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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 8, 2013

Mr. Robert Whitt, Executive Director
Indiana White River State Park Development Commission
801 W. Washington Street
Indianapolis, IN 46204

Dear Mr. Whitt:

We have received the audit report prepared by Katz, Sapper & Miller, LLP, Certified Public Accountants, for the period July 1, 2011 to June 30, 2012. Per the auditors' opinion, the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial statements included in the report present fairly, in all material respects, the financial position of the Indiana White River State Park Development Commission at June 30, 2012, and the changes in its net assets and its cash flows for the year 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 public record.

STATE BOARD OF ACCOUNTS



WHITE RIVER STATE PARK
MORE TO DO THAN YOU EVER KNEW™

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
WITH SUPPLEMENTARY AND OTHER INFORMATION

June 30, 2012 and 2011

**INDIANA WHITE RIVER STATE PARK
DEVELOPMENT COMMISSION
(a component unit of the State of Indiana)**

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Independent Auditors' Report

To the Commissioners
Indiana White River State Park Development Commission

We have audited the accompanying statements of net assets of Indiana White River State Park Development Commission (Commission), a component unit of the State of Indiana, as of June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 Indiana White River State Park Development Commission at June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2012, presented on pages 24 and 25, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 7 as well as the retirement plan schedule of funding progress and employer contributions on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements of Indiana White River State Park Development Commission as a whole. The supplementary schedules of operating expenses and IMAX operations on pages 22 and 23, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Katz, Sappan & Miller, LLP

Indianapolis, Indiana
October 17, 2012

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012 and 2011

As management of Indiana White River State Park Development Commission (Commission), we offer readers of the Commission's basic financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal years ended June 30, 2012 and 2011.

FINANCIAL HIGHLIGHTS

- ♦ The Commission's assets exceeded its liabilities at the close of the most recent fiscal year by \$110 million (net assets). Of this amount, \$3.4 million (unrestricted net assets) may be used to meet any of the Commission's ongoing obligations. \$459 thousand is restricted for major repairs to the NCAA and NFSHSA buildings, \$217 thousand is restricted for IMAX scholarships and \$270 thousand is restricted for various other improvement projects.
- ♦ The Commission's current assets decreased by \$78 thousand and total liabilities decreased \$161 thousand during the current fiscal year. Cash and equivalents decreased \$24 thousand.
- ♦ The Commission's total net assets decreased by \$834 thousand during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The Commission is a component unit of the State of Indiana and is maintained as an enterprise fund. Enterprise funds are used to report activities for which a fee is charged to external users for goods or services. An enterprise fund is accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting. The Commission's basic financial statements include statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and the notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves. All information included in this analysis is presented for the three most recent fiscal years to provide the opportunity for comparison between the years.

The *statements of net assets* present information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *statements of revenues, expenses and changes in net assets* present information on how the Commission's net assets changed during each year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In contrast, the *statements of cash flows* are concerned solely with flows of cash and cash equivalents. Transactions are recorded when cash is received or exchanged, without concern of when the underlying event causing the transactions occurred.

These financial statements can be found on pages 8 - 10 of this report.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11-20 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

In addition to the basic financial statements, this report also presents schedules of operating expenses on page 21 and schedules of IMAX operations on page 22. These supplementary schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$110 million at the close of the most recent fiscal year.

Indiana White River State Park Development Commission's Net Assets (In Thousands of Dollars)

	2012	June 30, 2011	2010
Current and other assets	\$ 4,572	\$ 4,600	\$ 4,936
Capital assets	<u>105,589</u>	<u>106,557</u>	<u>107,534</u>
Total Assets	<u>110,161</u>	<u>111,157</u>	<u>112,470</u>
Current liabilities	<u>190</u>	<u>352</u>	<u>525</u>
Total Liabilities	<u>190</u>	<u>352</u>	<u>525</u>
Net Assets:			
Invested in capital assets, net of related debt	105,589	106,557	107,534
Restricted	947	988	1,075
Unrestricted	<u>3,435</u>	<u>3,260</u>	<u>3,336</u>
Total Net Assets	<u>\$109,971</u>	<u>\$110,805</u>	<u>\$111,945</u>

Declining additions, net of the Commission's depreciation expense of \$970 thousand in 2012 and \$977 thousand in 2011, have resulted in decreases in capital assets over the last few years.

Restricted net assets decreased in 2012 and 2011 by \$41 thousand and \$87 thousand, respectively, mainly representing monies used for appropriate restricted purposes during 2012 and 2011.

