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August 23, 2011

Board of Directors
Fort Wayne Public Transportation Corporation
801 Leesburg Road
Fort Wayne, IN 46808-2571

We have reviewed the audit report prepared by BKD, LLP, Independent Public Accountants, for the period January 1, 2010 to December 31, 2010. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Fort Wayne Public Transportation Corporation, as of December 31, 2010 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Accountants' Report and Financial Statements
December 31, 2010 and 2009

BKD LLP
CPAs & Advisors

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
December 31, 2010 and 2009

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Allen County Fort Wayne Capital Improvement Board of Managers
Fort Wayne, Indiana

We have audited the accompanying basic financial statements of Allen County Fort Wayne Capital Improvement Board of Managers (commonly known as the Grand Wayne Center) (Center), a component unit of the City of Fort Wayne, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen County Fort Wayne Capital Improvement Board of Managers as of December 31, 2010 and 2009, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2011, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Center's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BKD, LLP

April 7, 2011

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Management's Discussion and Analysis
(Unaudited)

Introduction

The management's discussion and analysis (MD&A) of the Allen County Fort Wayne Capital Improvement Board of Managers (commonly known as the Grand Wayne Center) (Center) provides a narrative overview and analysis of the Center's financial activities for the year ended December 31, 2010. It should be read in conjunction with the independent accountants' report at the front of this report and the Grand Wayne Center's financial statements, which follow this section.

Financial Highlights

2010 operating expenses decreased by $50,225 for the year and 2010 operating revenue decreased by $43,066. Management worked diligently to reduce labor costs ($31,508) and utility costs ($39,865) during the year. Net nonoperating revenue and contributions increased by $585,374 as a result of additional funding from the City of Fort Wayne through Tax Increment Financing (TIF), which is revenue received as part of the Lease Rental Revenue Bonds issued for the expansion of the Grand Wayne Center.

Overview of the Financial Statements

Balance Sheets/Statements of Revenue, Expenses and Changes in Net Assets

The balance sheet and the statement of revenue, expenses and changes in net assets report information about the Center's activities. The Center records all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenue and expenses regardless of when cash is received or paid. These statements report the Center's net assets and changes in those net assets. This change in net assets is important because it tells the reader if the financial position of the Center has improved or diminished.

Statement of Cash Flows

The statements of cash flows report cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The Center's Net Assets

The net assets of the Center are comprised of two categories:

- *Invested in capital assets, net of related debt* — this reflects the Center's investment in capital assets (*e.g.*, land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Center uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the Center's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Management's Discussion and Analysis
(Unaudited)

- *Unrestricted net assets* — this represents resources that may be used to meet the Center's ongoing obligations to the public and creditors.

Table 1: Balance Sheet

	2010	2009	2008
Assets			
Current assets	$ 8,784,641	$ 9,039,565	$ 9,159,527
Capital assets	53,694,823	53,318,143	53,224,785
Accumulated depreciation	(11,270,527)	(10,097,408)	(8,919,551)
Capital assets, net	42,424,296	43,220,735	44,305,234
Total assets	$ 51,208,937	$ 52,260,300	$ 53,464,761
Liabilities			
Current liabilities	$ 2,279,126	$ 1,670,816	$ 925,794
Long-term liabilities	26,095,397	27,683,452	28,968,784
Total liabilities	28,374,523	29,354,268	29,894,578
Net Assets			
Invested in capital assets, net of related debt	18,443,614	18,025,247	18,476,947
Unrestricted	4,390,800	4,880,785	5,093,236
Total net assets	22,834,414	22,906,032	23,570,183
Total liabilities and net assets	$ 51,208,937	$ 52,260,300	$ 53,464,761

In 2010, current assets included cash, certificates of deposit, accounts receivable and other assets. Cash and certificates of deposits decreased by $124,360 primarily due to capital expenditures. Accounts receivable decreased by $130,736 due to a decrease in the room tax receivable as well as a decrease in the receivable from the Fort Wayne Redevelopment Commission.

The 2010 capital assets, net of depreciation, decreased by $796,439 due principally to depreciation expense of $1,153,026 in 2010.

In 2009, current assets included cash, certificates of deposit and accounts receivable. Cash and certificates of deposits decreased by $203,938 resulting principally from capital and related financing activity during the year. Accounts receivable increased by $83,797 with the majority of the increase coming from the change in the Fort Wayne Redevelopment Commission receivable.

