

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

FINANCIAL STATEMENTS
AUDIT REPORT

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

December 31, 2013 and 2012



FILED
05/15/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Basic Financial Statements:	
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
Exit Conference.....	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Carole Copeland	01-01-12 to 12-31-14
Executive Director	Robert Lister Barton Shaw	01-01-12 to 06-30-13 07-01-13 to 12-31-14
Chief Financial Officer	Carolyn Warsco	01-01-12 to 12-31-14
Treasurer	Gilmore Haynie, Jr.	01-01-12 to 12-31-14
Controller	Yogesh Parikh	01-01-12 to 12-31-14
President of the Board of Managers	Benjamin Campbell Nancy Jordan	01-01-12 to 01-21-13 01-22-13 to 01-15-15



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

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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the CIB's 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)

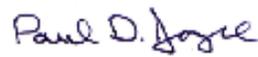
Opinions

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, 2013 and 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 Governmental 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

March 26, 2014

FINANCIAL STATEMENTS

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, 2013 And 2012

	2013			2012		
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center	Food and Beverage Tax	Totals
Assets						
Current assets:						
Cash and cash equivalents	\$ 450,333	\$ 508	\$ 450,841	\$ 506,640	\$ 508	\$ 507,148
Operating investments	3,242,765	-	3,242,765	3,433,247	-	3,433,247
Accounts receivable	91,135	-	91,135	24,296	-	24,296
Room tax receivable	299,170	-	299,170	251,072	-	251,072
Royalties receivable	80,115	-	80,115	64,249	-	64,249
Prepaid items	22,906	-	22,906	23,527	-	23,527
Total current assets	<u>4,186,424</u>	<u>508</u>	<u>4,186,932</u>	<u>4,303,031</u>	<u>508</u>	<u>4,303,539</u>
Noncurrent assets:						
Restricted assets:						
Due from Fort Wayne Redevelopment Commission	3,955,352	-	3,955,352	3,508,416	-	3,508,416
PSCDA reserve cash and cash equivalents	92,365	-	92,365	-	-	-
Food and beverage tax reserve cash and cash equivalents	-	7,543,135	7,543,135	-	4,156,549	4,156,549
Food and beverage tax receivable	-	3,812,052	3,812,052	-	3,706,889	3,706,889
Total restricted assets	<u>4,047,717</u>	<u>11,355,187</u>	<u>15,402,904</u>	<u>3,508,416</u>	<u>7,863,438</u>	<u>11,371,854</u>
Capital assets:						
Land	975,000	-	975,000	975,000	-	975,000
Other capital assets (net of accumulated depreciation)	38,144,598	-	38,144,598	39,180,750	-	39,180,750
Total capital assets	<u>39,119,598</u>	<u>-</u>	<u>39,119,598</u>	<u>40,155,750</u>	<u>-</u>	<u>40,155,750</u>
Total noncurrent assets	<u>43,167,315</u>	<u>11,355,187</u>	<u>54,522,502</u>	<u>43,664,166</u>	<u>7,863,438</u>	<u>51,527,604</u>
Total assets	<u>47,353,739</u>	<u>11,355,695</u>	<u>58,709,434</u>	<u>47,967,197</u>	<u>7,863,946</u>	<u>55,831,143</u>
Liabilities						
Current liabilities:						
Accounts payable and other accrued expenses	128,777	-	128,777	157,996	-	157,996
Capital lease payable, current portion	2,189,500	-	2,189,500	1,099,532	-	1,099,532
Due to Visit Fort Wayne	85,477	-	85,477	71,735	-	71,735
Rental deposits	36,783	-	36,783	35,851	-	35,851
Total current liabilities	<u>2,440,537</u>	<u>-</u>	<u>2,440,537</u>	<u>1,365,114</u>	<u>-</u>	<u>1,365,114</u>
Noncurrent liabilities:						
Capital lease payable	20,610,500	-	20,610,500	23,903,462	-	23,903,462
Total liabilities	<u>23,051,037</u>	<u>-</u>	<u>23,051,037</u>	<u>25,268,576</u>	<u>-</u>	<u>25,268,576</u>
Net Position						
Net investment in capital assets	16,319,598	-	16,319,598	15,152,756	-	15,152,756
Restricted for debt service	3,955,352	-	3,955,352	3,508,416	-	3,508,416
Restricted for PSCDA reserve	92,365	-	92,365	-	-	-
Restricted for food and beverage tax reserve	-	11,355,695	11,355,695	-	7,863,946	7,863,946
Unrestricted	3,935,387	-	3,935,387	4,037,449	-	4,037,449
Total net position	<u>\$ 24,302,702</u>	<u>\$ 11,355,695</u>	<u>\$ 35,658,397</u>	<u>\$ 22,698,621</u>	<u>\$ 7,863,946</u>	<u>\$ 30,562,567</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, 2013 And 2012