FINANCIAL ANALYSIS (CONTINUED)

**Indiana White River State Park Development Commission's Changes in Net Assets
(In Thousands of Dollars)**

	Years Ended June 30,		
	2012	2011	2010
Operating Revenues:			
State appropriations	\$ 790	\$ 815	\$ 815
IMAX Theater	920	1,016	1,144
Parking	1,142	965	827
Concert events	311	175	302
Miscellaneous	66	56	119
Total Operating Revenues	<u>3,229</u>	<u>3,027</u>	<u>3,207</u>
Operating Expenses:			
IMAX Theater	1,121	1,286	1,557
Parking	568	463	448
Depreciation - IMAX	7	10	12
Depreciation - park	963	966	966
Other operating expenses	1,424	1,454	1,583
Total Operating Expenses	<u>4,083</u>	<u>4,179</u>	<u>4,566</u>
Loss from Operations	<u>(854)</u>	<u>(1,152)</u>	<u>(1,359)</u>
Nonoperating Revenues:			
Contributions		1	157
Interest income	9	11	19
Gain on sale of property	11		
Total Nonoperating Revenues	<u>20</u>	<u>12</u>	<u>176</u>
Decrease in Net Assets	(834)	(1,140)	(1,183)
Net Assets:			
Beginning of Year	<u>110,805</u>	<u>111,945</u>	<u>113,128</u>
End of Year	<u>\$109,971</u>	<u>\$110,805</u>	<u>\$111,945</u>

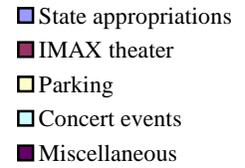
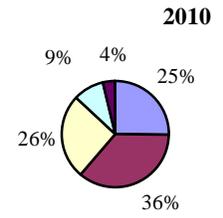
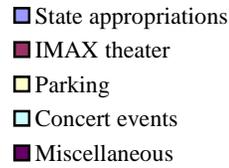
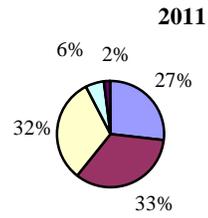
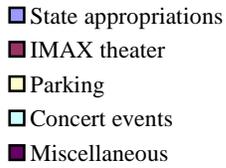
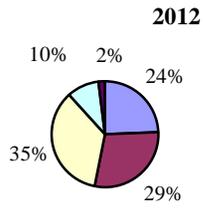
In 2012, IMAX Theater revenue decreased \$96 thousand and IMAX Theatre expenses decreased \$168 thousand for an overall improvement in operations of \$72 thousand. In 2011, IMAX Theater revenue decreased \$128 thousand and IMAX Theatre expenses decreased \$273 thousand for an overall improvement in operations of \$145 thousand.

In 2012, parking revenue increased by \$177 thousand mainly due to increased revenue from the 2012 Super Bowl. In 2011, parking revenue increase by \$138 thousand mainly due to extending the hours of the garage.

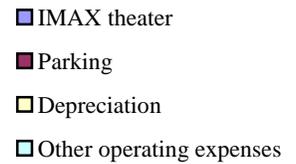
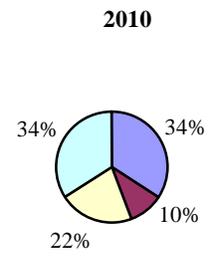
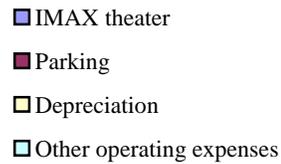
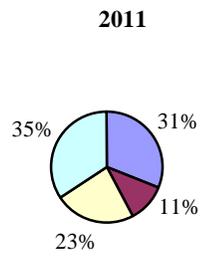
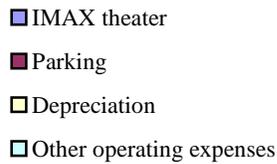
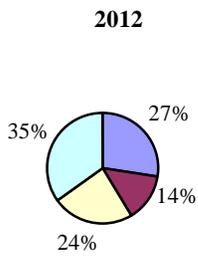
In 2012, concert revenue increased by \$136 thousand and in 2011, concert revenue decreased by \$127 thousand due to the number and variety of concerts in 2012 and 2011, respectively.

The Commission's net assets decreased \$834 thousand during the fiscal year ending June 30, 2012 and \$1.14 million during the fiscal year ended June 30, 2011.

REVENUES BY SOURCE



EXPENSES BY TYPE



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Commission's investment in capital assets as of June 30, 2012 and 2011, amounts to \$105.6 million and \$106.6 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and office furniture and fixtures. The total decrease in the Commission's investment in capital assets for the current fiscal year was \$968 thousand, due to depreciation exceeding additions. The total decrease in the Commission's investment in capital assets for fiscal year 2011 was \$977 thousand, due to no additions, only depreciation.

