

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FINANCIAL STATEMENTS  
AUDIT REPORT OF

ALLEN COUNTY FORT WAYNE  
CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
A COMPONENT UNIT OF THE CITY OF FORT WAYNE  
ALLEN COUNTY, INDIANA

December 31, 2014 and 2013



**FILED**  
09/17/2015



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-4
Basic Financial Statements and Accompanying Notes:	
Statement of Net Position.....	6
Statement of Revenues, Expenses and Changes in Net Position .....	7
Statement of Cash Flows .....	8
Notes to Financial Statements.....	9-16
Other Report .....	17

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Carole Copeland	01-01-13 to 12-31-15
Executive Director	Robert Lister Barton Shaw	01-01-13 to 06-30-13 07-01-13 to 12-31-15
Controller	Carolyn Warsco	01-01-13 to 12-31-15
Treasurer	Gilmore Haynie, Jr. (Deceased) (Vacant) Yogesh S. Parikh	01-01-13 to 08-21-14 08-22-14 to 09-17-14 09-18-14 to 12-31-15
President of the Board of Managers	Benjamin Campbell Nancy Jordan	01-01-13 to 03-21-13 03-22-13 to 12-31-15



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS  
BOARD OF MANAGERS, ALLEN COUNTY, INDIANA

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities and each major fund of the Allen County Fort Wayne Capital Improvements Board of Managers (CIB), a component unit of the City of Fort Wayne, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Capital Improvements Board of Managers' basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CIB's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

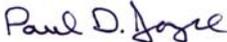
**Opinions**

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 CIB as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows, where applicable, thereof and for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America, requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

  
Paul D. Joyce, CPA  
State Examiner

July 8, 2015

## BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the CIB. The financial statements and notes are presented as intended by the CIB.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 STATEMENT OF NET POSITION  
 December 31, 2014 and 2013

	2014			2013		
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center	Food and Beverage Tax	Totals
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 539,677	\$ 508	\$ 540,185	\$ 450,333	\$ 508	\$ 450,841
Operating investments	3,255,828	-	3,255,828	3,242,765	-	3,242,765
Accounts receivable	77,273	-	77,273	91,135	-	91,135
Room tax receivable	410,035	-	410,035	299,170	-	299,170
Royalties receivable	76,412	-	76,412	80,115	-	80,115
Prepaid items	17,447	-	17,447	22,906	-	22,906
Total current assets	<u>4,376,672</u>	<u>508</u>	<u>4,377,180</u>	<u>4,186,424</u>	<u>508</u>	<u>4,186,932</u>
Noncurrent assets:						
Restricted assets:						
Due from Fort Wayne Redevelopment Commission	4,583,251	-	4,583,251	3,955,352	-	3,955,352
PSCDA reserve cash and cash equivalents	173,896	-	173,896	92,365	-	92,365
Food and beverage tax reserve cash and cash equivalents	-	7,367,821	7,367,821	-	7,543,135	7,543,135
Food and beverage tax receivable	-	3,922,930	3,922,930	-	3,812,052	3,812,052
Total restricted assets	<u>4,757,147</u>	<u>11,290,751</u>	<u>16,047,898</u>	<u>4,047,717</u>	<u>11,355,187</u>	<u>15,402,904</u>
Capital assets:						
Land	975,000	-	975,000	975,000	-	975,000
Other capital assets (net of accumulated depreciation)	37,053,981	-	37,053,981	38,144,598	-	38,144,598
Total capital assets	<u>38,028,981</u>	<u>-</u>	<u>38,028,981</u>	<u>39,119,598</u>	<u>-</u>	<u>39,119,598</u>
Total noncurrent assets	<u>42,786,128</u>	<u>11,290,751</u>	<u>54,076,879</u>	<u>43,167,315</u>	<u>11,355,187</u>	<u>54,522,502</u>
Total assets	<u>47,162,800</u>	<u>11,291,259</u>	<u>58,454,059</u>	<u>47,353,739</u>	<u>11,355,695</u>	<u>58,709,434</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and other accrued expenses	129,377	-	129,377	128,777	-	128,777
Capital leases payable, current portion	1,287,500	-	1,287,500	1,250,000	-	1,250,000
Due to Visit Fort Wayne	117,153	-	117,153	85,477	-	85,477
Rental deposits	36,236	-	36,236	36,783	-	36,783
Total current liabilities	<u>1,570,266</u>	<u>-</u>	<u>1,570,266</u>	<u>1,501,037</u>	<u>-</u>	<u>1,501,037</u>
Noncurrent liabilities:						
Capital leases payable	20,262,500	-	20,262,500	21,550,000	-	21,550,000
Total liabilities	<u>21,832,766</u>	<u>-</u>	<u>21,832,766</u>	<u>23,051,037</u>	<u>-</u>	<u>23,051,037</u>
<b>Net position</b>						
Net investment in capital assets	16,478,981	-	16,478,981	16,319,598	-	16,319,598
Restricted for debt service	4,583,251	-	4,583,251	3,955,352	-	3,955,352
Restricted for PSCDA reserve	173,896	-	173,896	92,365	-	92,365
Restricted for food and beverage tax reserve	-	11,291,259	11,291,259	-	11,355,695	11,355,695
Unrestricted	4,093,906	-	4,093,906	3,935,387	-	3,935,387
Total net position	<u>\$ 25,330,034</u>	<u>\$ 11,291,259</u>	<u>\$ 36,621,293</u>	<u>\$ 24,302,702</u>	<u>\$ 11,355,695</u>	<u>\$ 35,658,397</u>

