

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

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, 2011 and 2010



FILED
09/24/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Carole Copeland	01-01-10 to 12-31-12
Executive Director	Robert Lister	01-01-10 to 12-31-12
Chief Financial Officer	Carolyn Warsco	01-01-10 to 12-31-12
Treasurer	Gilmore Haynie, Jr.	01-01-10 to 12-31-12
Controller	Yogesh Parikh	01-01-10 to 12-31-12
President of the Board of Managers	Benjamin Campbell	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements 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 year ended December 31, 2011. We did not audit the financial statements of CIB as of and for the year ended December 31, 2010. Other auditors whose report thereon has been furnished to us audited those financial statements. These statements collectively comprise the CIB's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the CIB's management. Our responsibility is to express opinions on these financial statements based on our audit. Our opinion, insofar as it relates to the financial statements of CIB as of and for the year ended December 31, 2010, is based solely upon the reports of the other auditors.

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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the respective financial statements referred to above present fairly, in all material respects, the financial position of the CIB as of December 31, 2011 and 2010, and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The CIB has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

May 3, 2012

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF NET ASSETS
December 31, 2011 and 2010

	2011			2010
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 1,402,845	\$ -	\$ 1,402,845	\$ 1,224,716
Investments	3,022,568	-	3,022,568	3,397,498
Accounts receivable	54,764	-	54,764	62,207
Room tax receivable	364,708	-	364,708	338,347
Royalties receivable	50,526	-	50,526	41,410
Prepaid items	17,979	-	17,979	17,693
Due from Fort Wayne Redevelopment Commission	2,315,811	-	2,315,811	3,702,770
Total current assets	<u>7,229,201</u>	<u>-</u>	<u>7,229,201</u>	<u>8,784,641</u>
Noncurrent assets:				
Restricted assets:				
Food and beverage tax reserve cash and cash equivalents	-	3,084,054	3,084,054	-
Food and beverage tax receivable	-	1,102,700	1,102,700	-
Total restricted assets	<u>-</u>	<u>4,186,754</u>	<u>4,186,754</u>	<u>-</u>
Capital assets:				
Land	975,000	-	975,000	975,000
Other capital assets (net of accumulated depreciation)	40,346,310	-	40,346,310	41,449,296
Total capital assets	<u>41,321,310</u>	<u>-</u>	<u>41,321,310</u>	<u>42,424,296</u>
Total noncurrent assets	<u>41,321,310</u>	<u>4,186,754</u>	<u>45,508,064</u>	<u>42,424,296</u>
Total assets	<u>48,550,511</u>	<u>4,186,754</u>	<u>52,737,265</u>	<u>51,208,937</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and other accrued expenses	108,312	-	108,312	170,197
Capital lease payable, current portion	1,092,403	-	1,092,403	1,588,055
Due to Visit Fort Wayne	104,202	-	104,202	96,671
Due to Fort Wayne Redevelopment Commission	350,000	-	350,000	400,000
Rental deposits	22,813	-	22,813	24,203
Total current liabilities	<u>1,677,730</u>	<u>-</u>	<u>1,677,730</u>	<u>2,279,126</u>
Noncurrent liabilities:				
Capital lease payable	25,002,994	-	25,002,994	26,095,397
Total liabilities	<u>26,680,724</u>	<u>-</u>	<u>26,680,724</u>	<u>28,374,523</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	17,541,724	-	17,541,724	18,443,614
Restricted for food and beverage tax reserve	-	4,186,754	4,186,754	-
Unrestricted	4,328,063	-	4,328,063	4,390,800
Total net assets	<u>\$ 21,869,787</u>	<u>\$ 4,186,754</u>	<u>\$ 26,056,541</u>	<u>\$ 22,834,414</u>

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

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Years Ended December 31, 2011 And 2010

	2011			2010
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center
Operating revenues:				
Rental income	\$ 877,416	\$ -	\$ 877,416	\$ 837,803
Royalties	436,041	-	436,041	481,987
Supplemental food and beverage tax	-	4,176,993	4,176,993	-
Other	4,244	-	4,244	10,969
	1,317,701	4,176,993	5,494,694	1,330,759
Total operating revenues				
Operating expenses:				
Salaries and wages	1,419,627	-	1,419,627	1,355,100
Employee pensions and benefits	514,602	-	514,602	447,240
Materials and supplies	79,937	-	79,937	106,435
Utilities and telephone	593,300	-	593,300	619,176
Advertising and promotion	246,369	-	246,369	214,886
Repairs and maintenance	255,642	-	255,642	249,802
Professional services	164,256	-	164,256	94,200
Insurance expense	59,018	-	59,018	60,999
Depreciation	1,224,102	-	1,224,102	1,153,026
Miscellaneous expenses	17,796	-	17,796	18,808
	4,574,649	-	4,574,649	4,319,672
Total operating expenses				
Operating income (loss)	(3,256,948)	4,176,993	920,045	(2,988,913)
Nonoperating revenues (expenses):				
Interest and investment revenue	26,908	9,761	36,669	61,074
Indiana room tax	2,689,489	-	2,689,489	2,462,009
PSCDA and other revenue	450,000	-	450,000	138,087
Interest expense	(1,421,320)	-	(1,421,320)	(1,497,793)
	1,745,077	9,761	1,754,838	1,163,377
Total nonoperating revenues (expenses)				
Income (loss) before transfers	(1,511,871)	4,186,754	2,674,883	(1,825,536)
Transfer from:				
City of Fort Wayne, CEDIT	-	-	-	435,500
City of Fort Wayne, light lease	-	-	-	735,000
City of Fort Wayne, TIF	-	-	-	1,152,020
City of Fort Wayne, Redevelopment Authority	797,244	-	797,244	-
Transfer to City of Fort Wayne Redevelopment Commission	(250,000)	-	(250,000)	(568,602)
	(964,627)	4,186,754	3,222,127	(71,618)
Change in net assets				
Total net assets - beginning	22,834,414	-	22,834,414	22,906,032
Total net assets - ending	\$ 21,869,787	\$ 4,186,754	\$ 26,056,541	\$ 22,834,414