The 2009 capital assets, net of depreciation, decreased by $1,084,499 due principally to depreciation expense of $1,177,857 in 2009.

Table 2: Statement of Revenue, Expenses and Changes in Net Assets

	2010	2009	2008	Percentage Change 2010-2009	Percentage Change 2009-2008
Operating Revenue	$ 1,330,759	$ 1,373,825	$ 1,398,391	(3.1)%	(1.8)%
Nonoperating Revenue	4,983,690	3,881,647	4,226,442	28.4	(8.2)
Total revenue	6,314,449	5,255,472	5,624,833	20.1	(6.6)
Operating Expenses	4,319,672	4,369,897	4,552,466	(1.1)	(4.0)
Nonoperating Expenses	2,066,395	1,549,726	1,849,684	33.3	(16.2)
Total expenses	6,386,067	5,919,623	6,402,150	7.9	(7.56)
Decrease in Net Assets	(71,618)	(664,151)	(777,317)		
Net Assets, Beginning of Year	22,906,032	23,570,183	24,347,500		
Net Assets, End of Year	$ 22,834,414	$ 22,906,032	$ 23,570,183	(.3)	(2.8)

Operating Results

In 2010, operating revenue decreased by 3.1% principally due to reductions of $14,815 in royalties on food and beverage revenue and $32,123 less in other income. Operating expenses decreased by 1.1%, due to decreases in salaries, wages and benefits expense ($31,508), utility costs ($39,865) and advertising and promotions costs ($7,626). Offset by an increase in professional services ($28,907) due to additional legal fees. All other operating costs remained relatively constant during 2010.

In 2009, operating revenue decreased by $24,566 and operating expenses decreased by $182,569, resulting in an improved margin of $158,003. In 2009, operating revenue decreased by 1.8%, principally due to royalties on food and beverage revenue decreasing by $37,590. Operating expenses decreased by 4.0% principally due to a decrease in salaries, wages and benefits expense of $24,971 and a decrease in utility costs of $77,560. There were also decreases in advertising and promotion of $25,898 and professional services of $21,554. All other operating costs remained relatively constant during 2009.

Nonoperating Revenue and Expense

In 2010, nonoperating revenue increased by $1,202,043 or 28.4% due principally from additional funding from the City of Fort Wayne for Lease Revenue Bonds issued in 2003. Nonoperating expenses increased by $516,669 or 33.3% due principally from a $568,602 payment to the City of Fort Wayne related to additional funding levels of the Lease Revenue Bonds associated with the expansion of the Center to maintain certain levels of debt service coverage, offset by a reduction in interest expense associated with the expansion of $51,933.

In 2009, nonoperating revenue decreased by $344,795 (11.3%) from 2008. The primary reason for this change was due to a decrease in Indiana room tax income of $172,915 as a result of decreased occupancy or decreased room rental rates and %116,100 from continued lower interest rates. Nonoperating expenses decreased $299,958 due principally from not making an additional funding level payment to the City of Fort Wayne on the Lease Revenue Bonds to maintain certain levels of debt service coverage, offset by a reduction in interest expense associated with the expansion of $38,161.

Business Highlights

In 2010, the Grand Wayne Center experienced its fifth full year of events with the expansion and renovation of the building being completed. For both 2010 and 2009, the Grand Wayne Center hosted over 400 total events and approximately 200,000 people in the facility.

Capital Assets and Debt

The expansion completed in 2006 has given the Center an additional 123,000 gross square feet of space. This has doubled the size of the convention hall and ballroom and tripled the amount of available meeting rooms. The project was financed with $31,985,000 of tax-exempt bonds that were issued by the Fort Wayne Redevelopment Authority. The expansion project has been overseen by the Fort Wayne Redevelopment Commission. Although a Redevelopment Commission project, the Grand Wayne Center will continue to be operated on a day-to-day basis by the Allen County Fort Wayne Capital Improvement Board of Managers. The notes to the financial statements provide additional information that is essential to a full understanding of the expansion and long-term obligations of the Center.

