INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2019
INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)

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Independent Auditors’ Report

Board Members
Indiana Motorsports Commission
State of Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Motorsports Commission, a component unit of the State of Indiana, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors’ Responsibility

Our responsibility is to express an opinion 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Uniform Compliance Guidelines for Audit of Hospitals and State and Local Governments by Authorized Independent Public Accountants, issued by the Indiana State Board of Accounts. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors’ 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 auditors consider 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 entity’s internal control. Accordingly, we express no such opinion. An audit also 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Indiana Motorsports Commission as of June 30, 2019, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 6 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 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2019, on our consideration of Indiana Motorsports Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Indiana Motorsports Commission’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Indiana Motorsports Commission’s internal control over financial reporting and compliance.

Katz, Sagers & Miller, LLP

Indianapolis, Indiana
October 7, 2019
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
As management of Indiana Motorsports Commission (the Commission), we offer readers of the basic financial statements this narrative overview, Management’s Discussion and Analysis (MD&A), of the financial activities of the Commission for the fiscal year ended June 30, 2019.

ORGANIZATIONAL STRUCTURE AND BACKGROUND

Organizational Structure: Pursuant to P. L. 233-2013 and P. L. 190-2014 of the State of Indiana (the State), as codified at, among other locations, IC 4-10-23, IC 5-1-17.5, IC 6-3-2-2, IC 6-3-2-3.2 and IC 6-3-8-14 (IMC Act), the Indiana Motorsports Commission (the Commission) was established as a public body corporate and politic, as an instrumentality of the State, to finance and lease real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The Commission is considered a component unit of the State and is discretely presented in the State’s financial statements.

The board of directors of the Commission is composed of the following five directors, who serve at the pleasure of the governor and must be residents of Indiana:

- The state budget director, or the state budget director's designee, who shall serve as chair of the Commission.
- Four directors appointed by the governor. The president pro tempore of the senate and the speaker of the house of representatives may each make one recommendation to the governor concerning the appointment of such directors.

Indiana Finance Authority (IFA) facilitated project funding through the issuance, in aggregate par amount, of $92,755,000 of Lease Appropriation Bonds, Series 2015C (Lease Appropriation Bonds) to finance improvement projects to be undertaken at the Indianapolis Motor Speedway (Motorsports Improvement Project) by the Indianapolis Motor Speedway, LLC (IMS) pursuant to a development agreement (Development Agreement) entered into by IFA, IMS and Hulman & Company, the ultimate parent of IMS. After entering into a ground lease agreement dated June 23, 2015 with IMS, as the landlord (Ground Lease), IFA then entered into a lease dated June 23, 2015 (IFA-IMC Lease Agreement) with the Commission, as tenant, and the Commission, as sublessor, in turn entered into a sublease agreement (Sublease) with IMS, as sublessee. The IFA-IMC Lease Agreement provides for rent payments by the Commission to IFA sufficient to meet debt service requirements on the Lease Appropriation Bonds.

IFA has specific responsibilities as the issuer of Lease Appropriation Bonds under a trust indenture that provides guidance for the treatment of sources and uses of funds. Relevant to the Commission’s financial statement reporting, IFA’s responsibilities include, but are not limited to:

- Authorization to the trustee for the release of trust funds (cash disbursements) following submission of payment requests by IMS consistent with the requirements of the Development Agreement.
- Monitoring of cash receipts to the trust in accordance with the trust indenture.
- Monitoring of the trust investment policies and coordination of the nature, timing and extent of investment activity within the trust accounts.

Since IFA performs these activities which impact the Commission's financial statements, in addition to the respective responsibilities set out in the IFA-IMC Lease Agreement and the Development Agreement, the Commission has also formalized additional delegations of responsibilities with regards to personnel, management, investments, etc., by various board actions.