Indiana White River State Park Development Commission's Capital Assets (Net of Depreciation) (In Thousands of Dollars)

	2012	2011	2010
Land	\$ 54,769	\$ 54,769	\$ 54,769
Sculpture	250	250	250
Land improvements	24,764	24,764	24,764
Buildings	25,782	26,739	27,697
IMAX projector			3
Furnishings and equipment	<u>24</u>	<u>35</u>	<u>51</u>
Total	<u>\$105,589</u>	<u>\$106,557</u>	<u>\$107,534</u>

Additional information on the Commission's capital assets can be found in Note 4 to the financial statements on page 14 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information should be addressed to Indiana White River State Park Development Commission, 801 W. Washington Street, Indianapolis, IN 46204.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**STATEMENTS OF NET ASSETS
June 30, 2012 and 2011**

ASSETS		
	2012	2011
CURRENT ASSETS		
Cash and equivalents	\$ 3,842,891	\$ 3,866,485
Certificates of deposit	175,000	225,000
Accounts receivable	98,458	113,869
Inventory	11,878	11,155
Prepaid expenses	94,270	83,852
Total Current Assets	<u>4,222,497</u>	<u>4,300,361</u>
NONCURRENT ASSETS		
Certificates of deposit	350,000	300,000
Capital assets, net of depreciation	105,588,989	106,557,040
Total Noncurrent Assets	<u>105,938,989</u>	<u>106,857,040</u>
TOTAL ASSETS	<u><u>\$ 110,161,486</u></u>	<u><u>\$ 111,157,401</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - WRSP	\$ 75,732	\$ 83,708
Accounts payable - IMAX	62,496	218,792
Accrued payroll and payroll withholdings	52,653	49,872
Total Current Liabilities	<u>190,881</u>	<u>352,372</u>
NET ASSETS		
Invested in capital assets	105,588,989	106,557,040
Restricted	946,573	988,039
Unrestricted	3,435,043	3,259,950
Total Net Assets	<u>109,970,605</u>	<u>110,805,029</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 110,161,486</u></u>	<u><u>\$ 111,157,401</u></u>

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Indiana State appropriation	\$ 790,012	\$ 814,445
IMAX Theater	920,200	1,015,891
Parking	1,142,256	965,318
Concert events	311,247	174,782
Miscellaneous	65,341	56,229
Total Operating Revenues	<u>3,229,056</u>	<u>3,026,665</u>
OPERATING EXPENSES		
IMAX Theater	1,120,885	1,285,798
Park administration	993,169	928,001
Marketing	159,949	114,195
Sculpture	16,679	23,057
Parking	568,333	462,823
Family Art Series		114,663
Depreciation	969,854	976,507
Other	254,524	273,161
Total Operating Expenses	<u>4,083,393</u>	<u>4,178,205</u>
Loss from Operations	<u>(854,337)</u>	<u>(1,151,540)</u>
NONOPERATING REVENUES		
Contributions		1,250
Interest income	9,373	10,658
Gain on sale of property	10,540	
Total Nonoperating Revenues	<u>19,913</u>	<u>11,908</u>
DECREASE IN NET ASSETS	(834,424)	(1,139,632)
NET ASSETS		
Beginning of Year	<u>110,805,029</u>	<u>111,944,661</u>
End of Year	<u>\$ 109,970,605</u>	<u>\$ 110,805,029</u>

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from State of Indiana	\$ 790,012	\$ 814,445
Receipts from IMAX Theater	919,145	991,014
Receipts from parking	1,151,770	937,996
Receipts from events	311,247	174,782
Receipts from other sources	72,293	78,572
Payments for operating expenses	<u>(3,286,171)</u>	<u>(3,333,692)</u>
Net Cash Used by Operating Activities	<u>(41,704)</u>	<u>(336,883)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions received		<u>1,250</u>
Net Cash Provided by Noncapital Financing Activities		<u>1,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of certificates of deposits	150,000	175,000
Purchases of certificates of deposits	(150,000)	(125,000)
Interest received	9,373	10,658
Net Cash Provided by Investing Activities	<u>9,373</u>	<u>60,658</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets, net of reimbursements	(1,803)	
Insurance proceeds from disposal of property	10,540	
Net Cash Provided by Capital and Related Financing Activities	<u>8,737</u>	
NET DECREASE IN CASH AND EQUIVALENTS	(23,594)	(274,975)
CASH AND EQUIVALENTS		
Beginning of Year	<u>3,866,485</u>	<u>4,141,460</u>
End of Year	<u>\$ 3,842,891</u>	<u>\$ 3,866,485</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Loss from operations	\$ (854,337)	\$ (1,151,540)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	969,854	976,507
(Increase) decrease in certain assets:		
Accounts receivable	15,411	(29,856)
Inventory	(723)	(1,201)
Prepaid expenses	(10,418)	42,618
Decrease in certain liabilities:		
Accounts payable and accrued expenses	<u>(161,491)</u>	<u>(173,411)</u>
Net Cash Used by Operating Activities	<u>\$ (41,704)</u>	<u>\$ (336,883)</u>

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS June 30, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: By Public Law 143, Acts of 1979, and as amended in 1995 by Public Law 1, the Indiana General Assembly created Indiana White River State Park Development Commission (Commission). The Commission is authorized and empowered to design and implement a plan for the establishment and development of park, exposition, educational, athletic and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county. The park is located in downtown Indianapolis, Indiana and encompasses the area of the Indianapolis Zoological Society (including White River Gardens), the NCAA buildings, the HFSHSA building, the Indiana State Museum and IMAX theater, the Washington Street corridor and bridge, Celebration Plaza, parking garage, the Eiteljorg Museum, and Victory Field baseball facility. In addition, the Commission is authorized to provide for the operation and/or maintenance of some of these projects and/or areas including the adjacent Military Park.