Economic Factors and Other

On a budgetary basis, the Grand Wayne Center has budgeted operating and nonoperating revenue (net of PSCDA revenue) to be $4,400,000 for 2011 compared to an actual amount of approximately $3,854,000 for 2010. PSCDA funds are transmitted directly to the Redevelopment Commission to fund the bond payments related to the 2003 expansion project, and therefore are not included in the budget calculations. Anticipated increases in room tax collections as well as room rental and royalty revenue account for the increase in projected revenue in 2011.

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Management's Discussion and Analysis
(Unaudited)

Request for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Grand Wayne Center's finances and to show accountability for the funds it receives. Questions concerning any of the information provided in this report or requests additional information should be addressed to the Executive Director, Grand Wayne Center, 120 West Jefferson Blvd., Fort Wayne, Indiana.

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Balance Sheets
December 31, 2010 and 2009

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	$ 1,224,716	$ 562,235
Certificates of deposit	3,397,498	4,184,339
Room tax receivable	338,347	373,765
Royalty receivable	41,410	42,062
Other receivable	62,207	86,347
Other assets	17,693	17,521
Due from Fort Wayne Redevelopment Commission	3,702,770	3,773,296
Total current assets	8,784,641	9,039,565
Land	975,000	975,000
Building and improvements	49,238,690	49,068,795
Furniture, fixtures and equipment	3,481,133	3,274,348
	53,694,823	53,318,143
Less accumulated depreciation	(11,270,527)	(10,097,408)
Total capital assets, net	42,424,296	43,220,735
Total assets	$ 51,208,937	$ 52,260,300
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 170,197	$ 162,944
Capital lease, current portion	1,588,055	1,285,332
Due to Fort Wayne-Allen County Convention and Visitors Bureau	96,671	106,790
Due to Fort Wayne Redevelopment Commission	400,000	88,574
Rental deposits	24,203	27,176
Total current liabilities	2,279,126	1,670,816
Long-Term Liabilities, capital lease payable	26,095,397	27,683,452
Total liabilities	28,374,523	29,354,268
Net Assets		
Invested in capital assets, net of related debt	18,443,614	18,025,247
Unrestricted	4,390,800	4,880,785
Total net assets	22,834,414	22,906,032
Total liabilities and net assets	$ 51,208,937	$ 52,260,300

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Statements of Revenue, Expenses and Changes in Net Assets
Years Ended December 31, 2010 and 2009

	2010	2009
Operating Revenue		
Rental income	$ 837,803	$ 833,931
Royalties	481,987	496,802
Other income	10,969	43,092
Total operating revenue	1,330,759	1,373,825
Operating Expenses		
Salaries and wages	1,355,100	1,390,449
Payroll taxes and employee fringes	447,240	443,399
Total personnel services	1,802,340	1,833,848
Maintenance supplies	84,741	71,627
Office supplies	7,849	10,995
Computer supplies	2,929	4,638
Audio-visual supplies	10,916	16,143
Total supplies	106,435	103,403
Depreciation	1,153,026	1,177,857
Utilities and telephone	619,176	659,041
Advertising and promotion	214,886	222,512
Repairs and maintenance	249,802	221,742
Professional services	89,376	65,293
Professional services – Capital Improvement Board	4,824	—
Insurance	60,999	64,249
Other	18,808	21,952
Total other services and charges	2,410,897	2,432,646
Total operating expenses	4,319,672	4,369,897
Operating Loss	(2,988,913)	(2,996,072)
Nonoperating Revenue (Expense)		
Indiana room tax income	2,462,009	2,368,114
PSCDA and other revenue	138,087	196,224
Transfers		
City of Fort Wayne, CEDIT	435,500	435,500
City of Fort Wayne, light lease	735,000	735,000
City of Fort Wayne, TIF	1,152,020	—
City of Fort Wayne, Grand Wayne Center operation and reserve fund	(568,602)	—
Interest income	61,074	146,809
Interest expense	(1,497,793)	(1,549,726)
Net nonoperating revenue	2,917,295	2,331,921
Change in Net Assets	(71,618)	(664,151)
Net Assets, Beginning of Year	22,906,032	23,570,183
Net Assets, End of Year	$ 22,834,414	$ 22,906,032