Project Background: The Motorsports Improvement Project was undertaken to improve and enhance fan experience, seating, technology and the track and facility at the Indianapolis Motor Speedway. These capital improvements were selected after an extensive master planning process by a project team engaged by IMS.
OVERVIEW OF THE PROJECT COSTS

The combined development and construction budget for Motorsports Improvement Project, exclusive of financing and issuance costs is approximately $90.3 million.

FINANCIAL ANALYSIS

Statements of Net Position

Below are the condensed statements of net position relating to the Commission at June 30, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$ 9,451,827</td>
<td>$ 9,271,504</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>79,220,343</td>
<td>82,835,373</td>
</tr>
<tr>
<td>Total assets</td>
<td>88,672,170</td>
<td>92,106,847</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>5,143,200</td>
<td>5,110,864</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>83,663,200</td>
<td>87,245,864</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>88,663,200</td>
<td>92,356,704</td>
</tr>
<tr>
<td>Restricted net position</td>
<td>5,008,970</td>
<td>4,860,983</td>
</tr>
<tr>
<td>Total liabilities and net position</td>
<td>$88,672,170</td>
<td>$92,106,847</td>
</tr>
</tbody>
</table>

Current assets include investments that represent the lease payments received by the Commission from State appropriations. Noncurrent assets consist of direct-financing leases for the Motorsports Improvement Project. The majority of current liabilities include interest payable and lease payable to IFA that are due within one year. The noncurrent liabilities include lease payable to IFA under the IFA-IMC Lease Agreement to be applied by IFA to pay its Lease Appropriation Bonds issued for the purpose of financing the costs of the Motorsports Improvement Project.

Lease payable decreased approximately $3.6 million due to the debt service payment made in fiscal year 2019.
### Indiana Motorsports Commission

**Statement of Revenues, Expenses and Changes in Net Position Summary**

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30, 2019</th>
<th>Year Ended June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State appropriations</td>
<td>$3,445,000</td>
<td>$3,295,000</td>
</tr>
<tr>
<td>Lease revenue</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Interest revenue</td>
<td>109,078</td>
<td>60,181</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>5,554,078</strong></td>
<td><strong>5,355,181</strong></td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and financing costs</td>
<td>3,387,163</td>
<td>3,430,678</td>
</tr>
<tr>
<td>Distribution to primary government</td>
<td>2,018,928</td>
<td>2,009,763</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>5,406,091</strong></td>
<td><strong>5,440,441</strong></td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>147,987</td>
<td>(85,260)</td>
</tr>
<tr>
<td><strong>Net Position, Beginning of Year</strong></td>
<td><strong>4,860,983</strong></td>
<td><strong>4,946,243</strong></td>
</tr>
<tr>
<td><strong>Net Position, End of Year</strong></td>
<td><strong>$5,008,970</strong></td>
<td><strong>$4,860,983</strong></td>
</tr>
</tbody>
</table>

Pursuant to the IMC Act, State appropriations are to be made from the General Assembly to the Commission to pay rental payments under the IFA-IMC Lease Agreement sufficient to provide for the payment of financing costs including costs of issuance for the Lease Appropriation Bonds. The distribution to primary government relates to the IMC Act requiring the Commission to revert back any funds in the qualified motorsports facility fund (IMC Facility Fund) to the general fund of the State by June 30 each year. The Sublease rental is deposited into the IMC Facility Fund quarterly.

State appropriations revenue increased by approximately $.2 million due to a portion of the appropriation being applied to the direct-financing lease receivable.
Capital Assets: The Commission’s investment in capital assets includes a direct-financing lease of $93.5 million, which was initiated during the year ended June 30, 2016.

<table>
<thead>
<tr>
<th>Balance of Year</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance End of Year</th>
<th>Amount Due within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct-Financing Lease</td>
<td>$86,390,343</td>
<td>$3,555,000</td>
<td>$82,835,343</td>
<td>$3,615,000</td>
</tr>
</tbody>
</table>

Additional information on the Commission’s capital assets can be found in Note 4 to the financial statements.