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

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
As Of And For The Years Ended December 31, 2014 And 2013

	2014			2013		
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center	Food and Beverage Tax	Totals
Operating revenues:						
Rental income	\$ 989,236	\$ -	\$ 989,236	\$ 911,041	\$ -	\$ 911,041
Royalties	547,935	-	547,935	533,666	-	533,666
Supplemental food and beverage tax	-	3,922,930	3,922,930	-	3,812,052	3,812,052
Other	12,892	-	12,892	17,565	-	17,565
<b>Total operating revenues</b>	<b>1,550,063</b>	<b>3,922,930</b>	<b>5,472,993</b>	<b>1,462,272</b>	<b>3,812,052</b>	<b>5,274,324</b>
Operating expenses:						
Salaries and wages	1,475,742	-	1,475,742	1,442,074	-	1,442,074
Employee pensions and benefits	513,497	-	513,497	510,145	-	510,145
Materials and supplies	129,487	-	129,487	84,249	102	84,351
Utilities and telephone	634,126	237	634,363	613,067	235	613,302
Advertising and promotion	228,024	288	228,312	229,926	3,637	233,563
Repairs and maintenance	314,385	-	314,385	266,845	-	266,845
Professional services	108,075	8,897	116,972	249,186	5,675	254,861
Insurance expense	85,503	-	85,503	75,326	-	75,326
Depreciation	1,216,617	-	1,216,617	1,188,287	-	1,188,287
CIB grants	-	-	-	-	326,042	326,042
Miscellaneous expenses	22,390	2	22,392	29,877	-	29,877
<b>Total operating expenses</b>	<b>4,727,846</b>	<b>9,424</b>	<b>4,737,270</b>	<b>4,688,982</b>	<b>335,691</b>	<b>5,024,673</b>
<b>Operating income (loss)</b>	<b>(3,177,783)</b>	<b>3,913,506</b>	<b>735,723</b>	<b>(3,226,710)</b>	<b>3,476,361</b>	<b>249,651</b>
Nonoperating revenues (expenses):						
Interest and investment revenue	17,554	22,058	39,612	15,024	15,388	30,412
Indiana room tax	3,162,617	-	3,162,617	2,998,349	-	2,998,349
PSCDA and other revenue	400,000	-	400,000	225,000	-	225,000
Gain on disposal of assets	-	-	-	19,500	-	19,500
Interest expense	(939,500)	-	(939,500)	(829,000)	-	(829,000)
<b>Total nonoperating revenues (expenses)</b>	<b>2,640,671</b>	<b>22,058</b>	<b>2,662,729</b>	<b>2,428,873</b>	<b>15,388</b>	<b>2,444,261</b>
<b>Income (loss) before transfers</b>	<b>(537,112)</b>	<b>3,935,564</b>	<b>3,398,452</b>	<b>(797,837)</b>	<b>3,491,749</b>	<b>2,693,912</b>
Transfer from						
City of Fort Wayne, TIF	1,434,575	-	1,434,575	1,748,924	-	1,748,924
City of Fort Wayne, PSCDA	-	-	-	175,000	-	175,000
City of Fort Wayne, other	379,869	-	379,869	727,994	-	727,994
Transfer to City of Fort Wayne Redevelopment Commission	(250,000)	(4,000,000)	(4,250,000)	(250,000)	-	(250,000)
<b>Change in net position</b>	<b>1,027,332</b>	<b>(64,436)</b>	<b>962,896</b>	<b>1,604,081</b>	<b>3,491,749</b>	<b>5,095,830</b>
<b>Total net position - beginning</b>	<b>24,302,702</b>	<b>11,355,695</b>	<b>35,658,397</b>	<b>22,698,621</b>	<b>7,863,946</b>	<b>30,562,567</b>
<b>Total net position - ending</b>	<b>\$ 25,330,034</b>	<b>\$ 11,291,259</b>	<b>\$ 36,621,293</b>	<b>\$ 24,302,702</b>	<b>\$ 11,355,695</b>	<b>\$ 35,658,397</b>