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities		
Rental income receipts	$ 858,970	$ 877,120
Royalty income receipts	482,639	498,941
Payments to suppliers	(1,299,648)	(1,355,238)
Payments to employees including benefits	(1,859,745)	(1,828,605)
Other operating receipts	10,797	42,913
Net cash used in operating activities	(1,806,987)	(1,764,869)
Cash Flows From Noncapital Financing Activities		
Indiana room tax receipts	3,482,231	3,284,518
PSCDA and other revenue	138,087	196,224
Other	301,307	(13,991)
Payments to Fort Wayne-Allen County Convention and Visitors Bureau	(984,804)	(947,246)
City of Fort Wayne, Grand Wayne Center Project Operation and Reserve fund	(568,602)	—
Net cash provided by noncapital financing activities	2,368,219	2,519,505
Cash Flows From Capital and Related Financing Activities		
Net activity with Fort Wayne Redevelopment Commission for capital debt	70,526	(102,575)
Interest from capital lease	(1,497,793)	(1,549,726)
Principal paid on capital leases	(1,285,332)	(530,224)
Purchase of capital assets	(356,587)	(93,358)
City of Fort Wayne, light lease, CEDIT, TIF	2,322,520	1,170,500
Net cash used in capital and related financing activities	(746,666)	(1,105,383)
Cash Flows From Investing Activities		
Investment interest income received	61,074	146,809
Net change in certificates of deposit	786,841	634,632
Net cash provided by investing activities	847,915	781,441
Increase in Cash and Cash Equivalents	662,481	430,694
Cash and Cash Equivalents, Beginning of Year	562,235	131,541
Cash and Cash Equivalents, End of Year	$ 1,224,716	$ 562,235
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (2,988,913)	$ (2,996,072)
Depreciation expense	1,153,026	1,177,857
Changes in operating assets and liabilities		
Receivables	24,792	49,620
Other assets	(172)	(179)
Accounts payable and accrued expenses	7,253	8,197
Rental deposits	(2,973)	(4,292)
Net Cash Used in Operating Activities	$ (1,806,987)	$ (1,764,869)

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Notes to Financial Statements
December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Allen County Fort Wayne Capital Improvement Board of Managers (Center) was created and is in existence pursuant to the laws of the state of Indiana. The statutory provisions under which the Center operates and conducts its business specifically state the nature and type of transactions that can be entered into by the Center. As a governmental agency, the Center is exempt from federal and state taxes.

The Center is a component unit of the City of Fort Wayne and is included as such in the City's Comprehensive Annual Financial Report. A seven-member Board governs the Center. The City appoints three members, the County appoints three members, and the appointed members elect the seventh member. The Center operates the convention center and promotes tourism. A hotel room tax helps to fund the Center's operations. The Center's budget is subject to approval by the City and County Council. Any resolutions for the sale of revenue bonds are subject to review by the Mayor. All sales of general obligation bonds are subject to approval by the City Council.

Measurement Focus, Basis of Accounting and Financial Presentation

The financial statements of the Center have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions and derived tax revenue (principally hotel room taxes) are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenue and expenses include exchange transactions and certain program-specific, government-mandated nonexchange transactions.

The Center prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center applies all applicable GASB pronouncements. In addition, the Center follows all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses and changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Certificates of Deposit

Cash and cash equivalents consist of bank deposits in federally insured accounts. The Center considers all liquid investments with an original maturity of three months or less to be cash equivalents. Nonnegotiable certificates of deposit are carried at amortized cost. The Center's deposits with financial institutions at year-end were entirely insured by federal depository insurance or by the Indiana Public Deposits Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

Capital Assets

Capital assets are recorded at cost at the date of acquisition where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are carried at their estimated fair value on the date received. The Center capitalized all capital asset purchases greater than $1,000. Depreciation is computed using the straight-line method and the following estimated useful lives:

Building and improvements	5 – 50 years
Furniture, fixtures and equipment	3 – 15 years

Innkeepers Tax Revenue

The Indiana Innkeepers (Room) Tax is levied on every person engaged in the business of renting or furnishing, for periods of less than thirty days, any lodgings in any hotel, motel, inn, tourist camp, tourist cabin or any other place in which lodgings are regularly furnished. A portion of the room tax received is retained by the Center to be used for daily operations.

Compensated Absences

Center policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expenses and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits because they do not vest with the employees. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Classification of Revenue and Expense

The Center has classified its revenue and expense as either operating or nonoperating revenue according to the following criteria:

Operating revenue – Operating revenue includes activities that have the characteristics of exchange transactions, such as convention center rental income and royalties for food and beverage sales.

