FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009

Mary Taylor, CPA
Auditor of State

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
FRANKLIN COUNTY

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Mary Taylor, CPA
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INDEPENDENT ACCOUNTANTS' REPORT

Franklin County Convention Facilities Authority
Franklin County
400 North High Street, 4th Floor
Columbus, Ohio 43215

To the Board of Directors:

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, 2009 and December 31, 2008, 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 audit 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 Standards*. Those standards require that we plan and perform the audit to 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 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 respective 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, 2009 and December 31, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on 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.

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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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 7, 2010

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED

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, 2009 and 2008. 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, non capital financing, capital and related financing and investing 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			
	2007	2008	2009	Increase (Decrease) over/ (under) 2008
Current and other assets	$14,030,273	$16,097,654	$15,223,485	($874,169)
Capital assets, Net	—	—	—	—
Total assets	14,030,273	16,097,654	15,223,485	(874,169)
Other liabilities	232,316	245,534	662,543	417,009
Total liabilities	232,316	245,534	662,543	417,009
Net assets - invested in capital assets, net of related debt	—	—	—	—
Restricted for other	143,663	143,662	205,097	61,435
Unrestricted	13,654,294	15,708,458	14,355,845	(1,352,613)
Total net assets	$13,797,957	$15,852,120	$14,560,942	($1,291,178)

	Capital Fund			
	2007	2008	2009	Increase (Decrease) over/ (under) 2008
Other assets	$70,377,406	$68,486,818	$34,766,620	($33,720,198)
Capital assets, Net	161,020,092	161,300,246	190,927,186	29,626,940
Total assets	231,397,498	229,787,064	225,693,806	(4,093,258)
Non-current liabilities	170,048,260	164,469,370	158,680,496	(5,788,874)
Current liabilities	6,939,763	8,198,517	10,087,967	1,889,450
Total liabilities	176,988,023	172,667,887	168,768,463	(3,899,424)
Net assets - invested in capital assets, net of related debt	32,061,676	32,112,577	35,088,711	2,976,134
Restricted for debt service	16,749,583	17,105,129	16,031,673	(1,073,456)
Restricted for capital projects	—	940,296	1,216,060	275,764
Unrestricted	5,598,216	6,961,175	4,588,899	(2,372,276)
Total net assets	$54,409,475	$57,119,177	$56,925,343	($193,834)

The Authority reclassified several account balances during fiscal year 2009. For comparability reasons, the Authority has reclassified the fiscal year 2008 and 2007 balances as well. These reclassifications are as follows: (1) Unamortized Bond Issuance Costs, previously reported as an offset to long-term liabilities, have been reclassified as an asset; (2) project construction funds, previously reported as Unrestricted investments and Unrestricted Net Assets, have been reclassified as Restricted Investments and as a component of Net Assets Restricted for Capital Projects; (3) Hotel/Motel Excise Taxes and Leases Receivable, previously reported as Unrestricted Assets and Unrestricted Net Assets, have been reclassified as Restricted Assets and as a component of Net Assets Restricted for Debt Service; (4) Accumulated Accretion of Deep Discount Debt and Accrued Interest Payable, previously reported as components of Unrestricted Net Assets, have been reclassified as components of Net Assets Restricted for Debt Service; (5) project construction fund related liabilities, previously reported as a component of Unrestricted Net Assets, have been reclassified as a component of Net Assets Restricted for Capital Projects; and (6) Unamortized Premium on Bonds, previously reported as a component of Invested in Capital Assets, net of related debt, have been reclassified as a component of Restricted for Debt Service.

The Authority's total assets (both funds combined) exceeded total liabilities by $71.5 million at December 31, 2009. A large portion of net assets, $35.1 million at December 31, 2009, 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, $17.5 million at December 31, 2009, 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 $18.9 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
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED

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

	Operating Fund			
	2007	2008	2009	Increase (Decrease) over (under) 2008
Operating Revenues				
Gain (loss) from center operations	$367,370	($715,727)	($1,174,667)	($458,940)
Miscellaneous	1,143	—	—	0
Total Operating Revenues	368,513	(715,727)	(1,174,667)	(458,940)
Operating Expenses				
Salary and fringe benefits	439,013	472,806	493,383	20,577
Purchased services	323,426	213,988	199,873	(14,115)
Insurance	341,952	349,519	350,361	842
Other	110,222	93,700	115,068	21,368
Total Operating Expenses	1,214,613	1,130,013	1,158,685	28,672
Operating (loss) income before depreciation	(846,100)	(1,845,740)	(2,333,352)	(487,612)
Depreciation	(1,818)	—	—	0
Operating (loss) before nonoperating	(847,918)	(1,845,740)	(2,333,352)	(487,612)
NonOperating Revenues (Expenses)				
Hotel/motel excise tax	5,006,076	3,484,028	1,094,916	(2,389,112)
Interest earnings	462,756	336,062	42,246	(293,816)
Transfers in (out)	98,397	79,813	(94,988)	(174,801)
Total NonOperating Revenues	5,567,229	3,899,903	1,042,174	(2,857,729)
Change in net assets	4,719,311	2,054,163	(1,291,178)	(3,345,341)
Total net assets - beginning	9,078,646	13,797,957	15,852,120	2,054,163
Total net assets - ending	$13,797,957	$15,852,120	$14,560,942	($1,291,178)