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

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF CASH FLOWS  
As Of And For The Years Ended December 31, 2014 And 2013

	2014			2013		
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center	Food and Beverage Tax	Totals
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 1,002,551	\$ -	\$ 1,002,551	\$ 845,134	\$ -	\$ 845,134
Receipts from royalties	551,638	-	551,638	517,800	-	517,800
Payments to suppliers and contractors	(1,515,930)	(9,424)	(1,525,354)	(1,577,074)	(9,649)	(1,586,723)
Payments to employees	(1,989,239)	-	(1,989,239)	(1,952,219)	-	(1,952,219)
Supplemental food and beverage tax receipts	-	3,812,052	3,812,052	-	3,706,889	3,706,889
Payments to grantees	-	-	-	-	(326,042)	(326,042)
Other receipts	12,891	-	12,891	17,565	-	17,565
<b>Net cash provided (used) by operating activities</b>	<b>(1,938,089)</b>	<b>3,802,628</b>	<b>1,864,539</b>	<b>(2,148,794)</b>	<b>3,371,198</b>	<b>1,222,404</b>
<b>Cash flows from noncapital financing activities:</b>						
Indiana room tax receipts	3,051,752	-	3,051,752	4,149,590	-	4,149,590
PSCDA tax receipts	400,000	-	400,000	400,000	-	400,000
Payments to Visit Fort Wayne	31,676	-	31,676	(1,185,597)	-	(1,185,597)
Payments to Fort Wayne Redevelopment Commission	(250,000)	(4,000,000)	(4,250,000)	(425,000)	-	(425,000)
<b>Net cash provided by noncapital financing activities</b>	<b>3,233,428</b>	<b>(4,000,000)</b>	<b>(766,572)</b>	<b>2,938,993</b>	<b>-</b>	<b>2,938,993</b>
<b>Cash flows from capital and related financing activities:</b>						
Net activity with Fort Wayne Redevelopment Commission for capital debt	(627,899)	-	(627,899)	(446,936)	-	(446,936)
Transfers from City of Fort Wayne	1,814,444	-	1,814,444	2,651,918	-	2,651,918
Acquisition and construction of capital assets	(126,000)	-	(126,000)	(132,635)	-	(132,635)
Principal paid on capital debt	(1,250,000)	-	(1,250,000)	(2,202,994)	-	(2,202,994)
Interest paid on capital debt	(939,500)	-	(939,500)	(829,000)	-	(829,000)
<b>Net cash used by capital and related financing activities</b>	<b>(1,128,955)</b>	<b>-</b>	<b>(1,128,955)</b>	<b>(959,647)</b>	<b>-</b>	<b>(959,647)</b>
<b>Cash flows from investing activities:</b>						
Proceeds from sales and maturities of investments	3,243,520	-	3,243,520	1,399,894	-	1,399,894
Purchase of investments	(3,256,583)	-	(3,256,583)	(1,209,412)	-	(1,209,412)
Interest received	17,554	22,058	39,612	15,024	15,388	30,412
<b>Net cash provided (used) by investing activities</b>	<b>4,491</b>	<b>22,058</b>	<b>26,549</b>	<b>205,506</b>	<b>15,388</b>	<b>220,894</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>170,875</b>	<b>(175,314)</b>	<b>(4,439)</b>	<b>36,058</b>	<b>3,386,586</b>	<b>3,422,644</b>
<b>Cash and cash equivalents, January 1</b>	<b>542,698</b>	<b>7,543,643</b>	<b>8,086,341</b>	<b>506,640</b>	<b>4,157,057</b>	<b>4,663,697</b>
<b>Cash and cash equivalents, December 31</b>	<b>\$ 713,573</b>	<b>\$ 7,368,329</b>	<b>\$ 8,081,902</b>	<b>\$ 542,698</b>	<b>\$ 7,543,643</b>	<b>\$ 8,086,341</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (3,177,783)	\$ 3,913,506	\$ 735,723	\$ (3,226,710)	\$ 3,476,361	\$ 249,651
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>						
Depreciation expense	1,216,617	-	1,216,617	1,188,287	-	1,188,287
(Increase) decrease in assets:						
Accounts receivable	13,862	-	13,862	(66,839)	-	(66,839)
Royalties receivable	3,703	-	3,703	(15,866)	-	(15,866)
Prepaid items	5,459	-	5,459	621	-	621
Food and beverage tax receivable	-	(110,878)	(110,878)	-	(105,163)	(105,163)
Increase (decrease) in liabilities:						
Accounts payable and other accrued expenses	600	-	600	(29,219)	-	(29,219)
Rental deposits payable	(547)	-	(547)	932	-	932
<b>Total adjustments</b>	<b>1,239,694</b>	<b>(110,878)</b>	<b>1,128,816</b>	<b>1,077,916</b>	<b>(105,163)</b>	<b>972,753</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (1,938,089)</b>	<b>\$ 3,802,628</b>	<b>\$ 1,864,539</b>	<b>\$ (2,148,794)</b>	<b>\$ 3,371,198</b>	<b>\$ 1,222,404</b>