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

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF CASH FLOWS
As Of And For The Years Ended December 31, 2011 And 2010

	2011			2010
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center
Cash flows from operating activities:				
Receipts from customers and users	\$ 883,469	\$ -	\$ 883,469	\$ 858,970
Receipts from royalties	426,925	-	426,925	482,639
Payments to suppliers and contractors	(1,478,489)	-	(1,478,489)	(1,299,648)
Payments to employees	(1,934,229)	-	(1,934,229)	(1,859,745)
Supplemental food and beverage tax receipts	-	3,074,293	3,074,293	-
Other receipts	4,244	-	4,244	10,797
Net cash provided (used) by operating activities	(2,098,080)	3,074,293	976,213	(1,806,987)
Cash flows from noncapital financing activities:				
Indiana room tax receipts	3,738,928	-	3,738,928	3,482,231
PSCDA tax receipts	400,000	-	400,000	138,087
Payments to Visit Fort Wayne	(1,068,269)	-	(1,068,269)	(984,804)
Payments to Fort Wayne Redevelopment Commission	(250,000)	-	(250,000)	(568,602)
Other	-	-	-	301,307
Net cash provided by noncapital financing activities	2,820,659	-	2,820,659	2,368,219
Cash flows from capital and related financing activities:				
Net activity with Fort Wayne Redevelopment Commission for capital debt	1,386,959	-	1,386,959	70,526
Transfers from City of Fort Wayne	797,244	-	797,244	2,322,520
Acquisition and construction of capital assets	(121,116)	-	(121,116)	(356,587)
Principal paid on capital debt	(1,588,055)	-	(1,588,055)	(1,285,332)
Interest paid on capital debt	(1,421,320)	-	(1,421,320)	(1,497,793)
Net cash used by capital and related financing activities	(946,288)	-	(946,288)	(746,666)
Cash flows from investing activities:				
Sale of investments	3,397,498	-	3,397,498	4,184,339
Purchase of investments	(3,022,568)	-	(3,022,568)	(3,397,498)
Interest received	26,908	9,761	36,669	61,074
Net cash provided by investing activities	401,838	9,761	411,599	847,915
Net increase (decrease) in cash and cash equivalents	178,129	3,084,054	3,262,183	662,481
Cash and cash equivalents, January 1	1,224,716	-	-	562,235
Cash and cash equivalents, December 31	\$ 1,402,845	\$ 3,084,054	\$ 3,262,183	\$ 1,224,716
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (3,256,948)	\$ 4,176,993	\$ 920,045	\$ (2,988,913)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,224,102	-	1,224,102	1,153,026
(Increase) decrease in assets:				
Accounts receivable	7,443	-	7,443	24,140
Royalties receivable	(9,116)	-	(9,116)	652
Prepaid items	(286)	-	(286)	(172)
Food and beverage tax receivable		(1,102,700)	(1,102,700)	-
Increase (decrease) in liabilities:				
Accounts payable and other accrued expenses	(61,885)	-	(61,885)	7,253
Rental deposits payable	(1,390)	-	(1,390)	(2,973)
Total adjustments	1,158,868	(1,102,700)	56,168	1,181,926
Net cash provided (used) by operating activities	\$ (2,098,080)	\$ 3,074,293	\$ 976,213	\$ (1,806,987)

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

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 Assets; Statement of Revenues, Expenses, and Other Changes in Fund Net Assets; 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The CIB has elected not to follow subsequent private-sector guidance.

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.

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 Assets 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 Assets

Certain assets are classified as restricted assets on the statement of net assets because their use is limited by enabling legislation.

The financial statements report \$4,186,754 of restricted net assets, 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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

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.

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

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 assets.

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 1 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, 2011, the CIB had deposit balances in the amount of \$7,509,467.

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.