	Capital Fund			
	2007	2008	2009	Increase (Decrease) over/ (under) 2008
Operating Revenues				
Lease Rent	$2,053,227	$1,908,624	$487,588	($1,421,036)
Miscellaneous	—	850	—	(850)
Total Operating Revenues	2,053,227	1,909,474	487,588	(1,421,886)
Operating Expenses				
Purchased services	—	—	48,120	48,120
Miscellaneous	62,717	38,060	21,593	(16,467)
Total Operating Expenses	62,717	38,060	69,713	31,653
Operating (loss) income before depreciation	1,990,510	1,871,414	417,875	(1,453,539)
Depreciation	(7,149,661)	(7,107,947)	(7,201,109)	(93,162)
Operating (loss) before nonoperating	(5,159,151)	(5,236,533)	(6,783,234)	(1,546,701)
NonOperating Revenues (Expenses)				
Hotel/motel excise tax	12,004,690	12,872,402	12,628,303	(244,099)
(Decrease) in fair value of investments	249,350	1,032,301	(860,256)	(1,892,557)
Interest Earnings	1,860,348	2,161,744	1,458,279	(703,465)
Interest Expense	(7,675,326)	(8,107,007)	(6,731,914)	1,375,093
Other Revenue	—	66,608	—	(66,608)
Transfers in (out)	(98,397)	(79,813)	94,988	174,801
Total NonOperating Revenues	6,340,665	7,946,235	6,589,400	(1,356,835)
Change in net assets	1,181,514	2,709,702	(193,834)	(2,903,536)
Total net assets - beginning	53,227,961	54,409,475	57,119,177	2,709,702
Total net assets - ending	$54,409,475	$57,119,177	$56,925,343	($193,834)

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 2009, lease rent decreased by $1.4 million primarily due to the impact of the economic environment on the financial performance of the Hyatt Regency Hotel.

- 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 expenses associated with operating the facility. Bottom line performance of the Convention Center is recorded as center operations in the Operating Fund.

  2009 was a difficult year for Convention Center operations. Not only was the center challenged with an event schedule that had fewer bookings for the year but bottom line expenses were impacted by costs associated with the renovation of Battelle Hall. While Convention Center operations ended 2009 with a loss of $1.2 million; this deficit is expected to be short term as operations will improve with the opening of Battelle Hall and enhanced bookings in 2010 and beyond.

- 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 2009, the Authority's expenses for insurance remained consistent with the prior year. Overall, insurance expenses for 2009 were almost equal to those expenses recognized during 2008.

- Excluding insurance, all other operating expenses for the Operating Fund of the Authority increased by $27,830 in 2009. Most expenses of the Authority are used to support the administrative office and staff of the Board.

- 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.

  Hotel/motel tax collections during 2009 proved to be 16.1 percent or $2.6 million below prior year collections. This decline was due to a local hotel market that was impacted by the economy and by a convention/event market that had fewer bookings than in prior years. Despite this drop in hotel/motel tax collections, when collections are combined with revenue received from interest earnings in reserve funds, collections and related earnings for the year still exceeded debt service obligations.

- 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 had 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 suggested 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 undertook a renovation project of Battelle Hall that significantly improved the space. Included within the scope of the project was a complete redesign of Battelle Hall that upgraded the space into a multi-purpose facility serving conventions as well as sporting events and ballroom functions. A new entrance connecting Battelle Hall to the north facility of the Convention Center was also constructed. This new connection enhanced access and use of Battelle Hall while better incorporating it into the Convention Center. In addition, the project renovated public spaces, meeting rooms and entrances to Battelle Hall and to the south facility of the Convention Center.

Under construction throughout 2009, the Battelle Hall renovation project was completed mid-January 2010.

- As a result of the new bond issue in October 2007, annual debt service increased in 2008 to include costs associated with this issue. Despite this increase and despite a significant decrease in hotel/motel tax collections for 2009, tax collections, when combined with interest earnings, exceeded debt service obligations for the year by $1.1 million. These excess revenues were deposited into the Operating fund.

- 2009 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 decrease in investment income for 2009 due to the valuation of such investments at current market and sales associated with planned cash flow needs of construction. This decrease is temporary as reported gains and losses will fluctuate throughout the investment period and as construction of Battelle Hall reaches completion mid-January 2010.

- Operating and Capital funds combined, the Authority ended the year with a decrease in net assets of $1,485,012.

CAPITAL ASSETS

At the end of fiscal year 2009, the Authority had $190,927,186 (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 increased by $29,626,940 in fiscal year 2009. This increase is the result of current year depreciation expense of $7,201,109; building and equipment additions of $776,810; disposals of $104; and an increase in the value of land and projects still under construction of $36,051,343.

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

DEBT ADMINISTRATION

At December 31, 2009, the Authority had $164.82 million in bonds and related long term liabilities outstanding, a decrease of $5.7 million from the previous fiscal year

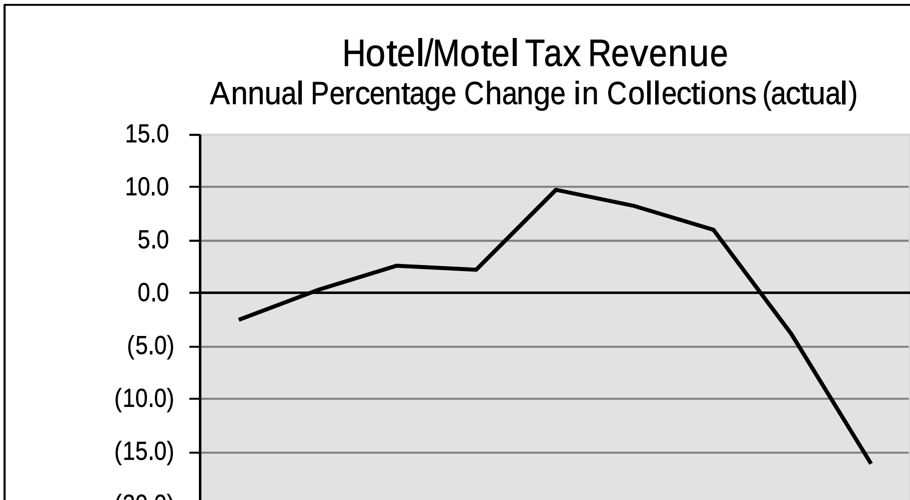
Annual debt service requirements are met through the collection of hotel/motel excise taxes. The Bond Indenture requires that proceeds from the hotel/motel excise tax as well as from earnings received through investments must first be used to meet annual debt service obligations. Only after these obligations 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 $22,201,704 at December 31, 2009.