The Commission is a component unit of the State of Indiana (State) and is accounted for as an enterprise fund.

Estimates: Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Accounting and Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting.

The Commission prepares its financial statements in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission applies all applicable GASB pronouncements. In addition, the Commission follows all Financial Accounting Standards Board (FASB) pronouncements, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Equivalents: For purposes of the statement of cash flows, cash equivalents may include bank time deposits, money market checking accounts and other short-term investments with original maturities of three months or less. The Commission maintains a cash balance in bank deposit accounts which, at times, may exceed federally insured limits.

Certificate of Deposits Valuation and Income Recognition: The Commission's certificates of deposits are stated at cost, which approximates fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Inventory is stated at cost and is not in excess of market value.

Capital Assets are recorded at cost, except for donated assets which are recorded at their estimated fair value on the date donated. Certain properties owned by the Commission have been prepared for their intended use and are then leased to other parties. The Commission provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over estimated useful lives as follows:

Buildings	40 years
Furnishings and equipment (including exhibits)	5-10 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-lived Assets, including the Commission's capital assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. To date, no adjustments to the carrying amount of long-lived assets have been required.

Lessee-Financed Improvements: The Commission is a party to certain leases, which include provisions whereby lessee-financed improvements ultimately become the property of the Commission. It is the Commission's policy that such improvements shall only be recorded upon leasehold reversion or lease termination, at which time the improvements are to be capitalized at fair value and recorded as contributed capital.

Retirement Plan: The employees of the Commission participate in the Indiana Public Retirement System (INPRS). The Commission recognizes INPRS expenses on an accrual basis.

Compensated Absences: All full-time employees receive compensation for vacations, holidays, illness and certain other qualifying absences. All vacation and compensatory leave, which has been earned but not paid, has been accrued in the accompanying financial statements. Accumulated sick and personal leave benefits are nonvesting and have not been accrued.

State Appropriations are recognized as revenue when allotted by the State. Allotments were \$790,012 and \$814,445 in each of the fiscal years 2012 and 2011, respectively.

Reclassifications: Certain amounts in the fiscal year 2011 financial statements have been reclassified to conform to the fiscal year 2012 presentation.

Subsequent Events: The Commission has evaluated the financial statements for subsequent events occurring through October 17, 2012, the date the financial statements were available to be issued.

NOTE 2 - CASH AND EQUIVALENTS

Indiana statutes authorize the Commission to invest in United States obligations and issues of federal agencies, secured repurchase agreements, bank certificates of deposit, money market deposit accounts, passbook savings accounts, and negotiable order withdrawal (NOW) accounts.

At June 30, 2012 and 2011, the deposits of the Commission with financial institutions were insured as follows:

	2012		2011	
	Balance per Statement of Net Assets	Bank Balance	Balance per Statement of Net Assets	Bank Balance
Cash and equivalents insured by Federal Deposit Insurance Corporation (up to \$250,000 per bank or held in non-interest bearing accounts)	\$ 314,669	\$ 405,868	\$ 213,671	\$ 239,517
Uninsured and uncollateralized	<u>3,528,222</u>	<u>3,528,222</u>	<u>3,652,814</u>	<u>3,652,814</u>
Total Cash and Equivalents	<u>\$3,842,891</u>	<u>\$3,934,090</u>	<u>\$3,866,485</u>	<u>\$3,892,331</u>

The uninsured and uncollateralized balance at June 30, 2012 and 2011, was held in unrated money market accounts which are backed by the US Treasury.

NOTE 3 - CERTIFICATES OF DEPOSITS

The Commission purchased bank certificates of deposit with maturity dates ranging from April 2013 to August 2014. When the certificates mature, the Commission reinvests in new certificates.

At June 30, 2012 and 2011, the Commission had the following investments:

June 30, 2012	Investment Maturities in (years)		
	Investment Type	Fair Value	Less than 1
Bank certificates of deposit	<u>\$525,000</u>	<u>\$175,000</u>	<u>\$350,000</u>
	<u>\$525,000</u>	<u>\$175,000</u>	<u>\$350,000</u>
June 30, 2011	Investment Maturities in (years)		
	Investment Type	Fair Value	Less than 1
Bank certificates of deposit	<u>\$525,000</u>	<u>\$225,000</u>	<u>\$300,000</u>
	<u>\$525,000</u>	<u>\$225,000</u>	<u>\$300,000</u>

The certificates of deposit are FDIC insured as they are maintained at separate banks, with no individual bank holding more than \$250,000 at both June 30, 2012 and 2011.