Long-term Debt: The entire lease payable amount of $82,135,000 represents debt secured by specified appropriations and lease revenue sources for repayment to the IFA.

<table>
<thead>
<tr>
<th>Balance of Year</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance End of Year</th>
<th>Amount Due within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Payable</td>
<td>$85,690,000</td>
<td>$3,555,000</td>
<td>$82,135,000</td>
<td>$3,615,000</td>
</tr>
</tbody>
</table>

Additional information on the Commission’s lease obligations can be found in Note 5 to the financial statements.

REQUESTS OF 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 the State of Indiana Public Finance Director on behalf of the Indiana Motorsports Commission, One North Capitol, Suite 900, Indianapolis, Indiana 46204.
BASIC FINANCIAL STATEMENTS
# STATEMENT OF NET POSITION
## June 30, 2019

### ASSETS

**Current Assets**
- Interest receivable $10,562
- Investments $5,826,265
- Direct-financing lease, current portion $3,615,000
  
  **Total Current Assets** $9,451,827

**Noncurrent Assets**
- Direct-financing lease, less current portion $79,220,343
  
  **Total Assets** $88,672,170

### LIABILITIES

**Current Liabilities**
- Interest payable $1,528,200
- Current maturities of lease payable $3,615,000
  
  **Total Current Liabilities** $5,143,200

**Noncurrent Liabilities**
- Lease payable, less current maturities $78,520,000
  
  **Total Liabilities** $83,663,200

### NET POSITION

- Externally restricted for the Motorsports Improvement Project $5,008,970
  
  **Total Net Position** $5,008,970

  **Total Liabilities and Net Position** $88,672,170

*See accompanying notes.*
INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2019

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations</td>
<td>$3,445,000</td>
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<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>Amount</th>
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<tr>
<td>Interest and financing costs</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>5,406,091</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCREASE IN NET POSITION</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>147,987</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of Year</td>
<td>4,860,983</td>
</tr>
<tr>
<td>End of Year</td>
<td><strong>5,008,970</strong></td>
</tr>
</tbody>
</table>

*See accompanying notes.*
INDIANA MOTORSPORTS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF INDIANA)  

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2019

OPERATING ACTIVITIES  
State appropriations $ 3,445,000  
Lease payments received 2,000,000  
Net Cash Provided by Operating Activities 5,445,000

INVESTING ACTIVITIES  
Purchase of investments (9,106,357)  
Sales of investments 8,988,755  
Interest received on investments 106,357  
Net Cash Used by Investing Activities (11,245)

CAPITAL AND FINANCING ACTIVITIES  
Principal payments to reduce indebtedness (3,555,000)  
Capital lease principal receipts 3,555,000  
Payment to primary government (2,018,928)  
Interest and other financing payments (3,414,827)  
Net Cash Used by Capital and Financing Activities (5,433,755)

NET INCREASE (DECREASE) IN CASH  
-

CASH  
Beginning of Year -  
End of Year $ -

RECONCILIATION OF INCREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES  
Increase in net position $ 147,987  
Adjustments to reconcile increase in net position to net cash provided by operating activities:  
Interest revenue, interest expense and financing costs 3,288,085  
Distribution to primary government 2,018,928  
Net Cash Provided by Operating Activities $ 5,455,000

See accompanying notes.
INDIANA MOTORSPORTS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF INDIANA)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019  

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  

**Reporting Entity:** Pursuant to P. L. 233-2013 and P. L. 190-2014 of the State of Indiana (the State), as codified at, among other locations, IC 4-10-23, IC 5-1-17.5, IC 6-3-2-2, IC 6-3-2-3.2 and IC 6-3-8-14 (IMC Act), the Indiana Motorsports Commission (the Commission) was established as a public body corporate and politic, as an instrumentality of the State, to finance and lease real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The Commission is considered a component unit of the State and is discretely presented in the State’s financial statements.