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 the Authority's revenue resulting from hotel/motel usage dropped in 2008 and 2009 after several years of growth. This drop was not inconsistent with market trends experienced throughout the national economy.



	2001	2002	2003	2004	2005	2006	2007	2008	2009
Percent Change	-2.6	0.2	2.5	2.2	9.7	8.2	5.98	-3.85	-16.1

The Authority was able to absorb the impact of declined growth in hotel/motel tax during 2009. Even with reduced levels of hotel/motel revenue, the Authority was 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 2010 taxes may be consistent with 2009. While continual decline is expected in tax collections during 2010, the level of decline is not anticipated to be at levels experienced in prior years. Despite this forecast, the Authority is expected to meet all debt and expense obligations with available resources.

HOTEL DEVELOPMENT PROJECT

While operationally the convention center has done well, demand for more hotel rooms located near the convention center has been increasing. Recent review of lost business suggests that the convention center has the capacity and ability to increase the number and size of conventions, meetings and tradeshows, but limited inventory of full service convention quality hotel rooms in close proximity to the center makes expanding business difficult. Many agree that added hotel room inventory near the convention center would enhance the community's competitiveness.

In April 2009, the Authority in partnership with the City of Columbus and Franklin County signed a memorandum of understanding agreeing to and detailing the financial structure for the development of a 500+ room convention hotel on property adjacent to the convention center. Included in the structure were the following components: Franklin County will provide credit support for the project with an annual "subject to appropriation" guarantee of debt service; all hotel net income would be pledged to pay debt service; the City of Columbus and the Authority would pledge an amount equal to the bed taxes collected from the new hotel to fund the project; the Authority would provide $15.0 million in cash equity to fund a rental reserve fund and other project costs; the Authority would pledge an amount equal to annual revenue from land leases as additional debt service coverage for the project; and the City of Columbus would pledge up to $1.4 million in new city parking meter revenue, as needed, to pay debt service. The Authority would be the developer and owner of the new hotel.

Since community endorsement of the hotel development project, the Authority has proceeded with establishing a team of professionals to assist with the design and construction of the new convention hotel. PNC Capital Markets, Huntington Banks and Rice Financial Products Company have been selected as the underwriters for the project. Strategic Advisory Group has been selected as the owner's representative and development consultant for the project. Hellmuth Obata & Kassabaum, PC in partnership with Moody Nolan have been chosen as architects for the project. Turner Construction Company and Smoot Construction Company will be the construction managers. The Authority has also selected Hilton Hotels Corporation to brand and manage the new hotel.

Scheduled for opening in 2012, the project is well under way. Funding for the project has been acquired through the sale of lease revenue anticipation bonds during February 2010. Schematic design is complete and initial cost estimates suggest that the proposed design is within budget. Current program for the hotel includes 532 guest rooms of which 48 are suites, 12,000 square feet of ballroom space, 10,800 square feet of meeting/banquet rooms, lobby, a three meal restaurant, bar/lounge area, coffee shop, pool, fitness center and walkway to the convention center. Parking for the hotel will be provided by the convention center west parking garage located next to the hotel site. The hotel will be 14 floors with over 429,600 square feet of usable space. Development cost of the project will be $145.0 million and, after adding in reserve funds, issuance cost, and capitalized interest, the total cost of the project will be $178 million.

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.

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FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2009 AND 2008

	Business-type Activities-Enterprise Fund		
	2009		
	Operating Fund	Capital Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 51,558	$ 163,509	$ 215,067
Investments	15,069,749	4,587,247	19,656,996
Restricted assets:			
Investments	-	3,545,350	3,545,350
Hotel/motel excise tax receivable	-	1,785,611	1,785,611
Lease receivable	-	14,624	14,624
Interest receivable	-	150,815	150,815
SMG receivable	-	-	-
Prepaid items and deferred charges	102,178	1,108,967	1,211,145
Total current assets	15,223,485	11,356,123	26,579,608
Noncurrent Assets:			
Restricted investments	-	23,410,497	23,410,497
Capital Assets:			
Land	-	32,556,992	32,556,992
Construction in progress	-	42,383,579	42,383,579
Depreciable capital assets, net	-	115,986,615	115,986,615
Total capital assets	-	190,927,186	190,927,186
Total noncurrent assets	-	214,337,683	214,337,683
Total assets	15,223,485	225,693,806	240,917,291
LIABILITIES			
Current Liabilities:			
Accounts payable	21,292	1,922,799	1,944,091
Retainage payable	-	1,256,275	1,256,275
Interest payable	-	661,393	661,393
SMG payable	429,241	-	429,241
Accrued liabilities and other	212,010	112,500	324,510
Bonds payable	-	6,135,000	6,135,000
Total current liabilities	662,543	10,087,967	10,750,510
Noncurrent liabilities:			
Bonds payable, net	-	158,680,496	158,680,496
Total noncurrent liabilities	-	158,680,496	158,680,496
Total liabilities	662,543	168,768,463	169,431,006
NET ASSETS			
Invested in capital assets, net of related debt	-	35,088,711	35,088,711
Restricted for debt service	-	16,031,673	16,031,673
Restricted for capital projects	-	1,216,060	1,216,060
Restricted for other	205,097	-	205,097
Unrestricted	14,355,845	4,588,899	18,944,744
Total net assets	$ 14,560,942	$ 56,925,343	$ 71,486,285