NOTE 4 - CAPITAL ASSETS

The Commission's capital assets activity for the years ended June 30, 2012 and 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated:							
Land	\$ 54,768,789			\$ 54,768,789			\$ 54,768,789
Sculpture	250,000			250,000			250,000
Land improvements	24,764,325			24,764,325			24,764,325
Total capital assets, not being depreciated	<u>79,783,114</u>	<u>-</u>	<u>-</u>	<u>79,783,114</u>	<u>-</u>	<u>-</u>	<u>79,783,114</u>
Capital assets, being depreciated:							
Buildings	38,075,921			38,075,921			38,075,921
Hall of Champions exhibits	1,447,969			1,447,969			1,447,969
IMAX projector	1,925,293			1,925,293			1,925,293
Furnishings and equipment	742,521			742,521	\$ 1,803	\$ 16,845	727,479
Total capital assets, being depreciated	<u>42,191,704</u>	<u>-</u>	<u>-</u>	<u>42,191,704</u>	<u>1,803</u>	<u>16,845</u>	<u>42,176,662</u>
Less accumulated depreciation for:							
Buildings	10,379,696	\$ 957,367		11,337,063	957,367		12,294,430
Hall of Champions exhibits	1,447,969			1,447,969			1,447,969
IMAX projector	1,922,416	2,877		1,925,293			1,925,293
Furnishings and equipment	691,190	16,263		707,453	12,487	16,845	703,095
Total accumulated depreciation	<u>14,441,271</u>	<u>976,507</u>	<u>-</u>	<u>15,417,778</u>	<u>969,854</u>	<u>16,845</u>	<u>16,370,787</u>
Total capital assets being depreciated, net	<u>27,750,433</u>	<u>(976,507)</u>		<u>26,773,926</u>	<u>(968,051)</u>		<u>25,805,875</u>
Total Capital Assets, Net	<u>\$ 107,533,547</u>	<u>\$ (976,507)</u>	<u>\$ -</u>	<u>\$ 106,557,040</u>	<u>\$ (968,051)</u>	<u>\$ -</u>	<u>\$ 105,588,989</u>

NOTE 5 - RETIREMENT PLAN

Plan Description

The Commission is a participating employer in the Indiana Public Retirement System (INPRS). INPRS resulted from legislation passed in 2010 that merged the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF), with the merger of the funds being effective July 1, 2011. The Commission contributes to the INPRS, an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. The Commission participates as a component unit of the State. INPRS is governed by state statutes I.C.S. 5-10.2 and 5-10.3. As such, it is INPRS's responsibility to administer the law in accordance with the expressed intent of the Indiana General Assembly. INPRS is a qualified plan under the Internal Revenue Code Section 401(a) and is tax exempt.

INPRS is a contributory defined benefit plan that covers substantially all of the Commission's employees. INPRS retirement benefits vest after 10 years of service. Senate Bill 74 enabled INPRS participants to be eligible for early retirement with 100% of the defined benefit pension if certain conditions were met. A participant may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the participant's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions is met, a participant may retire with 100% of the pension benefit at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years and months of INPRS-covered employment. The average annual salary used for calculating the pension benefit is an average of the participant's highest five years of employment earning within the 10 years preceding retirement.

Participants who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit that is reduced by various percentages according to the participant's age.

In addition, the Commission is required to contribute to an annuity savings account. Participants may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or, they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described above. The participant's balance in the annuity savings account may be withdrawn at any time with interest should a participant terminate employment.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to INPRS, One North Capitol, Suite 001, Indianapolis, Indiana 46204.

Funding Policy

The Commission is required to contribute to the Plan at an actuarially determined rate. The current rate is 7.0% of annual covered payroll. The Commission is required to contribute 3% of the participant's annual salary to the annuity savings account. The contribution requirements of participants are determined by State statute.

Annual Pension Cost

For the 2012 plan year, the Commission's annual contribution of \$29,218 was greater than the required contribution of \$23,782. For the 2011 plan year, the Commission's annual contribution of \$30,526 was equal to the required contribution. The INPRS funding policy provides for actuarially determined periodic contributions at rates that change so that sufficient assets will be available to pay benefits when due. The required contributions were determined as part of the June 30, 2011 actuarial valuation using the entry age normal cost method. The asset valuation method is 4-year smoothing of gains/losses on market value with a 20% corridor. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 7.0% per year, compounded annually; (b) projected salary increases based on INPRS experience from 2005 to 2010; and (c) assumed annual postretirement benefit increases of 1.0%. INPRS uses the method of establishing a new gain or loss base each year to amortize the unfunded liability over a 30-year open period.

NOTE 6 - DEFERRED COMPENSATION

The Commission participates in the State of Indiana Public Employees' Deferred Compensation Plan established in accordance with Internal Revenue Code Section 457. The Plan, available to all State employees and employees of certain quasi-agencies and political subdivisions within the State, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of participants of the Plan and their beneficiaries as required by Section 457(g) of the Internal Revenue Code.

The State has established a deferred compensation committee that has the fiduciary responsibility for the Plans. The Committee holds the deferred amounts in expendable trusts.

NOTE 7 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES

Central Indianapolis Waterfront Project

In December of 1997, the Commission entered into a Project Cooperation Agreement (PCA) with the United States Army Corps of Engineers and the City of Indianapolis (City). The PCA was amended in 1999 and 2001.