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

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Allen County Fort Wayne Capital Improvements Board of Managers (CIB) was created and is in existence pursuant to the laws of the State of Indiana. The statutory provisions under which the CIB operates and conducts its business specifically state the nature and type of transactions that can be entered into by the CIB. The CIB operates the Grand Wayne Center convention facility. It is also authorized to enter into capital improvement projects funded by supplemental food and beverage tax revenues.

The CIB 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 CIB. The City and County each appoint three members, and the appointed members elect the seventh member. The CIB's budget is subject to approval by the City and County Councils. Any resolutions for the sale of revenue bonds are subject to review by the Mayor. All sales of general obligation bonds are subject to the approval by the City Council.

The accompanying financial statements present the activities of the CIB. There are no significant component units which require inclusion.

B. Fund Financial Statements

The CIB's financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The CIB relies to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the CIB are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. The CIB financial statements include the following major enterprise funds: Grand Wayne Center (GWC) and Food and Beverage Tax (FBT).

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

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The CIB's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the CIB to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Restricted Asset/Net Position

Certain assets are classified as restricted assets on the Statement of Net Position because their use is limited by enabling legislation.

As of December 31, 2014, the financial statements report \$4,757,147 and \$11,291,259 for the GWC and FBT funds, respectively, of restricted net position, all of which is restricted by enabling legislation.

As of December 31, 2013, the financial statements report \$4,047,717 and \$11,355,695 for the GWC and FBT funds, respectively, of restricted net position, all of which is restricted by enabling legislation.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Other Capital Assets:			
Buildings and improvements	\$ 1,000	Straight-line	5 to 50 years
Furniture, fixtures and equipment	1,000	Straight-line	3 to 15 years

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

5. Compensated Absences

- a. Paid Time Off (PTO) - CIB employees earn PTO at the rate of 10 days per year. Unused PTO may be accumulated to a maximum of 90 days. Accumulated PTO is not paid to employees.
- b. Vacation Leave - CIB employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Employees may elect to carry up to 5 vacation days to the next year or to be reimbursed for unused vacation at the end of the year.

Vacation leave is accrued when incurred.

6. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

E. Innkeepers Tax and Supplemental Food and Beverage Tax Revenues

1. Innkeepers Tax Revenue

The Indiana Innkeepers (Room) Tax is levied on every person engaged in the business of renting lodgings for periods of less than 30 days. The County distributes a portion of this tax revenue to the CIB to be used for daily operations of the Grand Wayne Center.