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

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2009 AND 2008

Business-type Activities-Enterprise Fund 2008 Operating Fund	Capital Fund	Total
$ 42,450	$ 72,631	$ 115,081
15,701,462	6,395,627	22,097,089
-	2,081,685	2,081,685
6,158	2,120,934	2,127,092
-	1,433,052	1,433,052
-	318,106	318,106
245,426	-	245,426
102,158	1,265,753	1,367,911
16,097,654	13,687,788	29,785,442
-	54,799,030	54,799,030
-	32,556,992	32,556,992
-	7,259,395	7,259,395
-	121,483,859	121,483,859
-	161,300,246	161,300,246
-	216,099,276	216,099,276
16,097,654	229,787,064	245,884,718
35,342	1,235,798	1,271,140
-	123,753	123,753
-	663,966	663,966
-	-	-
210,192	100,000	310,192
-	6,075,000	6,075,000
245,534	8,198,517	8,444,051
-	164,469,370	164,469,370
-	164,469,370	164,469,370
245,534	172,667,887	172,913,421
-	32,112,577	32,112,577
-	17,105,129	17,105,129
-	940,296	940,296
143,662	-	143,662
15,708,458	6,961,175	22,669,633
$ 15,852,120	$ 57,119,177	$ 72,971,297

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, 2009 AND 2008

	Business-type Activities-Enterprise Fund		
	2009		
	Operating Fund	Capital Fund	Total
OPERATING REVENUES:			
Lease rent	$ -	$ 487,588	$ 487,588
Gain/Loss from Center operations	(1,174,667)	-	(1,174,667)
Miscellaneous	-	-	-
Total operating revenues	(1,174,667)	487,588	(687,079)
OPERATING EXPENSES			
Salaries and Fringe Benefits	493,383	-	493,383
Insurances	350,361	-	350,361
Purchased Services	199,873	48,120	247,993
Other	115,068	21,593	136,661
Total operating expenses	1,158,685	69,713	1,228,398
Operating (loss) income before depreciation	(2,333,352)	417,875	(1,915,477)
Depreciation	-	7,201,109	7,201,109
Operating (loss) income before nonoperating revenues and expenses	(2,333,352)	(6,783,234)	(9,116,586)
NONOPERATING REVENUES (EXPENSES)			
Hotel/motel excise tax	1,094,916	12,628,303	13,723,219
Increase/decrease in fair value of investments	-	(860,256)	(860,256)
Interest earnings	42,246	1,458,279	1,500,525
Interest expense	-	(6,731,914)	(6,731,914)
Other revenue	-	-	-
Total nonoperating revenues (expenses)	1,137,162	6,494,412	7,631,574
Income (loss) before transfers	(1,196,190)	(288,822)	(1,485,012)
Transfers in	-	94,988	94,988
Transfers out	(94,988)	-	(94,988)
Change in net assets	(1,291,178)	(193,834)	(1,485,012)
Total net assets-beginning	15,852,120	57,119,177	72,971,297
Total net assets-ending	$ 14,560,942	$ 56,925,343	$ 71,486,285

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, 2009 AND 2008

Business-type Activities-Enterprise Fund		
2008		
Operating Fund	Capital Fund	Total
$ -	$ 1,908,624	$ 1,908,624
(715,727)	-	(715,727)
-	850	850
(715,727)	1,909,474	1,193,747
472,806	-	472,806
349,519	-	349,519
213,988	-	213,988
93,700	38,060	131,760
1,130,013	38,060	1,168,073
(1,845,740)	1,871,414	25,674
-	7,107,947	7,107,947
(1,845,740)	(5,236,533)	(7,082,273)
3,484,028	12,872,402	16,356,430
-	1,032,301	1,032,301
336,062	2,161,744	2,497,806
-	(8,107,007)	(8,107,007)
-	66,608	66,608
3,820,090	8,026,048	11,846,138
1,974,350	2,789,515	4,763,865
79,813	-	79,813
-	(79,813)	(79,813)
2,054,163	2,709,702	4,763,865
13,797,957	54,409,475	68,207,432
$ 15,852,120	$ 57,119,177	$ 72,971,297