The original PCA provided for the construction of riverfront enhancements along the White River in Indianapolis. These include landscaping, lighting, walkways, pedestrian improvements to bridges, water features, scenic green space and wetlands, and associated parking. PCA Amendment No. 1 added the City's upper canal element to the Project. PCA Amendment No. 2 added the Beveridge Paper site.

Congress authorized spending of \$85,975,000 in 1996. In 1999, Congress increased the authorization to \$110,975,000. The authorization provided for \$52,475,000 of federal funds with the balance to come from the Commission and the City in the form of contributed land and improvements.

In 1997, the Commission executed a sub-agreement with the City. The City agreed to contribute \$4,227,000. The agreement specifies that the responsibility for operation, maintenance, repair replacement and rehabilitation of the projects will belong to the owner of the underlying land. The exception is that the Commission is responsible for those functions along the White River between Washington Street and New York Street, except for mowing the grass slope walls on the east bank.

NCAA National Headquarters and Hall of Champions

White River State Park is home to the National Collegiate Athletic Association (NCAA) National Headquarters and Hall of Champions. The Commission owns the facilities that are occupied by the NCAA, the costs of which were funded primarily by a \$10,000,000 appropriation from the Indiana General Assembly and corporate and other private contributions arranged through the Indiana Sports Corporation.

NOTE 7 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)

Effective in December 1998, the Commission executed a lease with the NCAA for certain real estate, including the aforementioned facilities that would soon be located thereon. The lease term expires on August 31, 2060, with three ten-year renewal options. The annual rent is \$1. Under the lease, the Commission is responsible for providing sufficient parking facilities for NCAA employees and visitors. Additionally, the Commission is responsible for replacement of mechanical, electrical, plumbing and HVAC systems providing service to the facilities, maintenance of the exterior of the facilities, and maintenance of the landscaping and other infrastructure improvements surrounding the leased premises.

On March 19, 2010, an amendment to the lease was made to approve the expansion of the NCAA National Headquarters building.

National Federation of State High School Association

During 2000, the Commission leased certain real estate and a building (commonly known as the "Acme-Evans Building") adjacent and connected to the NCAA National Headquarters to the National Federation of State High School Associations (NFSHSA). The lease commenced on February 1, 2000, and is for a period of thirty years, with three ten-year renewal options. The annual rent is \$1. Under the lease, the Commission is responsible for replacement of mechanical, electrical, plumbing and HVAC systems providing service to the building, maintenance of the exterior of the building, and maintenance of the landscaping and other infrastructure improvements surrounding the leased premises.

Indiana State Museum

During its 1997 session, the Indiana General Assembly authorized the construction of the new Indiana State Museum at Indiana White River State Park (Park). The museum complex is owned by the Indiana Finance Authority (IFA), and is built upon land owned by the Park. Funding for the building came primarily from bonds, which will be repaid by State appropriations. The Indiana State Museum Foundation raised private-sector funding for the exhibit programs. The Indiana State Museum, a showplace for Indiana's cultural and natural history, opened in 2002 and features a three level, 65,000 square foot exhibit area. Approximately another 238,000 square feet contains office and storage areas and the IMAX Theater facility.

As required by a court-ordered settlement, the original façade of School 5 was reconstructed by the IFA and incorporated into the Indiana State Museum.

IMAX Theater

In May 1994, the Commission negotiated an agreement with IMAX Corporation of Toronto, Canada for the lease of an IMAX projection and sound system in the Park. The Commission pays monthly rentals based on theater admissions, subject to a minimum annual (fiscal year) rental of \$200,249, adjusted annually for CPI. The lease term is for a period of ten years, with an automatic renewal for an additional ten-year period. The theater opened to the public on December 19, 1996. The lease is now in the 10 year extension of the lease which will expire September 19, 2017.

During 1998, the Commission sold the IMAX Theater building to the Indiana Finance Authority (IFA) and entered into a ground lease with the IFA for this site which now comprises the IMAX Theater and the new Indiana State Museum. The lease is for \$1 per year and should end on December 31, 2052 or extended to December 31, 2098.

Since April 1, 2001, the Commission has contracted with IMAX Indianapolis LLC and IMAX Corporation to manage the theater.

NOTE 7 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)

Canal, Washington Street Corridor and Bridge, Celebration Plaza, and Parking Garage

In March of 1995, the Commission entered into a 25-year land lease agreement with the IFA, which allows the IFA to lease a portion of the Park from the Commission for \$1 per year. In return, the IFA agreed to provide up to \$20,000,000 in infrastructure improvements to the Park. With the exception of the renovations to the Old Washington Street Bridge, the improvements will remain the property of the IFA until such time as the lease is terminated or expires and are being subleased back to the Commission for \$1 per year.

During fiscal year 1997, the Commission agreed to repay the IFA for excess costs the IFA incurred to construct the underground parking garage. During 2003, the excess cost of the garage construction was transferred to the IFA as full settlement of the obligation.