2. Supplemental Food and Beverage Tax Revenue

Allen County levies a one percent Supplemental Food and Beverage Tax on all food and beverage sales in the county. Tax collections are used initially to fund annual debt service requirements on debt obligations for the Allen County War Memorial Coliseum entered into prior to January 1, 2009. Any tax collections in excess of these debt service requirements are distributed to the CIB by February 1 of the following year. After holding the funds for at least twelve months, the CIB may use them to undertake capital improvement projects throughout the county.

II. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The CIB does not have a deposit policy for custodial credit risk.

At December 31, 2014 and 2013, the CIB had deposit balances in the amount of \$11,337,730 and \$11,329,106, respectively.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Capital Assets

Capital asset activity for the years ended December 31, 2014 and 2013 was as follows:

Grand Wayne Center	Beginning Balance	Additions	Reductions	Ending Balance
<u>2014</u>				
Capital assets, not being depreciated:				
Land	\$ 975,000	\$ -	\$ -	\$ 975,000
Buildings and improvements	49,272,746	45,610	-	49,318,356
Furniture, fixtures and equipment	3,549,272	80,390	-	3,629,662
Totals	<u>52,822,018</u>	<u>126,000</u>	<u>-</u>	<u>52,948,018</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,502,494)	(1,084,244)	-	(12,586,738)
Furniture, fixtures and equipment	(3,174,926)	(132,373)	-	(3,307,299)
Totals	<u>(14,677,420)</u>	<u>(1,216,617)</u>	<u>-</u>	<u>(15,894,037)</u>
Total capital assets, being depreciated, net	<u>38,144,598</u>	<u>(1,090,617)</u>	<u>-</u>	<u>37,053,981</u>
Total capital assets, net	<u>\$ 39,119,598</u>	<u>\$ (1,090,617)</u>	<u>\$ -</u>	<u>\$ 38,028,981</u>
<u>Grand Wayne Center</u>				
<u>2013</u>				
Capital assets, not being depreciated:				
Land	\$ 975,000	\$ -	\$ -	\$ 975,000
Capital assets, being depreciated:				
Buildings and improvements	49,253,836	18,910	-	49,272,746
Furniture, fixtures and equipment	3,481,058	133,225	65,011	3,549,272
Totals	<u>52,734,894</u>	<u>152,135</u>	<u>65,011</u>	<u>52,822,018</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,475,422)	(1,027,072)	-	(11,502,494)
Furniture, fixtures and equipment	(3,078,722)	(161,215)	(65,011)	(3,174,926)
Totals	<u>(13,554,144)</u>	<u>(1,188,287)</u>	<u>(65,011)</u>	<u>(14,677,420)</u>
Total capital assets, being depreciated, net	<u>39,180,750</u>	<u>(1,036,152)</u>	<u>-</u>	<u>38,144,598</u>
Total capital assets, net	<u>\$ 40,155,750</u>	<u>\$ (1,036,152)</u>	<u>\$ -</u>	<u>\$ 39,119,598</u>

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Depreciation expense was charged to functions/programs of the CIB as follows:

	2014	2013
Grand Wayne Center	\$ 1,216,617	\$ 1,188,287

C. Capital Lease

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 percent to 5.0 percent, for the expansion of the Grand Wayne Center (Project). On May 22, 2012, the Authority refinanced the remaining balance of the 2003 bonds by issuing Lease Rental Revenue Refunding bonds in the amount of \$25,135,000, at fixed rates ranging from 3.0 percent to 5.0 percent. 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 CIB until the bonds mature on February 1, 2028. Since ownership of the Project assets will ultimately revert to the CIB, these assets and the corresponding capital lease obligation have been recorded on the Statement of Net Position of the CIB (GWC fund).