	2013			2012		
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center	Food and Beverage Tax	Totals
Operating revenues:						
Rental income	\$ 911,041	\$ -	\$ 911,041	\$ 792,068	\$ -	\$ 792,068
Royalties	533,666	-	533,666	439,001	-	439,001
Supplemental food and beverage tax	-	3,812,052	3,812,052	-	3,706,889	3,706,889
Other	17,565	-	17,565	15,368	1,000	16,368
Total operating revenues	1,462,272	3,812,052	5,274,324	1,246,437	3,707,889	4,954,326
Operating expenses:						
Salaries and wages	1,442,074	-	1,442,074	1,416,147	-	1,416,147
Employee pensions and benefits	510,145	-	510,145	532,664	-	532,664
Materials and supplies	84,249	102	84,351	96,921	998	97,919
Utilities and telephone	613,067	235	613,302	565,322	602	565,924
Advertising and promotion	229,926	3,637	233,563	224,456	17,568	242,024
Repairs and maintenance	266,845	-	266,845	429,516	-	429,516
Professional services	249,186	5,675	254,861	238,968	20,059	259,027
Insurance expense	75,326	-	75,326	63,650	-	63,650
Depreciation	1,188,287	-	1,188,287	1,213,215	-	1,213,215
CIB grants	-	326,042	326,042	-	-	-
Miscellaneous expenses	29,877	-	29,877	27,931	-	27,931
Total operating expenses	4,688,982	335,691	5,024,673	4,808,790	39,227	4,848,017
Operating income (loss)	(3,226,710)	3,476,361	249,651	(3,562,353)	3,668,662	106,309
Nonoperating revenues (expenses):						
Interest and investment revenue	15,024	15,388	30,412	16,201	8,530	24,731
Indiana room tax	2,998,349	-	2,998,349	2,939,218	-	2,939,218
PSCDA and other revenue	225,000	-	225,000	225,000	-	225,000
Gain on disposal of assets	19,500	-	19,500	-	-	-
Interest expense	(829,000)	-	(829,000)	(1,382,897)	-	(1,382,897)
Net nonoperating revenues	2,428,873	15,388	2,444,261	1,797,522	8,530	1,806,052
Income (loss) before transfers	(797,837)	3,491,749	2,693,912	(1,764,831)	3,677,192	1,912,361
Transfers from:						
City of Fort Wayne, TIF	1,748,924	-	1,748,924	1,434,575	-	1,434,575
City of Fort Wayne, PSCDA	175,000	-	175,000	525,000	-	525,000
City of Fort Wayne, other	727,994	-	727,994	884,090	-	884,090
Transfers to City of Fort Wayne Redevelopment Commission	(250,000)	-	(250,000)	(250,000)	-	(250,000)
Change in net position	1,604,081	3,491,749	5,095,830	828,834	3,677,192	4,506,026
Total net position - beginning	22,698,621	7,863,946	30,562,567	21,869,787	4,186,754	26,056,541
Total net position - ending	\$ 24,302,702	\$ 11,355,695	\$ 35,658,397	\$ 22,698,621	\$ 7,863,946	\$ 30,562,567