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, 2009 AND 2008

	Business-Type Activities-Enterprise Fund		
	2009		
	Operating Fund	Capital Fund	Total
Cash Flows from Operating Activities			
Receipts from leases	$ -	$ 1,918,516	$ 1,918,516
Receipts from services	-	-	-
Payments for services	(500,000)	-	(500,000)
Payments for professional services and operations	(688,123)	(69,713)	(757,836)
Payments to employees for services	(391,011)	-	(391,011)
Payments for retirement and payroll taxes	(91,803)	-	(91,803)
Net cash provided by (used in) operating activities	(1,670,937)	1,848,803	177,866
Cash Flows from NonCapital Financing Activities			
Hotel/motel excise taxes received	1,101,074	12,963,627	14,064,701
Transfers in (out)	(94,988)	94,988	-
Net cash provided by noncapital financing activities	1,006,086	13,058,615	14,064,701
Cash Flows from Capital and related Financing Activities			
Purchases of capital assets	-	(33,297,709)	(33,297,709)
Cash paid on bond interest and fiscal charges	-	(7,942,394)	(7,942,394)
Cash paid on bond principal	-	(6,075,000)	(6,075,000)
Net cash provided by (used in) capital and related financing	-	(47,315,103)	(47,315,103)
Cash Flows from Investing Activities			
Interest received from investments	42,246	1,625,572	1,667,818
Net investment sales/(purchases)	631,713	30,872,991	31,504,704
Net cash provided by (used in) investing activities	673,959	32,498,563	33,172,522
Net increase (decrease) in cash and cash equivalents	9,108	90,878	99,986
Cash- January 1	42,450	72,631	115,081
Cash- December 31	$ 51,558	$ 163,509	$ 215,067
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	$ (2,333,352)	$ (6,783,234)	$ (9,116,586)
Adjustments to reconcile operating income to net			
Cash provided by (used in) operating activities:			
Depreciation	-	7,201,109	7,201,109
(Increase) decrease in lease receivable	-	1,418,428	1,418,428
(Increase) decrease in SMG receivable	245,426	-	245,426
(Increase) decrease in prepaid items and other	(20)	-	(20)
Increase (decrease) in accounts payable	(14,050)	-	(14,050)
Increase (decrease) in SMG payable	429,241	-	429,241
Increase (decrease) in accrued liabilities and other	1,818	12,500	14,318
Total adjustments	662,415	8,632,037	9,294,452
Net cash provided by (used in) operating activities	$ (1,670,937)	$ 1,848,803	$ 177,866
Noncash financing activities:			
Net amortization and accretion related to the capital debt		$ 383,485	

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

Business-Type Activities-Enterprise Fund		
2008		
Operating Fund	Capital Fund	Total
$ -	$ 2,064,750	$ 2,064,750
1,593,938	-	1,593,938
(1,116,586)	-	(1,116,586)
(653,280)	(37,723)	(691,003)
(369,684)	-	(369,684)
(93,310)	-	(93,310)
(638,922)	2,027,027	1,388,105
3,654,027	13,037,386	16,691,413
79,813	(79,813)	-
3,733,840	12,957,573	16,691,413
-	(5,636,151)	(5,636,151)
-	(8,002,644)	(8,002,644)
-	(6,020,000)	(6,020,000)
-	(19,658,795)	(19,658,795)
336,063	2,161,744	2,497,807
(3,403,185)	2,381,313	(1,021,872)
(3,067,122)	4,543,057	1,475,935
27,796	(131,138)	(103,342)
14,654	203,769	218,423
$ 42,450	$ 72,631	$ 115,081
$ (1,845,740)	$ (5,236,533)	$ (7,082,273)
-	7,107,947	7,107,947
-	155,276	155,276
1,193,079	-	1,193,079
521	-	521
11,702	337	12,039
-	-	-
1,516	-	1,516
1,206,818	7,263,560	8,470,378
$ (638,922)	$ 2,027,027	$ 1,388,105
	$ 598,415	

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

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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 basic 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Proprietary Fund – The Authority operates using enterprise fund reporting. 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 revenue of the Operating Fund is the gain/loss from day-to-day operations of the facility. The principal operating revenue in the Capital Fund is generated from land lease agreements. Operating expenses for the enterprise funds include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions 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 funds 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 deposits and investments with original maturities of less than three months, excluding STAR Ohio and retainage accounts, which are reported as investments.

Restricted Assets – Certain resources set aside for the construction of facilities and repayment of Capital Fund bonds are classified as restricted on the Statement of Net Assets because their use is limited by applicable revenue bond indentures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 13 to 40 years for Buildings and Improvements, 20 to 30 years for Improvements other than Buildings, 3 to 60 years for Furnishings and Equipment, 40 years for Parking lots, and 7 years for major building equipment.

Bond Discounts and Premiums – The bond discounts and premiums are being accreted or amortized over the life of the bond issues 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 applicable 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. At December 31, 2009, the Authority has net assets restricted for debt service of $16,031,673, restricted for capital projects of $1,216,060, and invested in capital assets, net of related debt of $35,088,711 in the Capital Fund, while the Operating Fund has $205,097 restricted for other.

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.

Transfers during fiscal years 2009 and 2008 are considered allowable based upon the Authority's policies and the purpose of intended transfers.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 2009 or 2008.

3. DEPOSITS 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, 2009 and 2008, the carrying amount of the Authority's deposits were $1,005,878 and $115,081 respectively, and the bank balances were $1,010,844 and $115,520, respectively. Of the bank balance at December 31, 2009, $470,034 was covered by Federal Deposit Insurance and $540,810 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. The entire bank balance at December 31, 2008 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. DEPOSITS 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. DEPOSITS AND INVESTMENTS – CONTINUED

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

December 31, 2009	Fair Value	Credit Rating	Maturity in Years <1	1-3	>3
Operating Fund:					
STAR Ohio	$ 15,069,749	AAA[1]	$ 15,069,749	$ -	$ -
	15,069,749		15,069,749	-	-
Capital Fund:					
STAR Ohio	9,704,975	AAA[1]	9,704,975	-	-
Federal Agency Securities	21,047,308	AAA[1]	3,566,564	13,826,518	3,654,226
	30,752,283		13,271,539	13,826,518	3,654,226
Totals	$ 45,822,032		$ 28,341,288	$ 13,826,518	$ 3,654,226