Nonoperating revenue – Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as Indiana room taxes, capital contributions (if any) and investment income.

Operating expense – Operating expenses include activities that are related to operation of the Center, such as salaries and wages, depreciation and supplies.

Nonoperating expense – Nonoperating expenses include activities that are not related to the operation of the Center, such as the annual contribution to the Fort Wayne-Allen County Convention and Visitors Bureau.

Note 2: Deposits and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions. All amounts in excess of the FDIC limits (including interest-bearing accounts) are insured by the Indiana Public Deposits Insurance Fund. The Indiana Public Deposits Insurance Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

At December 31, 2010 and 2009, the Center's bank balances were fully insured and were not exposed to custodial credit risk.

Investment Income

Investment income for the years ended December 31, 2010 and 2009, consisted of:

	2010	2009
Interest income	$ 61,074	$ 146,809

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Notes to Financial Statements
December 31, 2010 and 2009

Note 3: Capital Assets

A summary of changes in capital assets for the years ended December 31, 2010 and 2009, is as follows:

	Beginning Balance January 1, 2010	Transfers and Additions	Transfers and Disposals	Ending Balance December 31, 2010
Capital assets, not being depreciated				
Land	$ 975,000	$ —	$ —	$ 975,000
Capital assets, being depreciated				
Building and improvements	49,068,795	169,895	—	49,238,690
Furniture, fixtures and equipment	3,274,348	186,692	20,093	3,481,133
Total capital assets, being depreciated	52,343,143	356,587	20,093	52,719,823
Less accumulated depreciation for				
Building and improvements	(7,248,707)	(1,005,139)	(151,111)	(8,404,957)
Furniture, fixtures and equipment	(2,848,701)	(147,887)	131,018	(2,865,570)
Total accumulated depreciation	(10,097,408)	(1,153,026)	(20,093)	(11,270,527)
Total capital assets, being depreciated, net	42,245,735	(796,439)	—	41,449,296
Capital assets, net	$ 43,220,735	$ (796,439)	$ 0	$ 42,424,296

	Beginning Balance January 1, 2009	Transfers and Additions	Transfers and Disposals	Ending Balance December 31, 2009
Capital assets, not being depreciated				
Land	$ 975,000	$ —	$ —	$ 975,000
Capital assets, being depreciated				
Building and improvements	48,996,757	72,038	—	49,068,795
Furniture, fixtures and equipment	3,253,028	21,320	—	3,274,348
Total capital assets, being depreciated	52,249,785	93,358	—	52,343,143
Less accumulated depreciation for				
Building and improvements	(6,226,501)	(1,022,206)	—	(7,248,707)
Furniture, fixtures and equipment	(2,693,050)	(155,651)	—	(2,848,701)
Total accumulated depreciation	(8,919,551)	(1,177,857)	—	(10,097,408)
Total capital assets, being depreciated, net	43,330,234	(1,084,499)	—	42,245,735
Capital assets, net	$ 44,305,234	$ (1,084,499)	$ 0	$ 43,220,735

Accumulated depreciation includes amortization of property and equipment acquired under capital lease obligations.

Note 4: Long-Term Obligations

On May 1, 2003, the Fort Wayne Redevelopment Authority (Authority) issued Lease Rental Revenue Bonds in the amount of $31,985,000, at fixed rates ranging from 2.5%-5.0%, for the expansion of the Grand Wayne Center (Project). The bonds are secured by the net revenue of the Center and property.

The Authority owns the existing and expanded facilities and leases them back to the Fort Wayne Redevelopment Commission (Commission), who leases them to the Center until the bonds mature on February 1, 2028. Since ownership of the Project assets will ultimately revert to the Center, these assets and corresponding capital lease obligation of the Project have been recorded on the balance sheet of the Center.