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, 2013 And 2012

	2013			2012		
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center	Food and Beverage Tax	Totals
Cash flows from operating activities:						
Receipts from customers and users	\$ 845,134	\$ -	\$ 845,134	\$ 835,574	\$ -	\$ 835,574
Receipts from royalties	517,800	-	517,800	425,278	-	425,278
Payments to suppliers and contractors	(1,577,074)	(9,649)	(1,586,723)	(1,602,628)	(39,227)	(1,641,855)
Payments to employees	(1,952,219)	-	(1,952,219)	(1,948,811)	-	(1,948,811)
Supplemental food and beverage tax receipts	-	3,706,889	3,706,889	-	1,102,700	1,102,700
Payments to grantees	-	(326,042)	(326,042)	-	-	-
Other receipts	17,565	-	17,565	15,368	1,000	16,368
Net cash provided (used) by operating activities	(2,148,794)	3,371,198	1,222,404	(2,275,219)	1,064,473	(1,210,746)
Cash flows from noncapital financing activities:						
Indiana room tax receipts	4,149,590	-	4,149,590	4,228,541	-	4,228,541
PSCDA tax receipts	400,000	-	400,000	400,000	-	400,000
Payments to Visit Fort Wayne	(1,185,597)	-	(1,185,597)	(1,208,154)	-	(1,208,154)
Payments to Fort Wayne Redevelopment Commission	(425,000)	-	(425,000)	(775,000)	-	(775,000)
Net cash provided by noncapital financing activities	2,938,993	-	2,938,993	2,645,387	-	2,645,387
Cash flows from capital and related financing activities:						
Net activity with Fort Wayne Redevelopment Commission for capital debt	(446,936)	-	(446,936)	(1,192,605)	-	(1,192,605)
Transfers from City of Fort Wayne	2,651,918	-	2,651,918	2,843,665	-	2,843,665
Acquisition and construction of capital assets	(132,635)	-	(132,635)	(47,655)	-	(47,655)
Principal paid on capital debt	(2,202,994)	-	(2,202,994)	(1,092,403)	-	(1,092,403)
Interest paid on capital debt	(829,000)	-	(829,000)	(1,382,897)	-	(1,382,897)
Net cash used by capital and related financing activities	(959,647)	-	(959,647)	(871,895)	-	(871,895)
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	1,399,894	-	1,399,894	3,022,568	-	3,022,568
Purchase of investments	(1,209,412)	-	(1,209,412)	(3,433,247)	-	(3,433,247)
Interest received	15,024	15,388	30,412	16,201	8,530	24,731
Net cash provided (used) by investing activities	205,506	15,388	220,894	(394,478)	8,530	(385,948)
Net increase (decrease) in cash and cash equivalents	36,058	3,386,586	3,422,644	(896,205)	1,073,003	176,798
Cash and cash equivalents, January 1	506,640	4,157,057	4,663,697	1,402,845	3,084,054	4,486,899
Cash and cash equivalents, December 31	\$ 542,698	\$ 7,543,643	\$ 8,086,341	\$ 506,640	\$ 4,157,057	\$ 4,663,697
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (3,226,710)	\$ 3,476,361	\$ 249,651	\$ (3,562,353)	\$ 3,668,662	\$ 106,309
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,188,287	-	1,188,287	1,213,215	-	1,213,215
(Increase) decrease in assets:						
Accounts receivable	(66,839)	-	(66,839)	30,468	-	30,468
Royalties receivable	(15,866)	-	(15,866)	(13,723)	-	(13,723)
Prepaid items	621	-	621	(5,548)	-	(5,548)
Food and beverage tax receivable	-	(105,163)	(105,163)	-	(2,604,189)	(2,604,189)
Increase (decrease) in liabilities:						
Accounts payable and other accrued expenses	(29,219)	-	(29,219)	49,684	-	49,684
Rental deposits payable	932	-	932	13,038	-	13,038
Total adjustments	1,077,916	(105,163)	972,753	1,287,134	(2,604,189)	(1,317,055)
Net cash provided (used) by operating activities	\$ (2,148,794)	\$ 3,371,198	\$ 1,222,404	\$ (2,275,219)	\$ 1,064,473	\$ (1,210,746)

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, 2013, the financial statements report \$4,047,717 and \$11,355,187, for the GWC fund and FBT fund, respectively, of restricted net position, all of which is restricted by enabling legislation.