Military Park

Under a 1981 agreement entered into with the Department of Administration of the State of Indiana, the Commission has the exclusive right and power to use and exercise control over Military Park, consisting of approximately 14 acres adjacent to Indiana White River State Park.

The agreement is for an indefinite period of time and may be terminated either by the Commission, a resolution by the Department of Administration approved by the Governor of the State of Indiana, or the Indiana General Assembly. Accordingly, the property value is not reflected in the financial statements of the Commission, but the applicable maintenance expenses are borne by the Commission and are included in the accompanying financial statements.

During 2007, the Commission received a grant from the Indiana Department of Transportation (INDOT) for the improvement of the Shelter House at Military Park. Under the agreement, the Commission provides 20% of the funds for this project. The amount paid by the Commission is capitalized on the Commission's books; the remaining balance is capitalized by INDOT.

Indianapolis Zoological Society, Inc.

The Commission and the Indianapolis Zoological Society, Inc. (Society) have entered into an agreement providing for the lease of approximately 65 acres of land from the Commission to the Society for the development and operation of a zoological park. The lease term expires on December 31, 2085. The lease can be terminated earlier by either party beginning in 2033, subject to a three-year notification. The annual basic rent is \$1. Upon termination of the lease, either possession of the property reverts to the Commission or the Society may continue to lease the property on a month-to-month basis for \$10,000 per month. In June 1999, the Society opened the White River Gardens (Gardens). The Gardens were constructed on approximately 3 acres of the 65 acres leased to the Society.

Eiteljorg Museum of the American Indians and Western Art, Inc.

The Commission and the Eiteljorg Museum of the American Indians and Western Art, Inc. (Museum) have entered into an agreement providing for the lease of approximately seven acres of land to the Museum for the development and operation of a museum of American Indian artifacts and western art in Indiana White River State Park. The lease term expires on December 31, 2087. The Commission reacquired approximately three acres of this property in December 1985. The lease can be terminated early by either party beginning in 2049, subject to a three-year notification. The annual basic rent is \$1.

NOTE 7 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)

Victory Field Baseball Facility

In 1994, the Commission entered into an agreement to lease (Ground Lease) certain real estate to the Capital Improvement Board of Managers of Marion County, Indiana (CIB). The CIB constructed Victory Field, a professional baseball facility, on this land. The initial lease period of the Ground Lease commenced on December 1, 1994, and expires on March 31, 2016. The Ground Lease allows for extensions as long as such extensions, combined with the initial lease period, do not exceed 99 years. Upon expiration or termination of the Ground Lease, any facilities constructed on the land revert to the Commission.

Under the Ground Lease and a related agreement, the CIB agreed to provide for the construction of the baseball facility and to sublease the facility to the Indianapolis Indians, Inc., a minor league baseball franchise. Victory Field was completed in 1996. To fund a portion of the cost of Victory Field, the Marion County Convention and Recreational Facilities Authority (Authority) issued its Excise Taxes Lease Rental Revenue Bonds, Series 1995A. Such bonds are payable primarily from rental payments to be made by the CIB under a separate financing lease, dated June 1, 1995, referred to as the Second Amendment to Master Lease Agreement, between the CIB and the Authority. This lease is currently in effect and ends on the sooner of March 31, 2016 or the June 1 or December 1 next following payment of such bonds. Upon payment of the bonds, the Authority's rights in Victory Field will be transferred to the CIB.

The CIB is not obligated to pay rent to the Commission until such time as there remain no outstanding bonds or other related debt obligations originally issued to fund the construction of the facility or April 1, 2016, whichever occurs first. Thereafter and on a monthly basis, the Commission shall receive 50% of all sublease rental as well as 50% of all monies received by the CIB from use of the facility.

NOTE 8 - RISK MANAGEMENT

The Commission purchases commercial insurance policies for all risks of loss. Certain of these policies allow for deductibles, which range up to \$5,000 per occurrence. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 9 - NET ASSETS RESTRICTED

In 2004, a donor pledged \$500,000 for use as IMAX scholarships for Indiana youth, of which \$250,000 was received during fiscal year 2005 and \$250,000 was received in fiscal year 2006. During fiscal year 2012 and 2011, the Commission received \$3,474 and \$4,676, respectively, in earnings on investments. During fiscal years 2012 and 2011, \$69,877 and \$27,009, respectively, of the funds were expensed for scholarships and administrative fees. As of June 30, 2012 and 2011, the Commission had \$217,384 and \$283,787, respectively, restricted for future scholarships. The Commission passed a resolution in December 2004 authorizing its Executive Director to offer scholarships up to \$50,000 annually for students throughout Indiana who attend schools in which 40% or more of the children are eligible for the free lunch program.

The Commission has funds restricted for certain improvements to the NCAA and NFSHSA buildings. As of June 30, 2012 and 2011, the Commission had \$459,272 and \$457,560, respectively, restricted for such building repairs.

