obtain an economic gain (difference between the present values of the old and new bond payments) of $766,005.

5. LONG TERM OBLIGATIONS – CONTINUED

Series 2007

On October 16, 2007, the Authority issued $47,465,000 of tax and lease revenue anticipation and refunding bonds of which $38,535,000 represents new money for renovations to Battelle Hall and $8,930,000 represents refunding bonds. The Series 2007 serial bonds mature December 1, 2008 through December 1, 2027. All Series 2007 serial bonds maturing on or after December 1, 2018 are callable at par beginning December 1, 2017. The stated interest rate on the Series 2007 serial bonds ranges from 4% to 5%. Interest on the Series 2007 serial bonds will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2007.

The Authority issued $8,930,000 of refunding bonds with a true interest cost of 4.39% to refund $8,680,000 of outstanding Series 1997 serial and term bonds. The proceeds of $8,986,376 (including a net bond premium of $114,388 less $58,012 in underwriting fees and other issuance costs) provided for a deposit of $8,982,675 into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1997 serial and term bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by $274,350. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This refunding was undertaken to reduce total debt service payments over the next 14 years by $348,419 and resulted in an economic gain (difference between the present values of the old and new bond payments) of $336,046.

Defeased Debt Outstanding

As noted above, the Authority has defeased various bond issues by creating separate irrevocable trust funds. When such debt has been issued, the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Authority's financial statements. As of December 31, 2007 and 2006, the amount of defeased debt outstanding but removed from the financial statements amounted to $0 and $63,290,000, respectively.

5. LONG TERM OBLIGATIONS – CONTINUED

B. The principal and interest payment obligations related to all bond indebtedness for the five-year period commencing January 1, 2007 and thereafter, including the effect of the refunding, are as follows:

	Principal	Interest
2008	$ 6,020,000	$ 7,997,644
2009	6,075,000	7,942,394
2010	6,135,000	7,882,369
2011	6,205,000	7,817,194
2012	6,495,000	7,524,269
2013-2017	37,570,000	32,523,800
2018-2022	47,935,000	22,165,675
2023-2027	60,695,000	9,399,750
	$ 177,130,000	$ 103,253,095

All term bonds are callable at the option of the Authority at prescribed redemption prices plus accrued interest.

Excise taxes and rents collected after the issuance date of the bonds, to the extent these taxes and rents are necessary to satisfy debt service requirements, are appropriated for principal and interest payments due and payable until the bonds are fully retired on December 1, 2027. The Bond Indenture grants a first lien on the excise tax and rent revenues, moneys and investments in the Capital fund. These amounts are included as hotel/motel excise taxes receivable, investments, and interest receivable in the Capital fund and all debt related accounts are therefore restricted accounts.

6. DEBT SERVICE RESERVES

In accordance with the Bond Indenture, the debt service reserve fund and the rental reserve fund are special trust funds created to provide for the payment of bond principal and interest in the event the amount in the debt service fund is insufficient. The Bond Indenture prescribes the amounts to be placed into these special trust funds as well as minimum reserve balances to be maintained in each. These reserves, which are accounted for in the Capital fund, were as follows at December 31:

	2007		2006	
	Reserve Balance	Required Balance	Reserve Balance	Required Balance
Debt service fund	$ 1,168,137	$ 1,168,137	$ 1,066,581	$ 1,066,581
Debt service reserve fund	14,022,194	14,022,194	12,805,309	12,798,969
Rental reserve fund	7,011,097	7,011,097	6,399,485	6,399,485
Total	$ 22,201,428	$22,201,428	$ 20,271,375	$ 20,265,035

The Authority monitors arbitrage rebate compliance in accordance with Internal Revenue Code Section 148(f). As a result of the arbitrage calculation for the 5 year period ending January 6, 2003, and in compliance with the Bond Indenture, the Authority has deposited $64,946 and $61,646 in a separate account for 2007 and 2006, respectively.

During 2007 and 2006, the Authority invested in federal agency securities and STAR Ohio. For financial reporting purposes, GASB Statement No. 31 requires these investments to be reported at fair value, but for purposes of evaluating compliance with the required reserve balance, the Bond Indenture allows for valuing investments at cost. Thus, the cost value of the investments is used to determine the reserve balance at December 31, 2007 and 2006, respectively.