The primary lease agreement between the Authority and the Commission is funded by the following revenue sources: Grand Wayne Center primary pledge payments, the City of Fort Wayne's share of the County Economic Development Income Tax (CEDIT), tax increment financing (TIF) revenue and the Professional Sports and Convention Development Area (PSCDA) revenue. TIF and PSCDA revenue sources are based on annual revenue generated through TIF and PSCDA districts, whereas the Grand Wayne Center and City of Fort Wayne CEDIT are pledges. Actual revenue for TIF and PSCDA could change depending on actual results. The Commission may also levy a property tax on all property in the City of Fort Wayne Development district in an amount sufficient to meet its lease obligation. Commitments at December 31, 2010, are as follows:

	Grand Wayne Center	City of Fort Wayne CEDIT	TIF	PSCDA
2011	$ 825,000	$ 435,500	$ 1,434,575	$ 120,000
2012	825,000	435,500	1,434,575	120,000
2013	825,000	435,500	1,434,575	120,000
2014	825,000	435,500	1,434,575	120,000
2015	825,000	435,500	1,434,575	120,000
Thereafter	10,725,000	5,661,500	18,649,475	1,560,000
Totals	$ 14,850,000	$ 7,839,000	$ 25,822,350	$ 2,160,000

The future payments on the Center's capital lease obligation as of December 31, 2010, are as follows:

2011	$ 3,079,300
2012	2,498,050
2013	2,446,800
2014	2,445,300
2015	2,446,050
2016 – 2020	12,223,000
2021 – 2025	11,810,500
2026 – 2028	6,095,451
	43,044,451
Amount representing interest	(15,360,999)
Present value of net minimum lease payments	$ 27,683,452

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Notes to Financial Statements
December 31, 2010 and 2009

Land, property and equipment include the following property under capital leases:

	2010	2009
Land	$ 975,000	$ 975,000
Buildings and improvements	49,238,690	49,068,795
Furniture, fixtures and equipment	3,481,133	3,274,348
	53,694,823	53,318,143
Less accumulated depreciation	(11,270,527)	(10,097,408)
	$ 42,424,296	$ 43,220,735

Changes in Long-Term Obligations

The following is a summary of long-term obligations for the Center for the years ended December 31, 2010 and 2009:

	Balance January 1, 2010	Reductions	Balance December 31, 2010	Current Portion
Capital lease payable	$ 28,968,784	$ (1,285,332)	$ 27,683,452	$ 1,588,055

	Balance January 1, 2009	Reductions	Balance December 31, 2009	Current Portion
Capital lease payable	$ 29,499,008	$ (530,224)	$ 28,968,784	$ 1,285,332

Note 5: Pension Plan

Plan Description

The Center contributes to the Public Employees' Retirement Fund of Indiana (PERF), a defined-benefit pension plan established in accordance with Indiana Statute (IC 5-10.3-2-1). PERF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. All full-time employees of the Center are eligible to participate in the plan. The authority to establish or amend benefit provisions rests with the Indiana General Assembly. However, obligations to contribute to the plan are determined by the Board of Trustees of PERF in accordance with actuarial methods. PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing to Indiana Public Employees' Retirement Fund, One North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 888.526.1687. The following disclosures represent the most current and available information on the plan through the July 1, 2010, actuarial valuation.

Retirement benefits vest after 10 years of service. Normal retirement is defined as the earliest of: (1) age 65 with 10 years of creditable service; (2) age 60 with 15 years of creditable service; or (3) the sum of age and creditable service equal to 85, but not earlier than age 55. A reduced benefit will be received if an employee takes early retirement between ages 50 and 65 and has had 15 or more years of creditable service. Employees may either elect to receive a lump-sum distribution of their annuity savings account balance upon retirement or receive an annuity amount as a monthly supplement to the retirement benefits described above. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statue and county ordinance.

Funding Policy

Employees participating in PERF are required to contribute 3.00% of their annual covered salary to an annuity savings account. The Center has elected to make these contributions on behalf of the members. The Center is required to contribute at an actuarially determined rate. The employer rate is established by state statute. The employer rate for calendar year 2010, was 7.75% of annual covered payroll. The employer contribution requirements are established and may be amended by the PERF Board of Trustees. Accumulated employee contributions and allocated interest income are maintained by PERF in a separate system-wide fund for all members. An employee who leaves employment before qualifying for benefits receives a refund of his or her savings account.

Annual Pension Cost

For calendar year 2010 and 2009, the Center's annual pension costs of $110,297 and $108,752, respectively, was equal to the Center's required and actual contributions.

Actuarial valuations are not available because the Center's pension funding is combined with the City of Fort Wayne as one participating employer. Therefore, the required three-year trend information and schedule of funding progress is not presented.