The board of directors of the Commission is composed of the following five directors, who serve at the pleasure of the governor and must be residents of Indiana:

- The state budget director, or the state budget director's designee, who shall serve as chair of the Commission.
- Four directors appointed by the governor. The president pro tempore of the senate and the speaker of the house of representatives may each make one recommendation to the governor concerning the appointment of such directors.

The Commission, after a public hearing, adopted a resolution on December 10, 2013, establishing a motorsports investment district related to the Indianapolis Motor Speedway, found to be a qualified motorsports facility under the IMC Act (Motorsports Investment District). In establishing the Motorsports Investment District, the Commission made the following findings:

- The improvements that will be undertaken related to the Indianapolis Motor Speedway in the Motorsports Investment District (Motorsports Improvement Project) will have a positive effect on the activities of a qualified motorsports facility.
- The Motorsports Improvement Project that will be undertaken in the Motorsports Investment District will benefit the public health and welfare and will be of public utility and benefit.
- The Motorsports Improvement Project that will be undertaken in the Motorsports Investment District will protect or increase state and local tax bases and tax revenues.

A Motorsports Investment District consists of:

- A geographic area that includes a qualified motorsports facility as defined by the IMC Act;
- Adjacent property that is:
  - Related to the operation of such qualified motorsports facility and is owned by the owner of such qualified motorsports facility (or a subsidiary or affiliate thereof);
  - Property on which activities related to the qualified motorsports facility occur; and
  - Other public property specified by a Commission resolution.

During the fiscal year ending June 30, 2014, the Commission created its first Motorsports Investment District as part of undertaking the Motorsports Investment Project at the Indianapolis Motor Speedway, a qualified motorsports facility.

Under the IMC Act, Indiana Finance Authority (IFA) may finance the improvement, construction, reconstruction, renovation, and acquisition of real and personal property improvements within a qualified motorsports facility.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying basic financial statements conform with accounting principles generally accepted in the United States of America as applied to governments. The Commission’s significant accounting policies are as follows:

*Basis of Presentation and Accounting:* The Commission is reported as an internal service fund classified as a governmental activity. An internal service fund uses the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated nonexchange revenues and voluntary nonexchange revenues and certain grants and entitlements are recognized in the period when all applicable eligibility requirements have been met.

*Application of Accounting Principles Generally Accepted in the United States of America:* The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission follows GASB pronouncements.

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

*Investments:* Investments are money market funds recorded at fair value and held by the Commission at the reporting date.

*Net Position:* The Restricted Net Position component represents net position with constraints placed on use that are either (i) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or (ii) imposed by law through constitutional provisions or enabling legislation, as defined in the GASB Codification.

*Direct-Financing Leases:* Direct-financing leases are accounted for by the Commission, as lessee, as the sum of capital and related financing, and interest costs prior to the project being placed in service.

*Long-term Debt:* Lease payables are recorded at the principal amount outstanding, net of any applicable premium or discount.

*Lease and Other Program Revenue Recognition:* Lease revenue is recognized over the lease term using the interest rate method that mirrors the underlying long-term debt. Appropriations are recognized when received from the State. Other program income is recognized as revenue in the period earned.

*Expense Classification:* Expenses have been classified using functional and activity classifications using direct costs and estimated indirect cost allocations based upon time allocation and benefit.

*Subsequent Events:* Management has evaluated the financial statements for subsequent events occurring through October 7, 2019, the date the financial statements were available to be issued.
NOTE 2 - INVESTMENTS

Investments Background:

All investments of the Commission are contained within the provisions of the trust indenture related to IFA’s Lease Appropriation Bonds, Series 2015C (Lease Appropriation Bonds). All investments are held by, or in the name of, The Bank of New York Mellon Trust Company, N.A., as trustee under a trust indenture (Bond Trust Indenture) pertaining to IFA’s Lease Appropriation Bonds or under a deposit agreement (Deposit Agreement) pertaining to the Commission’s motorsports investment district fund (IMC District Fund) and qualified motorsports facility fund (IMC Facility Fund).