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

B. Capital Assets

Capital asset activity for the years ended December 31, 2011 and 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>2011</u>				
Capital assets, not being depreciated:				
Land	\$ 975,000	\$ -	\$ -	\$ 975,000
Capital assets, being depreciated:				
Buildings and improvements	49,238,690	15,146	-	49,253,836
Furniture, fixtures and equipment	3,481,133	105,970	153,700	3,433,403
Totals	<u>52,719,823</u>	<u>121,116</u>	<u>153,700</u>	<u>52,687,239</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,404,957)	(1,025,547)	-	(9,430,504)
Furniture, fixtures and equipment	(2,865,570)	(198,555)	(153,700)	(2,910,425)
Totals	<u>(11,270,527)</u>	<u>(1,224,102)</u>	<u>(153,700)</u>	<u>(12,340,929)</u>
Total capital assets, being depreciated, net	<u>41,449,296</u>	<u>(1,102,986)</u>	<u>-</u>	<u>40,346,310</u>
Total capital assets, net	<u>\$ 42,424,296</u>	<u>\$ (1,102,986)</u>	<u>\$ -</u>	<u>\$ 41,321,310</u>
<u>2010</u>				
Capital assets, not being depreciated:				
Land	\$ 975,000	\$ -	\$ -	\$ 975,000
Capital assets, being depreciated:				
Buildings and improvements	49,068,795	169,895	-	49,238,690
Furniture, fixtures and equipment	3,274,348	186,692	(20,093)	3,481,133
Totals	<u>52,343,143</u>	<u>356,587</u>	<u>(20,093)</u>	<u>52,719,823</u>
Less accumulated depreciation for:				
Buildings 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)
Totals	<u>(10,097,408)</u>	<u>(1,153,026)</u>	<u>20,093</u>	<u>(11,270,527)</u>
Total capital assets, being depreciated, net	<u>42,245,735</u>	<u>(796,439)</u>	<u>-</u>	<u>41,449,296</u>
Total capital assets, net	<u>\$ 43,220,735</u>	<u>\$ (796,439)</u>	<u>\$ -</u>	<u>\$ 42,424,296</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:

	2011	2010
Grand Wayne Center	\$ 1,224,102	\$ 1,153,026

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). 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 assets of the CIB.

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, 2011 are as follows:

	Grand Wayne Center	City of Fort Wayne CEDIT	TIF	PSCDA
2012	\$ 825,000	\$ 435,000	\$ 1,434,575	\$ 120,000
2013	825,000	435,000	1,434,575	120,000
2014	825,000	435,000	1,434,575	120,000
2015	825,000	435,000	1,434,575	120,000
2016	825,000	435,000	1,434,575	120,000
2017-2021	4,125,000	2,175,000	7,172,875	600,000
2022-2026	4,125,000	2,175,000	7,172,875	600,000
2027-2028	1,650,000	870,000	2,869,150	240,000
Totals	\$ 14,025,000	\$ 7,395,000	\$ 24,387,775	\$ 2,040,000

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, 2011, are as follows:

	Grand Wayne Center
2012	\$ 2,498,050
2013	2,446,800
2014	2,445,300
2015	2,446,050
2016	2,443,800
2017-2021	12,222,250
2022-2026	11,671,750
2027-2028	3,791,151
Total minimum lease payments	39,965,151
Less amount representing interest	13,869,754
Present value of net minimum lease payments	\$ 26,095,397

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

	Grand Wayne Center
Land	\$ 975,000
Buildings and improvements	49,253,836
Furniture, fixtures and equipment	3,433,403
Total	53,662,239
Accumulated depreciation	(12,340,929)
Total	\$ 41,321,310

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

D. Changes in Long-Term Liabilities

Long-term liability activity for the years ended December 31, 2011 and 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>2011</u>					
Capital lease payable	\$ 27,683,452	\$ -	\$ 1,588,055	\$ 26,095,397	\$ 1,092,403
<u>2010</u>					
Capital lease payable	\$ 28,968,784	\$ -	\$ 1,285,332	\$ 27,683,452	\$ 1,588,055

E. Restricted Assets

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

	<u>2011</u>
Food and beverage tax reserve cash and cash equivalents	\$ 3,084,054
Food and beverage tax receivable	<u>1,102,700</u>
Total restricted assets	<u>\$ 4,186,754</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.

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

B. Pension Plan

Public Employees' Retirement Fund

Plan Description

The CIB contributes to the Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. 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 City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

PERF members are required to contribute 3 percent of their annual covered salary. The CIB is required to contribute at an actuarially determined rate; the current rate is 8.5 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 pension funding is combined with the City of Fort Wayne as one participating employer. The net pension obligation is considered a liability to the City and is shown on the City's financial statement.

Annual Pension Cost

For calendar year 2011 and 2010, the CIB's annual pension cost of \$125,247 and \$110,297, respectively, for PERF was equal to the CIB's required and actual contributions.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
EXIT CONFERENCE

The contents of this report were discussed on May 3, 2012, with Gilmore Haynie, Jr., Treasurer; Robert Lister, Executive Director; and Carole Copeland, Business Manager. Our audit disclosed no material items that warrant comment at this time.