The primary lease agreement between the Authority and the Commission is funded by the following revenue sources: Grand Wayne Center primary pledge payments, a portion of the City of Fort Wayne's share of the County Economic Development Income Tax (CEDIT), tax increment financing (TIF) revenue, and 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 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, 2014, are as follows:

	Grand Wayne Center	City of Fort Wayne CEDIT	TIF	PSCDA
2015	\$ 825,000	\$ 435,000	\$ 1,434,575	\$ 175,000
2016	825,000	435,000	1,434,575	175,000
2017	825,000	435,000	1,434,575	175,000
2018	825,000	435,000	1,434,575	175,000
2019	825,000	435,000	1,434,575	175,000
2020-2024	4,125,000	2,175,000	7,172,875	875,000
2025-2028	3,300,000	1,740,000	5,738,300	700,000
Total	\$ 11,550,000	\$ 6,090,000	\$ 20,084,050	\$ 2,450,000

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The future payments on the CIB's lease obligation as of December 31, 2014, are as follows:

	Grand Wayne Center
2015	\$ 2,189,500
2016	2,187,000
2017	2,189,000
2018	2,191,000
2019	2,190,500
2020-2024	10,596,500
2025-2028	7,178,000
Total minimum lease payments	28,721,500
Less amount representing interest	7,171,500
Present value of net minimum lease payments	\$ 21,550,000

Assets acquired through capital leases still in effect are as follows:

	Grand Wayne Center
Land	\$ 975,000
Buildings and improvements	49,318,356
Furniture, fixtures and equipment	3,629,662
Totals	53,923,018
Accumulated depreciation	(15,894,037)
Totals	\$ 38,028,981

D. Changes in Long-Term Liabilities

Long-term liability activity for the years ended December 31, 2014 and 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>2014</u>					
Capital lease payable	\$ 22,800,000	\$ -	\$ 1,250,000	\$ 21,550,000	\$ 1,287,500
<u>2013</u>					
Capital lease payable	\$ 25,002,994	\$ -	\$ 2,202,994	\$ 22,800,000	\$ 1,250,000

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

	2014			2013		
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center	Food and Beverage Tax	Totals
Due from Fort Wayne Redevelopment Commission	\$ 4,583,251	\$ -	\$ 4,583,251	\$ 3,955,352	\$ -	\$ 3,955,352
PSCDA reserve cash and cash equivalents	173,896	-	173,896	92,365	-	92,365
Food and beverage tax reserve cash and cash equivalents	-	7,367,821	7,367,821	-	7,543,135	7,543,135
Food and beverage tax receivable	-	3,922,930	3,922,930	-	3,812,052	3,812,052
Total restricted assets	<u>\$ 4,757,147</u>	<u>\$ 11,290,751</u>	<u>\$ 16,047,898</u>	<u>\$ 4,047,717</u>	<u>\$ 11,355,187</u>	<u>\$ 15,402,904</u>

F. Transfers to and from the City of Fort Wayne

The CIB typically uses transfers to and from the City of Fort Wayne to fund ongoing debt service subsidies that the City of Fort Wayne agreed to fund for renovation and expansion of the Grand Wayne Center.

III. Other Information

A. Risk Management

The CIB is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Pension Plan

Public Employees' Retirement Fund

Plan Description

The CIB contributes to the Indiana Public Employees' Retirement Fund (PERF), a cost sharing, multiple-employer defined benefit plan administered by The Indiana Public Retirement System (INPRS). PERF was established to provide retirement, disability, and survivor benefits to plan members and beneficiaries. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system and give the CIB, through the City of Fort Wayne, authority to contribute to the plan. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for INPRS. That report may be obtained by writing to Indiana Public Retirement System, Suite 001, Harrison Building, 1 North Capitol Ave., Indianapolis, IN 46204 or by calling 1-888-526-1687 or the report may be viewed on line at [www.in.gov/inprs](http://www.in.gov/inprs).

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy

Plan members are required to contribute 3 percent of their annual covered salary and the CIB is required to contribute at an actuarially determined rate. The current rate is 11.2 percent of annual covered payroll. The contribution requirements of plan members and the CIB are established and may be amended by the INPRS Board of Trustees. The CIB's contributions to PERF for the years ending December 31, 2014 and 2013, were \$147,262, and \$139,410, respectively, equal to the required contribution for each year.

The CIB's pension funding is combined with the City of Fort Wayne as one participating employer.

C. Subsequent Event

In March of 2015, the CIB paid \$2,500,000 to the City of Fort Wayne Redevelopment Commission to assist in implementing an Economic Development Agreement with BAE Systems Controls, Inc.

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the Capital Improvements Board. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.