The provisions of the Bond Trust Indenture state that all investments shall be made under prudent investment standards reasonably expected to produce the greatest investment yields. Moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer. Generally, IFA investment policies and the Bond Trust Indenture and Deposit Agreement (collectively, the “Trust Documents”) authorize investments in United States obligations and issues of federal agencies, repurchase agreements fully collateralized by U.S. Government or U.S. Government Agency securities, bank certificates of deposit, and open end money market mutual funds.

IFA has assumed responsibility under the Trust Documents for monitoring investment policies and coordination of the nature, timing and extent of investment activity within trust accounts. Due to IFA’s responsibilities and the limitations on investments within the Trust Documents, the Commission has not adopted a formal investment policy.

The following disclosures provide information on the risk elements and related Trust Documents’ policies:

Allowable Investments: IFA and the Commission are only permitted to invest in securities authorized by the applicable Trust Documents. The Trust Documents’ provisions only relate to the investment of cash within them. Under the allowable investment provisions of the Trust Documents, IFA and the Commission invested and held one money market fund rated AAAm or AAAm-G by S&P during the year ended June 30, 2019.

Interest Rate Risk: The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Trust Documents state that moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer. At June 30, 2019, the Commission had one money market fund, maturing in less than one year:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>S&amp;P</th>
<th>Moody’s</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market fund shares</td>
<td>AAAm</td>
<td>Aaa-mf</td>
<td>$5,826,265</td>
</tr>
</tbody>
</table>

Credit Risk: Credit quality guidance is included in the Trust Documents. Credit ratings for the Commission’s investments at June 30, 2019 are as follows:
NOTE 2 - INVESTMENTS (CONTINUED)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The Commission and Trust Documents placed no limit on the amount that may be invested in any one issuer. The following table shows investment by issuer at June 30, 2019:

<table>
<thead>
<tr>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock Treasury Trust Instl. 62</td>
</tr>
</tbody>
</table>

Custodial Credit Risk: Custodial credit risk is the risk that the Commission will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Commission and are held by either the counterparty or the counterparty’s trust department of agent but not in the Commission’s name. There was no custodial credit risk for investments at June 30, 2019.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Commission has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission has the ability to access.

**Level 2** – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Commission make estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodology used by the Commission for assets that are measured at fair value on a recurring basis.

**Money Market Fund Shares:** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.
NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

For those assets measured at fair value, management determines the fair value measurement policies and procedures. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

Following is a summary, within each level of the fair value hierarchy, of the Commission's assets that are measured at fair value on a recurring basis as of June 30, 2019:

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>Money market fund shares</td>
<td>$5,826,265</td>
</tr>
</tbody>
</table>

At June 30, 2019, the Commission had no other assets and no liabilities that are measured at fair value on a recurring basis.

NOTE 4 - PLAN OF FINANCING AND DIRECT-FINANCING LEASES

IFA, the Commission, Indianapolis Motor Speedway, LLC (IMS) and Hulman & Company, the ultimate parent of IMS, entered into a development agreement, dated June 23, 2015 (Development Agreement), where the parties agreed that IFA would issue Lease Appropriation Bonds, a portion of the proceeds of which will be used to reimburse IMS for, or to pay, eligible costs of the Motorsports Improvement Project. These financed improvements, along with existing improvements located on the land, were to be leased from IFA to the Commission, according to following structure:

- IMS leases certain real property constituting part of the Indianapolis Motor Speedway (Real Property) to IFA pursuant to a Ground Lease. There are no financial payments associated with the Ground Lease.
- IFA will lease such Real Property and the Motorsports Improvement Project (collectively, the “Leased Premises”) to the Commission through a direct-financing lease (IFA-IMC Lease Agreement).
- The Commission, in turn, will lease the Leased Premises to IMS pursuant to a sublease agreement (Sublease).