December 31, 2008	Fair Value	Credit Rating	Maturity in Years <1	1-3	>3
Operating Fund:					
STAR Ohio	$ 15,701,462	AAA[1]	$ 15,701,462	$ -	$ -
	15,701,462		15,701,462	-	-
Capital Fund:					
STAR Ohio	13,687,805	AAA[1]	13,687,805	-	-
Federal Agency Securities	49,588,537	AAA[1]	31,905,421	13,717,547	3,965,569
	63,276,342		45,593,226	13,717,547	3,965,569
Totals	$ 78,977,804		$ 61,294,688	$ 13,717,547	$ 3,965,569

[1] Standard & Poors

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

	2009 Operating Fund	2009 Capital Fund	2008 Operating Fund	2008 Capital Fund
Per Statement of Net Assets:				
Cash and Cash Equivalents	$ 51,558	$ 163,509	$ 42,450	$ 72,631
Investments	15,069,749	4,587,247	15,701,462	6,395,627
Restricted Investments	-	26,955,847	-	56,880,715
Totals	$ 15,121,307	$ 31,706,603	$ 15,743,912	$ 63,348,973

3. DEPOSITS 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, 2009 and 2008.

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 and construction projects.

4. CAPITAL ASSETS

Capital Asset activity for the years ended December 31, 2009 and 2008 are as follows:

	Fiscal Year 2009			
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	(33,044)	-	-	(33,044)
Total Accumulated depreciation	(33,044)	-	-	(33,044)
Total Capital assets, being depreciated, net	$ -	$ -	$ -	$ -
Capital Fund				
Capital assets, not being depreciated:				
Land	$ 32,556,992	$ -	$ -	$ 32,556,992
Construction in progress	7,259,395	36,051,343	(927,159)	42,383,579
Total capital assets, not being depreciated	39,816,387	36,051,343	(927,159)	74,940,571
Capital assets, being depreciated				
Buildings & improvements	196,561,515	957,709	-	197,519,224
Improvements other than buildings	1,595,523	-	-	1,595,523
Major building equipment	9,339,324	-	-	9,339,324
Parking lot	1,144,558	-	-	1,144,558
Equipment & Furnishings	6,195,398	746,260	(18,784)	6,922,874
Total capital assets, being depreciated	214,836,318	1,703,969	(18,784)	216,521,503
Less accumulated depreciation for:				
Buildings & improvements	(77,773,631)	(6,761,303)	-	(84,534,934)
Improvements other than buildings	(656,123)	(65,513)	-	(721,636)
Major building equipment	(9,339,325)	-	-	(9,339,325)
Parking lot	(541,279)	(28,614)	-	(569,893)
Equipment & Furnishings	(5,042,101)	(345,679)	18,680	(5,369,100)
Total accumulated depreciation	(93,352,459)	(7,201,109)	18,680	(100,534,888)
Total capital assets, being depreciated,net	121,483,859	(5,497,140)	(104)	115,986,615
Total capital assets, net	$ 161,300,246	$ 30,554,203	$ (927,263)	$ 190,927,186

4. CAPITAL ASSETS – CONTINUED

	Fiscal Year 2008			
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	(33,044)	-	-	(33,044)
Total Accumulated depreciation	(33,044)	-	-	(33,044)
Total Capital assets, being depreciated, net	$ -	$ -	$ -	$ -
Capital Fund				
Capital assets, not being depreciated:				
Land	$ 32,428,682	$ 128,310	$ -	$ 32,556,992
Construction in progress	965,811	6,293,584	-	7,259,395
Total capital assets, not being depreciated	33,394,493	6,421,894	-	39,816,387
Capital assets, being depreciated				
Buildings & improvements	195,861,407	700,108	-	196,561,515
Improvements other than buildings	1,595,523	-	-	1,595,523
Major building equipment	9,381,154	-	(41,830)	9,339,324
Parking lot	1,144,558	-	-	1,144,558
Equipment & Furnishings	6,116,254	331,045	(251,901)	6,195,398
Total capital assets, being depreciated	214,098,896	1,031,153	(293,731)	214,836,318
Less accumulated depreciation for:				
Buildings & improvements	(71,071,908)	(6,701,723)	-	(77,773,631)
Improvements other than buildings	(590,609)	(65,514)	-	(656,123)
Major building equipment	(9,381,155)	-	41,830	(9,339,325)
Parking lot	(512,665)	(28,614)	-	(541,279)
Equipment & Furnishings	(4,981,906)	(312,096)	251,901	(5,042,101)
Total accumulated depreciation	(86,538,243)	(7,107,947)	293,731	(93,352,459)
Total capital assets, being depreciated,net	127,560,653	(6,076,794)	-	121,483,859
Total capital assets, net	$ 160,955,146	$ 345,100	$ -	$ 161,300,246

In October 2007, the Authority issued $47,465,000 in tax-exempt debt, $38,535,000 of which is being used to fund renovations to Battelle Hall. In accordance with Financial Accounting Standards Board Statement No. 62, from the date the tax-exempt debt was issued, the Authority capitalizes the net effect of interest expense and related interest revenue on the portion of the tax-exempt debt issued to fund the Battelle Hall renovation project. Interest costs in fiscal years 2009 and 2008 were $1,824,575 and $1,844,842, respectively, of which $1,710,818 and $591,575, respectively, has been capitalized. Interest costs not capitalized are expensed.