Note 6: Risk Management

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption: errors and omissions; employee injuries and illnesses, natural disasters and employee health and accident benefits. The Center purchases commercial insurance coverage for claims arising from such matters other than those related to workers' compensation and natural disasters. Certain of these policies allow for deductibles, which range up to $10,000 per occurrence. There were no reductions in insurance coverage during 2010, and settled claims have not exceeded this commercial coverage in any of the past three years.

Note 7: Significant Estimates and Concentrations

Current Economic Conditions

The current protracted economic decline continues to present governments with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in tax and royalty revenue, rental income, interest income, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Center.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly and could negatively impact the Center's ability to meet or maintain sufficient liquidity.

Note 8: Commitment

Commencing in 2011, the Center has committed to pay $250,000 per year for ten years to the City of Fort Wayne Redevelopment Committee for the Harrison Square Project.

Note 9: Subsequent Events

Subsequent events have been evaluated through April 7, 2011, which is the date the financial statements were available to be issued.

Supplementary Information

Allen County Fort Wayne Capital Improvement Board of Managers
(A Component Unit of the City of Fort Wayne)
Schedule of Revenue and Expenses — Budget and Actual Years Ended December 31, 2010 and 2009 (Budgetary Basis) (Unaudited)

	2010		
	Budget as Approved by City and County Councils	Actual (Budgetary Basis)	Variance
Operating Revenue			
Rental income	$ 850,000	$ 837,803	$ (12,197)
Royalties	550,000	481,987	(68,013)
Other income	45,000	10,969	(34,031)
Total operating revenue	1,445,000	1,330,759	(114,241)
Operating Expenses			
Personnel services	1,922,000	1,802,340	119,660
Supplies	114,000	106,435	7,565
Other services and charges (excluding depreciation expense)	1,382,000	1,257,871	124,129
Total operating expenses	3,418,000	3,166,646	251,354
Lease Payments	820,000	820,000	—
Total operating and other budgeted expenses	4,238,000	3,986,646	251,354
Operating Loss	(2,793,000)	(2,655,887)	137,113
Nonoperating Revenue (Expense)			
Indiana room tax income	2,400,000	2,462,009	62,009
Interest income	55,000	57,932	2,932
Nonoperating revenue	2,455,000	2,519,941	64,941
Change in Net Assets (Budgetary Basis)	$ (338,000)	(135,946)	$ 202,054
Reconciliation to Change in Net Assets as reported on Statements of Revenue, Expenses and Changes in Net Assets			
Depreciation expense		(1,153,026)	
Interest expense		(1,497,793)	
Interest income – Fort Wayne Redevelopment Commission		3,142	
Capitalization of lease payments		820,000	
PSCDA and other revenue		138,087	
Net City of Fort Wayne receipts and payments		1,753,918	
Change in Net Assets (GAAP Basis)		$ (71,618)	
Capital Outlay (Budgetary Basis)	$ 400,000	$ 356,587	$ 43,413

2009		
Budget as Approved by City and County Councils	Actual (Budgetary Basis)	Variance
$ 850,000	$ 833,931	$ (16,069)
575,000	496,802	(78,198)
45,000	43,092	(1,908)
1,470,000	1,373,825	(96,175)
1,887,000	1,833,848	53,152
130,000	103,403	26,597
1,530,000	1,254,789	275,21)
3,547,000	3,192,040	(354,960)
815,000	815,000	—
4,362,000	4,007,040	354,960
(2,892,000)	(2,633,215)	258,785
2,600,000	2,368,114	(231,886)
130,000	143,667	13,667
2,730,000	2,511,781	(218,219)
$ (162,000)	(121,434)	$ 40,566
	(1,177,857)	
	(1,549,726)	
	3,142	
	815,000	
	196,224	
	1,170,500	
	$ (664,151)	
$ 100,000	$ 93,358	$ 6,642

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Allen County Fort Wayne Capital Improvement Board of Managers
Fort Wayne, Indiana

We have audited the financial statements of Allen County Fort Wayne Capital Improvement Board of Managers (commonly known as the Grand Wayne Center) (Center), a component of the City of Fort Wayne as of and for the year ended December 31, 2010, and have issued our report thereon dated April 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center'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, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Center's management in a separate letter dated April 7, 2011.

This report is intended solely for the information and use of the Board of Trustees, management and others within the Center and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

April 7, 2011