**Direct-Financing Lease – IFA as Lessor and Commission as Lessee:** All construction and eligible financing costs (including interest on the Lease Appropriation Bonds) associated with the Motorsports Improvement Project were capitalized during the construction period as part of a direct-financing lease. Under the IFA-IMC Lease Agreement, the Commission has the option to purchase the Leased Premises at a price equal to the amount required to enable the IFA to pay or redeem all related outstanding debt obligations and related financing and administrative costs related to the transaction. Lease terms are reflective of related debt service requirements related to the Lease Appropriation Bonds. As of June 30, 2019, the total projects and financing costs capitalized under a direct-financing lease for the Motorsports Improvement Project was $90,095,343.

Under the IFA-IMC Lease Agreement, the Commission is to pay rent in an amount at least equal to the debt service and costs of IFA and the Commission on the Lease Appropriation Bonds from appropriations made by the Indiana General Assembly from time to time. Appropriations made by the Indiana General Assembly from time to time, pending application of such to make rental payments to IFA under the IFA-IMC Lease Agreement, are held and invested in the IMC District Fund under the Deposit Agreement.
NOTE 4 - PLAN OF FINANCING AND DIRECT FINANCING LEASES (CONTINUED)

The Commission’s lease payments made to IFA during the fiscal year ending June 30, 2019, were $7,000,000. As provided in the IFA-IMC Lease Agreement, as supplement, the Commission’s required lease payments to IFA for the Motorsports Improvement Project are shown below:

<table>
<thead>
<tr>
<th>Period Available for Use and Occupancy</th>
<th>Date Payment Due</th>
<th>Rentals</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2019 to September 30, 2019</td>
<td>July 15, 2019</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>October 1, 2019 to December 31, 2019</td>
<td>October 15, 2019</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>January 1, 2020 to March 31, 2020</td>
<td>January 15, 2020</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>April 1, 2020 to June 30, 2020</td>
<td>April 15, 2020</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>July 1, 2020 to September 30, 2020</td>
<td>July 15, 2020</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>October 1, 2020 to December 31, 2020</td>
<td>October 15, 2020</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>January 1, 2021 to March 31, 2021</td>
<td>January 15, 2021</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>April 1, 2021 to June 30, 2021</td>
<td>April 15, 2021</td>
<td>$1,750,000</td>
</tr>
</tbody>
</table>

The rents are set at an amount sufficient to cover 100% of Debt Service and all related financing and administrative costs of IFA and the Commission.

**Sublease – Commission as Sublessor and IMS as Sublessee:** The Sublease provides for IMS to pay rentals to the Commission for the use of the Leased Premises (which includes certain existing improvements at the Indianapolis Motor Speedway, and the improvements that are part of the Motorsports Improvement Project). The Sublease rental amounts are equal quarterly payments of $500,000 commencing by July 31, 2015, and thereafter for a total of 80 quarterly payments to be deposited to the IMC Facility Fund held under the Deposit Agreement. The Commission recognized $2,000,000 of Sublease revenue during the fiscal year ending June 30, 2019.

Pursuant to the IMC Act and the Deposit Agreement, the Commission will cause amounts held in the IMC Facility Fund to revert back to the general fund of the State annually by June 30 each year. During the fiscal year ending June 30, 2019, the amount reverted was $2,018,928 representing the Sublease payments and interest revenue.
NOTE 5 - LEASES PAYABLE AND LONG-TERM DEBT ACTIVITY