5. LONG TERM OBLIGATIONS

A. Bonds outstanding at December 31, 2009 and 2008 are as follows:

	Fiscal Year 2009				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Series 1990	$ 8,710,000	$ -	$(4,355,000)	$ 4,355,000	$ 4,355,000
Series 2002	52,735,000	-	(300,000)	52,435,000	315,000
Series 2005	62,730,000	-	(870,000)	61,860,000	890,000
Series 2007	46,935,000	-	(550,000)	46,385,000	575,000
Total	171,110,000	-	(6,075,000)	165,035,000	6,135,000
Less:					
Accretion	1,033,414	18,988	-	1,052,402	
Unamortized premiums	6,953,241	-	(697,012)	6,256,229	
Unamortized discounts	(1,858,762)	-	533,174	(1,325,588)	
Unamortized deferred costs	(6,693,523)	-	490,976	(6,202,547)	
	(565,630)	18,988	327,138	(219,504)	
Total Debt less amortization	$ 170,544,370	$ 18,988	$(5,747,862)	$ 164,815,496	

	Fiscal Year 2008				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Series 1990	$ 13,065,000	$ -	$(4,355,000)	$ 8,710,000	$ 4,355,000
Series 2002	53,030,000	-	(295,000)	52,735,000	300,000
Series 2005	63,570,000	-	(840,000)	62,730,000	870,000
Series 2007	47,465,000	-	(530,000)	46,935,000	550,000
Total	177,130,000	-	(6,020,000)	171,110,000	6,075,000
Less:					
Accretion	1,005,886	27,528	-	1,033,414	
Unamortized premiums	7,653,736	-	(700,495)	6,953,241	
Unamortized discounts	(2,643,420)	-	784,658	(1,858,762)	
Unamortized deferred costs	(7,142,888)	-	449,365	(6,693,523)	
	(1,126,686)	27,528	533,528	(565,630)	
Total Debt less amortization	$ 176,003,314	$ 27,528	$(5,486,472)	$ 170,544,370	

The fiscal year 2009 and 2008 beginning balances of long-term liabilities have been restated by $544,604, and $581,963, respectively, to reflect the reclassification of unamortized bond issuance costs as a deferred asset rather than an offset to long-term liabilities.

5. LONG TERM OBLIGATIONS – CONTINUED

Series 1990

On June 21, 1990, the Authority issued $98,000,000 in serial, term, and zero coupon tax and lease revenue anticipation bonds for the construction of a new convention center. Those bonds, with a thirty-year term, were issued at an average interest cost of 7.05 to 7.15 percent at maturity.

Series 1997

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 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%.

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, 2009 and 2008, the amount of defeased debt outstanding was $0.

Bond Principal and Interest Payments

Bonds mature on December 1. 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, 2009.

5. LONG TERM OBLIGATIONS – CONTINUED

B. Annual principal and interest requirements to retire the Authority's bonds are as follows:

	Principal	Interest
2010	$ 6,135,000	$ 7,882,369
2011	6,205,000	7,817,194
2012	6,495,000	7,524,269
2013	6,800,000	7,219,125
2014	7,135,000	6,882,500
2015-2019	41,455,000	28,638,528
2020-2024	52,635,000	17,469,575
2025-2027	38,175,000	3,879,500
	$ 165,035,000	$ 87,313,060

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. In that the Bond Indentures grant a first lien on the excise tax and rent revenues, these amounts are restricted for debt service in the Capital Fund.

6. RESTRICTED INVESTMENTS

In accordance with the Authority's Bond Indentures, the project construction fund, debt service reserve fund, and rental reserve fund are special trust funds created to provide for the payment of construction costs related to the Battelle Hall renovation project, as well as bond principal and interest in the event the amount in the debt service fund is insufficient. The Bond Indentures prescribe 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 reported as Restricted investments in the Capital fund, were as follows at December 31:

	2009		2008	
	Reserve Balance	Required Balance	Reserve Balance	Required Balance
Project construction fund	$ 4,754,385	$ 4,754,385	$ 34,678,952	$ 34,678,952
Debt service fund	1,168,171	1,168,171	1,168,472	1,168,472
Debt service reserve fund	14,022,229	14,022,194	14,023,286	14,022,194
Rental reserve fund	7,011,304	7,011,097	7,014,269	7,011,097
Total	$ 26,956,089	$26,955,847	$ 56,884,979	$ 56,880,715

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 deposited arbitrage rebate reserve funds in a escrow account on deposit with the trustee. A final arbitrage calculation report noted no additional payments were due to the IRS and the funds were released for general use in fiscal year 2008.

During 2009 and 2008, 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 debt service and rental reserve balances, the Bond Indenture allows for valuing investments at cost. Thus, the cost value of the investments was used to determine the reserve balance at December 31, 2009 and 2008, 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 Management Agreement was effective through December 31, 2009. The Authority extended the term 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 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 audited annually 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 SMG Receivable/Payable. The $429,241 Payable and $245,426 Receivable owed by/due to the Authority at December 31, 2009 and 2008, respectively, is comprised primarily of the net deficit/excess of revenues under/over expenses from Convention Center operations for the years ended December 31, 1993 through December 31, 2009 and December 31, 2008, respectively. During 2009, the Authority paid $500,000 of the amount owed to SMG. During 2008, $1,450,091 of the receivable due was paid to the Authority.

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.

7. FACILITY OPERATOR AGREEMENT – CONTINUED

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 2009 and 2008, SMG's fees were $520,480 and $455,965, respectively.

In accordance with the terms of the Management Agreement, the Authority is required to provide the operator certain operating funds sufficient to meet operating expenses. At December 31, 2009 and 2008, the Authority has been required to provide $500,000 and $1,116,586, respectively, to the operator to meet operating expenses.

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, 2009.

In 1998, Hyatt, a lessor, acquired a 50% ownership of SMG.

8. VACATION, SICK AND PERSONAL LEAVE

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

Changes in compensated absences balances for the years ended December 31, 2009 and 2008 are as follows:

	Beginning Balance	Earned	Used	Ending Balance
Fiscal Year 2009	$ 173,386	$ 61,999	$ (56,302)	$ 179,083
Fiscal Year 2008	$ 187,503	$ 58,332	$ (72,449)	$ 173,386

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 any 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.