Additionally, in accordance with lease and sublease agreements between the Authority and the City of Columbus and Franklin County, the City and County will provide necessary funds for the payment of bond principal and interest if the rental reserve and debt service funds are depleted. These amounts are subject to annual appropriation by the City and County. As an additional precaution, the lease with the City and County provides for the application of Convention and Visitors Bureau Taxes levied and collected by the City to deficiencies in debt service payments after the rental reserve fund has been depleted.

7. FACILITY OPERATOR AGREEMENT

The management, operations and marketing of the Greater Columbus Convention Center (herein referred to as Convention Center) is facilitated through a Management Agreement with SMG. The current Management Agreement is effective through December 31, 2009. The Authority may extend the term on of the agreement under the same terms and conditions for an additional two-year period commencing January 1, 2010 and ending December 31, 2011 by giving not less than one hundred eighty (180) days prior written notice of such extension to SMG. As part of this Management Agreement, SMG is responsible for the financial activity of the Convention Center. SMG financially manages all revenues collected by the convention center from rental income; income from food and beverage sales; retail mall and food court lease income and revenue received from the operation of parking lots. In turn, SMG utilizes these revenues to pay for expenses associated with operating the facility (i.e., salaries of permanent and temporary staff who orchestrate events and handle administrative functions; utility expenses; the promotion and advertising of the Convention Center; and general facility maintenance and repair expenses). Financial activity of the Convention Center is annually audited and reviewed by management.

Bottom line performance of the Convention Center is incorporated annually into the Authority's basic financial statements as a reported change to the outstanding receivable due from convention center operations. The $1,438,505 and $1,071,136 due to the Authority at December 31, 2007 and 2006, respectively, is comprised primarily of the net excess of revenues over expenses from Convention Center operations for the years ended December 31, 1993 through December 31, 2007 and December 31, 2006, respectively. During 2006, $700,000 of the receivable due at December 31, 2005 was paid to the Authority. The Authority received no payments during 2007.

As base compensation to SMG for providing management services, the Authority shall pay SMG during each fiscal year of the main term and the renewal term, if any, an annual fixed fee as follows:

Year	Fixed Fee
2007	$275,000
2008-2011	Based upon prior year, as adjusted below by change in CPI-U

For each of the fiscal years during the main term (commencing with the 2008 fiscal year), the fixed fee shall be equal to the fixed fee for the immediately preceding fiscal year, increased or decreased by the lesser of (i) the percentage change in the CPI-U, during the one year period ending in November 30 immediately preceding such fiscal year, or (ii) three percent (3%). The foregoing annual fixed compensation shall be payable in equal monthly installments due on or before the last day of each month during such fiscal year.

SMG is also entitled to annual quantitative and qualitative incentive fees, as defined, with respect to each fiscal year. The quantitative incentive fee is based on the greater of 15% of the expense reduction, as defined, or 30% of any revenue increase, as defined. However, the quantitative incentive fee may not exceed 70% of the fixed fee payable as discussed above. The qualitative incentive fee cannot exceed 30% of the fixed fee payable as discussed above and is based on various defined criteria including but not limited to client satisfaction exit surveys, community involvement of operator personnel, quality maintenance and operation of the facilities and compliance with the terms of the management agreement. In 2007 and 2006, the Authority paid SMG fees of $550,000 and $557,248, respectively.

7. FACILITY OPERATOR AGREEMENT – CONTINUED

In accordance with the terms of the Management Agreement, the Authority is required to provide the operator certain operating funds, as defined, sufficient to meet one quarter's operating expenses plus maintain a $400,000 cash flow reserve fund, (or other such amount mutually agreed upon). At December 31, 2007 and 2006, the Authority has not been required to advance any funds to the operator to establish or maintain this reserve.

SMG is required to provide $90,000 annually to the facility for capital improvements. The title to the improvements will be transferred to the Authority upon termination of this Agreement. At termination of the Agreement the Authority is required to pay SMG for any unamortized balance on these improvements.

On March 31, 1997, the Authority and SMG entered into a Marquee and Advertising Rights Agreement whereby SMG will provide a capital contribution up to $300,000 for Marquee systems (as defined) in exchange for exclusive rights to provide advertising on these systems. Advertising income generated will be remitted 100% to SMG up to its capital contribution and 50% to SMG, 50% to the Authority thereafter. No income has been earned or remitted to the Authority under this agreement as of December 31, 2007.

In 1998, Hyatt, a lessor (see Note 9), acquired a 50% ownership of SMG.