IFA issued $92,755,000 of Lease Appropriation Bonds on July 24, 2015. Through the direct-financing lease agreement (lease), the Commission recorded a lease payable to IFA for the amount of the bonds. The payment schedule of the lease and repayment of lease payable mirrors the debt service of the Lease Appropriation Bonds. At June 30, 2019, the debt service requirements for the remaining lease payable were as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Total Principal</th>
<th>Total Interest</th>
<th>Total Net Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2020</td>
<td>$3,615,000</td>
<td>$3,290,249</td>
<td>$6,905,249</td>
</tr>
<tr>
<td>June 30, 2021</td>
<td>3,700,000</td>
<td>3,198,116</td>
<td>6,898,116</td>
</tr>
<tr>
<td>June 30, 2022</td>
<td>3,800,000</td>
<td>3,091,561</td>
<td>6,891,561</td>
</tr>
<tr>
<td>June 30, 2023</td>
<td>3,915,000</td>
<td>2,971,443</td>
<td>6,886,443</td>
</tr>
<tr>
<td>June 30, 2024</td>
<td>4,040,000</td>
<td>2,841,237</td>
<td>6,881,237</td>
</tr>
<tr>
<td>June 30, 2025 – June 30, 2029</td>
<td>22,475,000</td>
<td>11,825,989</td>
<td>34,300,989</td>
</tr>
<tr>
<td>June 30, 2030 – June 30, 2034</td>
<td>27,635,000</td>
<td>6,475,148</td>
<td>34,110,148</td>
</tr>
<tr>
<td>June 30, 2035 – June 30, 2036</td>
<td>12,955,000</td>
<td>630,078</td>
<td>13,585,078</td>
</tr>
<tr>
<td></td>
<td>$82,135,000</td>
<td>$34,323,821</td>
<td>$116,458,821</td>
</tr>
</tbody>
</table>

The original lease financing of $92,755,000 included $68,005,000 of serial bonds maturing through July 15, 2031 and term bonds of $24,750,000 maturing through July 15, 2035.

The following is a summary of long-term debt outstanding at June 30, 2019:

<table>
<thead>
<tr>
<th>Future Interest Rates Range</th>
<th>Maturity Range</th>
<th>Annual Principal Payment Range</th>
<th>Amount Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMS Motorsports Project</td>
<td>2.342% - 4.807%</td>
<td>2020 - 2036</td>
<td>$3,615,000 - $6,630,000</td>
</tr>
</tbody>
</table>

Changes in long-term liabilities were as follows:

<table>
<thead>
<tr>
<th>Balance Beginning of Year</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance End of Year</th>
<th>Amount Due within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Payable</td>
<td>$85,690,000</td>
<td>$ - 3,555,000</td>
<td>$82,135,000</td>
<td>$3,615,000</td>
</tr>
</tbody>
</table>

The direct-financing lease agreement allows for remedies in case there is an event of default. An event of default can be failure by the Commission to pay or cause to be paid when due any rental payment payable under and in accordance with the terms of the lease on the date on which due; or failure by the Commission to observe and perform any covenant, condition or agreement on its part to be observed or performed.
NOTE 5 - LEASES PAYABLE AND LONG-TERM DEBT ACTIVITY (CONTINUED)

The remedies include the following (i) IFA may terminate the lease by written notice to the Commission and/or take whatever action at law or in equity as may appear necessary or desirable to collect the payments then due and thereafter to be come due or to enforce the performance and observance of any obligation, agreement or covenant of the Commission under the lease; provided, however, that in the event funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy of the facilities when due pursuant to and in accordance with the terms of the lease, the Commission will be required to vacate the facilities on the first day for which funds have not been so appropriated or are not so available and (ii) notwithstanding anything in the provisions described above to the contrary, the Commission will be obligated to pay any rental due under the lease for any period during which the facilities are available for use or occupancy, and for which funds have been appropriated and are available to pay any sum agreed to be paid by the Commission pursuant to and in accordance with the terms of the lease for use and occupancy of the facilities when due.

NOTE 6 - CONTINGENCIES AND COMMITMENTS

Loss Contingencies: The Commission is not currently subject to any known claims or litigation related to its operations or the Motorsports Improvement Project. Accordingly, management of the Commission believes no such matters have a material adverse impact on the Commission’s operations or net position.

Commitments: There were no contractual commitments at June 30, 2019.