As of December 31, 2012, the financial statements report \$3,508,416 and \$7,863,438, for the GWC fund and FBT fund, 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 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 12 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, 2013 and 2012, the CIB had deposit balances in the amount of \$11,329,106 and \$6,517,301, 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, 2013 and 2012, was as follows:

Grand Wayne Center	Beginning Balance	Additions	Reductions	Ending Balance
2013:				
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>
2012:				
Capital assets, not being depreciated:				
Land	\$ 975,000	\$ -	\$ -	\$ 975,000
Capital assets, being depreciated:				
Buildings and improvements	49,253,836	-	-	49,253,836
Furniture, fixtures, and equipment	3,433,403	47,655	-	3,481,058
Totals	<u>52,687,239</u>	<u>47,655</u>	<u>-</u>	<u>52,734,894</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,430,504)	(1,044,918)	-	(10,475,422)
Furniture, fixtures, and equipment	(2,910,425)	(168,297)	-	(3,078,722)
Totals	<u>(12,340,929)</u>	<u>(1,213,215)</u>	<u>-</u>	<u>(13,554,144)</u>
Total capital assets, being depreciated, net	<u>40,346,310</u>	<u>(1,165,560)</u>	<u>-</u>	<u>39,180,750</u>
Total capital assets, net	<u>\$ 41,321,310</u>	<u>\$ (1,165,560)</u>	<u>\$ -</u>	<u>\$ 40,155,750</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:

	2013	2012
Grand Wayne Center	\$ 1,188,287	\$ 1,213,215

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 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 percent to 5 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, 2013, are as follows:

	Grand Wayne Center	City of Fort Wayne CEDIT	TIF	PSCDA
2014	\$ 825,000	\$ 435,000	\$ 1,434,575	\$ 175,000
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
2019-2023	4,125,000	2,175,000	7,172,875	875,000
2024-2028	4,125,000	2,175,000	7,172,875	875,000
Totals	\$ 12,375,000	\$ 6,525,000	\$ 21,518,625	\$ 2,625,000

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, 2013, are as follows:

	<u>Grand Wayne Center</u>
2014	\$ 2,189,500
2015	2,189,500
2016	2,187,000
2017	2,189,000
2018	2,191,000
2019-2023	10,735,000
2024-2028	<u>9,230,000</u>
 Total minimum lease payments	 30,911,000
 Less amount representing interest	 <u>8,111,000</u>
 Present value of net minimum lease payments	 <u><u>\$ 22,800,000</u></u>

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

	<u>Grand Wayne Center</u>
Land	\$ 975,000
Buildings and improvements	49,272,746
Furniture, fixtures, and equipment	<u>3,549,272</u>
 Total	 53,797,018
 Accumulated depreciation	 <u>(14,677,420)</u>
 Total	 <u><u>\$ 39,119,598</u></u>

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, 2013 and 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2013:					
Capital lease payable	\$ 25,002,994	\$ -	\$ 2,202,994	\$ 22,800,000	\$ 2,189,500
2012:					
Capital lease payable	\$ 26,095,397	\$ -	\$ 1,092,403	\$ 25,002,994	\$ 1,099,532

E. Restricted Assets

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

	2013			2012		
	Grand Wayne Center	Food and Beverage Tax	Totals	Grand Wayne Center	Food and Beverage Tax	Totals
Due from Fort Wayne Redevelopment Commission	\$ 3,955,352	\$ -	\$ 3,955,352	\$ 3,508,416	\$ -	\$ 3,508,416
PSCDA reserve cash and cash equivalents	92,365	-	92,365	-	-	-
Food and beverage tax reserve cash and cash equivalents	-	7,543,135	7,543,135	-	4,156,549	4,156,549
Food and beverage tax receivable	-	3,812,052	3,812,052	-	3,706,889	3,706,889
Total restricted assets	<u>\$ 4,047,717</u>	<u>\$ 11,355,187</u>	<u>\$ 15,402,904</u>	<u>\$ 3,508,416</u>	<u>\$ 7,863,438</u>	<u>\$ 11,371,854</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), 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 CIB, through the City of Fort Wayne, 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 10 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 2013 and 2012, the CIB's annual pension cost of \$139,410 and \$136,797, 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 March 26, 2014, with Barton Shaw, Executive Director; Carole Copeland, Business Manager; Carolyn Warsco, Chief Financial Officer; Gilmore Haynie, Jr., Treasurer; and Nancy Jordan, President of the Board of Managers. Our audit disclosed no material items that warrant comment at this time.