The Commission also has funds restricted for various other improvement projects. As of June 30, 2012 and 2011, the Commission had \$213,244 and \$190,019, respectively, restricted for such projects.

During fiscal year 2010, the Commission received grants totaling \$150,000 from two donors for the Commission's Family Arts Series. These funds are restricted for expenses related to the Family Arts Series, such as artistic and administrative fees. As of June 30, 2012 and 2011, the Commission had \$56,673, reserved for the Series.

NOTE 9 - NET ASSETS RESTRICTED (CONTINUED)

The Commission's policy is to apply externally restricted net assets first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 10 - OPERATING LEASES

The Commission entered into an equipment operating lease in fiscal year 2012. The future minimum rental payments required by this long-term noncancellable operating lease are as follows:

Payable in Fiscal Year	Rental Payments
2013	\$14,522
2014	14,522
2015	<u>6,051</u>
	<u>\$35,095</u>

Total rent expense was \$7,489 for the year ended June 30, 2012.

SUPPLEMENTARY INFORMATION

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**RETIREMENT PLAN SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS (UNAUDITED)
Year Ended June 30, 2012**

<u>Asset Valuation Date</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL) Entry Age</u>	<u>(1-2) (Unfunded) Overfunded AAL (UAAL)</u>	<u>(1/2) Funded Ratio</u>	<u>(3) Covered Payroll</u>	<u>[(2-1)/3] UAAL as a Percentage of Covered Payroll</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2011	\$ 165,816	\$ 293,672	\$ (127,856)	56%	\$ 311,068	41%	\$ 33,764	68%
June 30, 2010	414,442	615,352	(200,910)	67%	325,904	62%	24,741	83%
June 30, 2009	562,611	647,866	(85,255)	87%	357,669	24%	21,333	98%

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**SCHEDULES OF OPERATING EXPENSES
Years Ended June 30, 2012 and 2011**

	2012	2011
IMAX Theater:		
Payroll, taxes and benefits	\$ 269,358	\$ 276,436
Marketing	155,359	176,334
IMAX projector	172,694	211,835
IMAX management	60,000	78,000
Film royalties and expense	323,543	388,755
Cost of concessions sold	32,659	41,131
General administration	99,074	106,489
Theater maintenance	8,198	6,818
Total IMAX Theater Expenses	<u>1,120,885</u>	<u>1,285,798</u>
Park Administration:		
Park Property Maintenance:		
Property and Maintenance	208,259	220,642
Utilities	143,833	133,328
Total Park Property Maintenance Expenses	<u>352,092</u>	<u>353,970</u>
Compensation	577,773	522,227
Professional services	26,494	37,672
Office expense	36,810	14,132
Total Park Administration Expenses	<u>993,169</u>	<u>928,001</u>
Marketing	159,949	114,195
Sculpture	16,679	23,057
Parking	568,333	462,823
Family Art Series		114,663
Depreciation:		
IMAX Theater	6,570	10,143
Park	963,284	966,364
Total Depreciation	<u>969,854</u>	<u>976,507</u>
Other Expenses:		
Insurance	87,171	84,954
Accounting, auditing, and legal fees	69,704	58,709
Miscellaneous	97,649	129,498
Total Other Expenses	<u>254,524</u>	<u>273,161</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 4,083,393</u></u>	<u><u>\$ 4,178,205</u></u>

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**SCHEDULES OF IMAX OPERATIONS
Years Ended June 30, 2012 and 2011**

	2012	2011
Revenue:		
Sales - admissions	\$ 700,475	\$ 793,239
Sponsorships	10,333	35,000
Sales - concessions	141,855	159,919
Theater rental	54,050	22,480
Other	13,487	5,253
Total Revenue	<u>920,200</u>	<u>1,015,891</u>
Expenses:		
Payroll, taxes and benefits	269,358	276,436
Marketing	155,359	176,334
IMAX Expense:		
Projector lease	120,000	162,260
Projector maintenance	52,694	49,575
Management fee and expenses	60,000	78,000
Film Expense:		
Royalties	275,693	333,541
Other film expense	47,850	55,214
Cost of concessions sold	32,659	41,131
General Administration:		
Office expense	10,881	11,311
Insurance	18,076	21,911
Ticket administration fee	45,449	51,164
Other	24,668	22,103
Theater maintenance	8,198	6,818
Total Expenses Before Depreciation	<u>1,120,885</u>	<u>1,285,798</u>
Depreciation	6,570	10,143
Total Expenses	<u>1,127,455</u>	<u>1,295,941</u>
NET IMAX OPERATING LOSS	<u>\$ (207,255)</u>	<u>\$ (280,050)</u>

OTHER INFORMATION

*Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards*

Year Ended June 30, 2012

To the Commissioners
Indiana White River State Park Development Commission

We have audited the financial statements of Indiana White River State Park Development Commission (Commission), a component unit of the State of Indiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States 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

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission'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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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*.

This report is intended solely for the information and use of the Commission's audit committee and management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Katz, Sapp & Miller, LLP

Indianapolis, Indiana
October 17, 2012