8. VACATION, SICK LEAVE AND PERSONAL LEAVE

Authority employees are granted vacation, sick leave, and personal leave at amounts which vary by length of service. In the event of termination, employees are reimbursed for accumulated vacation and personal leave, along with a percentage of their sick leave balance based on years of service at the employee's current wage.

Vacation, sick leave, and personal leave earned by the Authority's employees have been recorded in the Operating fund. The Authority calculates sick leave based on the termination method. Payment of vacation, sick leave, and personal leave is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that the payment of vacation and sick leave will not have a material adverse impact of the availability of the Authority's cash balances.

9. RISK MANAGEMENT

The Authority is subjected to certain types of risks in the performance of its normal functions. They include risks the Authority might be subjected to by its employees in the performance of their normal duties. The Authority manages these types of risks through commercial insurance. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years. There has not been a significant reduction of coverage since the prior year in any of the major categories of risk.

10. OPERATING LEASES

On November 27, 1996 the Authority entered into a Master Lease Agreement with the City of Columbus (the "City") which created leasehold estate interests for certain property, plant, and equipment (the "South Facility"), the site of the Convention Center, and the Columbus Hotel Community Urban Redevelopment Corporation lease.

In addition to the lease agreements noted below, the Authority owns all rights, title and interest in, to and under any and all leases, tenancy or occupancy agreements affecting the South Facility premises, as well as all security deposits and guaranties. These leases are retail leases with various retail terms. The retail lease revenue is recognized by the operators of the facility in accordance with the operating method.

Columbus Hotel Community Urban Redevelopment Corporation

The Authority leases land to the Columbus Hotel Community Urban Redevelopment Corporation (the Hyatt) for a term that commenced on December 23, 1978 and ends on July 19, 2051, unless sooner terminated in accordance with the lease agreement. The Hyatt pays the Authority lease rental at the annual rate of $125,000. The Authority receives additional compensation from the Hyatt if the Hyatt meets certain targets for cash flow. Additional compensation of $1,575,756 and $1,253,355 was owed to the Authority at December 31, 2007 and 2006, respectively. SMG, the Authority's facility operator, also recorded revenues of approximately $986,140 and $1,016,000 in 2007 and 2006, respectively, from Ohio Center Hotel Company, LTD. (an affiliate of Hyatt) for providing services consisting primarily of utilities, parking and meeting space rentals.

Capital South Community Urban Redevelopment Corporation

On December 17, 1998, the Authority entered into a ground lease agreement with Capital South Community Urban Redevelopment Corporation (Capital South) upon which Capitol South would lease land from the Authority and subsequently sublease the land to Nationwide Arena, who constructed thereon a multi-purpose arena and related facilities. The initial term of the agreement commenced on September 7, 2000 and expires on a date that is 40 lease years following the commencement date, unless sooner terminated in accordance with the provisions of the grounds lease.

Capital South has the right and option to extend the term of the ground lease for two successive periods of five years. Each option to extend is exercisable by delivering written notice to the Authority at lease two years prior to the scheduled expiration date of the initial term or first extension term.

Capital South shall pay the Authority base rent during the initial term of the ground lease. Base rent equals $150,000 a year for years 1 – 10, $165,000 a year for years 11 – 25 and $165,000 plus inflation thereafter. Additional rent as defined is also due. Rental revenue earned related to this lease was $150,000 during each period ended December 31, 2007 and 2006.

10. OPERATING LEASES - CONTINUED

In addition to the land lease agreement, the Authority has a total of approximately 10.2 acres of land, consisting of property received from the City of Columbus for corresponding vacated street right-of-ways, which can be purchased by Nationwide Arena and Nationwide Realty Investors. At the inception of this lease agreement, the parties agreed the land acquisition costs were equal to $11,438,722. Capital South agreed to pay the Authority a sum equal to the amount by which the land acquisition costs exceeds $10,000,000. The Authority received $1,438,722 and 283,855, from Capitol South during 1998 and 1999, respectively, in the form of cash for arena land acquisition. These payments provided a credit for future arena land purchases by Nationwide of $1,722,577.

During 2001, Nationwide and Nationwide Realty Investors exercised their option under terms of the agreement and purchased .6 of an acre of land from the Authority, reducing credit for future land purchases to $1,081,134 (based upon calculation requirements provided for in the agreement).

Drury Inns, Inc.