NOTE 7 - STATUTORY INCREMENT MATTER

As required by the IMC Act, the Indiana Department of Revenue (IDOR) annually gathers information and determines “Incremental Revenue” and reports such Incremental Revenue to the Commission, IFA and IMS. “Incremental Revenue” means the cumulative annual changes in Increment Taxes (such being for each applicable calendar year related to activities in the Motorsports Investment District, the aggregate amount of (i) state adjusted gross income taxes under IC 6-3 paid or remitted, (ii) state gross retail and use taxes that are remitted under IC 6-2.5 and (iii) admissions fees paid under IC 6-8-14) as compared to such taxes paid or remitted during the Increment Base Period (which, as established by the Commission, is the calendar year ending December 31, 2012). IDOR has determined Incremental Revenue to be $14,205,886 inclusive of activities through and including the calendar year ending December 31, 2017. The IMC Act requires IDOR to determine such Incremental Revenue by the first business day of each November following the calendar year to which the activity is applicable.
NOTE 7 - STATUTORY INCREMENT MATTER (CONTINUED)

In furtherance of the requirements of the IMC Act, the Development Agreement established a framework by which certain payments are to be paid by IMS to the Commission in the event the Incremental Revenue, on a cumulative basis, does not reach certain levels within an established time period. Unless a sooner date is triggered by the applicability of certain terms of the Development Agreement (which as of December 31, 2017, such terms were not so triggered), following the final increment period (which will be the calendar year ending December 31, 2042 provided, however that in respect of the determination as to the amount of admissions fees paid under IC 6-8-14 with respect to the Motorsports Investment District, such shall be determined as of and through October 31, 2043), IMS and Hulman & Company will be required to pay to the Commission an amount, if any, equal to the greater of Increment Shortfall Amount or the Defeasance Amount.

"Increment Shortfall Amount" means an amount (if and only if such is computed to be a positive numeric value) equal to:

(a) the sum of (i) the aggregate of the amount of money necessary to be appropriated to the Commission by the General Assembly of the State to provide for the rental payments to IFA under the IFA-IMC Lease Agreement during its entire term (which as of December 31, 2017, such amounts are not expected to exceed $140,000,000) and (ii) any unpaid or unreimbursed costs of IFA and the Commission (which as of December 31, 2017, there were not any such unpaid amounts);

(b) reduced by the aggregate amount of Incremental Revenue as of any date that the Increment Shortfall Amount is calculated;

(c) reduced by the aggregate amount of rental payments under the Sublease made by IMS to the Commission as of any date that the Increment Shortfall Amount is calculated (which as of December 31, 2017, $1,000,000 was so paid);

(d) reduced by the aggregate amount of insurance proceeds received by the trustee under the Bond Trust Indenture (Trustee), the Commission or IFA pursuant to insurance policies obtained by IMS, which are used to make payments on the Lease Appropriation Bonds (but only to the extent such amount was also included under clause (a) above) (which as of December 31, 2017, there were not any such amounts received by the Trustee, the Commission or IFA); and

(e) reduced by the amount in IMS’ reserve account (IMS Reserve) to the extent received by the Commission to satisfy the Increment Shortfall Amount (which as of December 31, 2018, no such amounts were so applied, however, $5,500,000 is held in such IMS Reserve).

"Defeasance Amount" means an amount equal to the sum of:

(a) an amount that is sufficient to cause the payment or provision for payment of (i) the principal, premium (if any) and interest due and to become due on the Lease Appropriation Bonds at the times and in the manner stipulated therein and in the Bond Trust Indenture and (ii) all sums of money due and to become due according to the provisions of the Bond Trust Indenture so as to permit the Trustee to cancel and discharge the lien of the Bond Trust Indenture; and

(b) any other unpaid or unreimbursed costs of IFA and the Commission.
OTHER REPORT
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

Board Members
Indiana Motorsports Commission
State of Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Indiana Motorsports Commission (the Commission), a component unit of the State of Indiana, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Indianapolis, Indiana
October 7, 2019