10. OPERATING LEASES - CONTINUED

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 rent 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 $0 and $1,400,866 was owed to the Authority at December 31, 2009 and 2008, respectively. SMG, the Authority's facility operator, also recorded revenues of approximately $816,687 and $891,557 in 2009 and 2008, 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 least 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, 2009 and 2008.

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 contribute to the Authority a sum equal to the amount by which the land acquisition costs exceeded $10,000,000, receiving in return the right to apply the contributed amount to future arena land purchases.

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 the credit for future land purchases to $1,081,134 (based upon calculation requirements provided for in the agreement).

10. OPERATING LEASES – CONTINUED

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 have 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 365th 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. PENSION 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 as described below:

1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost sharing, multi-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

11. PENSION PLAN– CONTINUED

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS (7377).

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009 and 2008, member and employer contribution rates were consistent across all three plans. Members in the state and local divisions may participate in all three plans.

The Authority's 2009 and 2008 member and employer contribution rates were 10% and 14%, respectively, of covered payroll. The Authority's contributions to OPERS for the years ended December 31, 2009, 2008, 2007 and 2006 were $53,549, $50,641, $47,817 and $43,266, respectively. Required contributions are equal to 100% of the dollar amount billed. In addition, the Authority has elected to pay the employee share of OPERS. Employee contributions to OPERS for the years ended December 31, 2009, 2008, 2007 and 2006 were $38,245, $36,177, $32,798 and $28,423, respectively.

12. OTHER POST-EMPLOYMENT BENEFITS

Plan Description **-** 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, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available.

The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS (7377).

12. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contributions are expressed as a percentage of covered payroll of active members. In 2009 and 2008, local employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contribution allocated to the health care plan was 7% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The rates stated above are the contractually required contribution rates for OPERS. The portion of the Authority's 2009 and 2008 contributions that was used to fund post-employment benefits was $22,469 and $25,321.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

13. 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.

14. CONTRACTUAL COMMITMENTS

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

Vendor	Contract	Contract Amount	Amount Outstanding
Turner Construction	Construction Manager	$ 3,168,000	$ 122,351
Karlsberger	Architectural and Engineering	$ 3,488,073	$ 3,430,306
Miles-McClellan Construction	General Conditions	$ 1,501,315	$ 23,097
Valley Interior	Drywall and Ceilings	$ 2,270,643	$ 63,054
Vaughn Industries	Electrical	$ 6,615,727	$ 81,385
Hopewell Contractors	General Trades	$ 3,806,619	$ 56,411
TP Mechanical	Plumbing/HVAC	$ 3,042,447	$ 32,127
Celina Glass	Aluminum Glass Glazing	$ 949,005	$ 22,976
Legacy Flooring	Flooring	$ 805,529	$ 59,316
Kone	Escalator	$ 1,481,276	$ 22,755
Wanner Metalworx	Orbamental Metals	$ 2,735,501	$ 251,828
Central Fire Protection	Fire Protection	$ 420,743	$ 39,115
Kalkreuth Roofing	Roofing	$ 1,233,079	$ 25,350
Concord Fabricators	Steel	$ 2,771,011	$ 94
LVI	Demolition	$ 1,861,194	$ 69,231
Hufcor	Partitions	$ 830,041	$ 51,450
Spectra	Carpet Installation	$ 1,319,210	$ 248,363
Irwin	Telescope Risers	$ 1,498,500	$ 1,498,500
Classico	Chairs	$ 630,500	$ 630,500
HOK	Hotel Design	$ 4,371,900	$ 3,646,125
		$ 44,800,313	$ 10,374,334

15. SUBSEQUENT EVENT

On February 10, 2010, the Authority issued $160 million in Lease Revenue Anticipation Bonds, Series 2010. The Series 2010 bonds are federally taxable Build America Bonds issued for the purpose of providing funds to (i) pay costs of constructing, equipping and furnishing a full-service convention center hotel and auxiliary facilities, (ii) fund a bond reserve fund, (iii) pay capitalized interest through August 31, 2012, and (iv) pay costs incurred in connection with the issuance of the Series 2010 Bonds.

In conjunction with this bond issue, the Authority has agreed to lease the project to the County and the County has agreed to sublease the project back to the Authority. The lease requires the County to pay rent to the Authority equal in amount to the aggregate principal and interest required to be paid on the Series 2010 Bonds. Under the Sublease, the Authority has agreed to make rental payments to the County for the same amount, which are expected to be paid first and foremost from operating income generated by the hotel, then secondarily from hotel/motel excise taxes generated by the hotel. The Authority and the City of Columbus have committed certain other resources in the event operating income and applicable tax income prove to be insufficient.

16. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2009, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, Statement No 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, Statement No. 57 “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”. The implementation of these statements did not result in any changes in the Authority’s financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measurer derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants’ (AICPA) auditing literature into the GASB’s accounting and financial reporting literature for state and local governments. The statement’s guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature.

16. CHANGES IN ACCOUNTING PRINCIPLES - CONTINUED

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy.

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Franklin County Convention Facilities Authority
Franklin County
400 North High Street, 4th Floor
Columbus, OH 43215

To the Board of Directors:

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, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 7, 2010. 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 the 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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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Compliance and Other Matters

As part of reasonably assuring whether the Government’s financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Authority’s management in a separate letter dated April 7, 2010.

We intend this report solely for the information and use of management, the Board of Directors, and the audit committee. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 7, 2010

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 11, 2010

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