On February 20, 2001, the Authority entered into a ground lease agreement with Drury Inns, Inc. (Tenant) under which Tenant would lease land from the Authority and develop the land with a hotel and related improvements. The term of the lease commenced on February 20, 2001 and expires on the last day of the 25th lease year, unless the term is extended or the lease is validly canceled before then.

Tenant shall the option to extend the term for a period of ten lease years by giving notice of the exercise of the option any time prior to the 365th day before the last day of the 25th lease year. If Tenant exercises the option to extend the term for a period of ten lease years, Tenant shall have an additional option to extend the term for another period of ten lease years by giving notice of the exercise of the option any time prior to the 365th day before the extended expiration date. If Tenant exercises the second option granted, Tenant shall have the additional option to extend the term through July 19, 2051 by giving notice of the exercise of the option any time prior to the 265th day before the extended expiration date.

Tenant shall pay the Authority basic rent, as well as percentage rent, which is the amount by which a certain percentage of revenues exceeds basic rent. Applicable amounts are as follows:

Lease Years	Basic Rent	Percentage Rent
Years 1 through 5, per annum	$125,000	4%
Years 6 through 10, per annum	$150,000	4.75%
Years 11 and after, per annum	$175,000	4.75% of the first $6,000,000 and 5.5% of any excess of $6,000,000

11. RETIREMENT PLAN

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans; The Traditional Pension Plan- a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan- a defined contribution plan; and the Combined Plan- a cost sharing, multi-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as healthcare coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS (7377).

Funding Policy – The Authority and covered employees contributed at actuarially determined rates for 2007, 13.85% and 9.5%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the years ended December 31, 2007, 2006, and 2005 were $47,817, $43,266 and $39,039, respectively. The employees' contributions to OPERS for the years ended December 31, 2007, 2006, and 2005 were $32,798, $28,423, and $24,489, respectively. Required contributions are equal to 100% of the dollar amount billed. The Board of the Authority has elected to pay the employees' portion of OPERS.

***Other Postretirement Benefits* -** OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). A portion (5.0% January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007) employer's OPERS contribution is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to OPERS.

Employer contributions are advance-refunded on an actuarially determined basis and are determined by state statue. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants was 362,130 as of December 31, 2006 (most recent information available).

The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2006. An individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5 percent.

11. RETIREMENT PLAN – CONTINUED

An annual increase of 4%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4% base increase, were assumed to range from 0.50% to 6.3%.

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate). As of December 31, 2006, the audited estimated net assets available for future OPEB payments were $12.0 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were $30.7 billion and $18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allow additional funds to be allocated to the health care plan.

12. BUDGETARY ACCOUNTING

Although not required under the Ohio Revised Code, an annual Operating Budget, which lapses at the end of the year, is adopted for management purposes. The budget is adopted on a budgetary accounting basis in which purchase orders, contracts, and other commitments for the expense of monies are recorded as the equivalent of expenses. The defined legal level of control established by the Authority to monitor expenses is at the fund/function level.

13. CONTRACTUAL COMMITMENTS

At fiscal year end, the Authority had the following outstanding contractual commitments related to significant renovations to the Convention Center:

Contract	Contract Amount	Amount Outstanding
Architectural and Engineering	$3,250,000	$2,584,406
Construction Manager	$1,488,000	$1,354,044

14. SUBSEQUENT EVENT

During January 2008, a water line beneath the Convention Center broke causing internal flooding and cosmetic damage to the property. This caused scheduled events to re-locate within the Convention Center or be cancelled. Although a portion of the damage will be covered by insurance, the loss of revenues and additional expenses cannot be determined at this time.

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*

Board of Directors
Franklin County Convention Facilities Authority
400 North High Street
Columbus, Ohio 43215

We have audited the financial statements of the business-type activities and each major fund of the Franklin County Convention Facilities Authority, Franklin County, Ohio (the "Authority") as of and for the year ended December 31, 2007, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not to opine on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Authority's internal control will not prevent or detect a material financial statements misstatement.

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

Wilson, Shannon & Snow, Inc.
CERTIFIED PUBLIC ACCOUNTANTS
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Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could directly and materially effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

This intend this report solely for the information and use of the audit committee, board of directors, management, and the Auditor of State. We intend it for no one other than these specified parties.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
April 9, 2008

Mary Taylor, CPA
Auditor of State

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 29, 2008

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