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September 18, 2023

Board of Directors
Indiana White River State Park Development Commission
801 W. Washington Street
Indianapolis, IN 46204

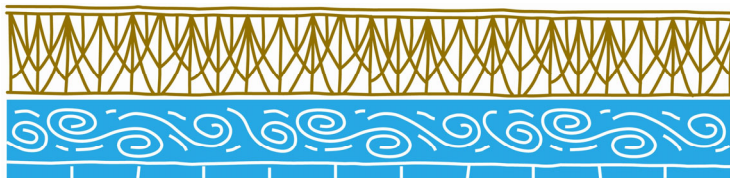
We have reviewed the audit report of the Indiana White River State Park Development Commission, which was opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Indiana White River State Park Development Commission as of June 30, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Katz, Sapper & Miller, LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



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

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTARY AND OTHER INFORMATION

June 30, 2022 and 2021

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

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Independent Auditor's Report

To the Commissioners
Indiana White River State Park Development Commission

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Indiana White River State Park Development Commission, a component unit of the State of Indiana, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Indiana White River State Park Development Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Indiana White River State Park Development Commission as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Indiana White River State Park Development Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana White River State Park Development Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Indiana White River State Park Development Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana White River State Park Development Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of the Commission's proportionate share of the net pension liability and Commission contributions and related notes be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Indiana White River State Park Development Commission's basic financial statements. The accompanying schedules of operating expenses and IMAX operations are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating expenses and IMAX operations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of Indiana White River State Park Development 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 White River State Park Development 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 White River State Park Development Commission's internal control over financial reporting and compliance.

Katy, Sapper & Miller, LLP

Indianapolis, Indiana
December 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2022 and 2021

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, 2022, 2021, and 2020.

FINANCIAL HIGHLIGHTS

- ♦ The Commission's assets exceeded its liabilities at the close of the most recent fiscal year by \$131 million (net position). There is \$113 thousand restricted for the concert venue capital reserve fund, \$597 thousand restricted for major repairs to the NCAA and NFHS buildings, and \$46 thousand restricted for scholarships and various other improvement projects.
- ♦ The Commission's current assets decreased by \$85 thousand and total liabilities decreased by \$1.4 million during the current fiscal year. Restricted cash decreased by \$1.6 million and investments increased by \$721 thousand during the current fiscal year.
- ♦ The Commission's total net position decreased by \$254 thousand during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is 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 the statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows; and 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 *statement of net position* presents information on all of the Commission's assets, deferred outflows, liabilities, deferred inflows, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information on how the Commission's net position changed during each year. All changes in net position 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 *statement of cash flows* is concerned solely with flows of cash and equivalents and restricted cash. 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 10-12 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 13-29 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 33 and schedules of IMAX operations on page 34. 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 position may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$131 million at the close of the most recent fiscal year.

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

| | June 30, 2022 | June 30, 2021 | June 30, 2020 |
|----------------------------------|------------------|------------------|------------------|
| Current and other assets | \$ 4,640 | \$ 4,725 | \$ 16,550 |
| Capital assets | <u>134,754</u> | <u>136,637</u> | <u>126,957</u> |
| Total Assets | <u>139,394</u> | <u>141,362</u> | <u>143,507</u> |
| Deferred outflows of resources | <u>180</u> | <u>154</u> | <u>145</u> |
| Current liabilities | 277 | 1,460 | 2,942 |
| Long-term liabilities | <u>443</u> | <u>696</u> | <u>803</u> |
| Total Liabilities | <u>720</u> | <u>2,156</u> | <u>3,745</u> |
| Deferred inflows of resources | <u>8,087</u> | <u>8,338</u> | <u>6,961</u> |
| Net Position: | | | |
| Net investment in capital assets | 126,546 | 127,959 | 119,079 |
| Restricted | 756 | 1,157 | 10,454 |
| Unrestricted | <u>3,465</u> | <u>1,906</u> | <u>3,413</u> |
| Total Net Position | <u>\$130,767</u> | <u>\$131,022</u> | <u>\$132,946</u> |

Capital assets decreased by \$1.9 million during the current fiscal year as a result of \$2.5 million in depreciation expense exceeding the \$600 thousand of additions.

Capital assets increased by \$9.7 million during fiscal year 2021 as a result of \$11.9 million in additions exceeding the \$2.2 million in depreciation expense. Current and other assets decreased by \$11.8 million during fiscal year 2021 primarily due to using funds received from the Lilly Endowment and Live Nation to construct a permanent concert venue.

Current liabilities decreased by \$1.2 million during the current fiscal year due to significant construction payables at prior year-end related to the permanent concert venue. Deferred inflows of resources decreased by \$251 thousand during the current fiscal year due to continued amortization of the capital contributions related to the service concession agreement with Live Nation.

FINANCIAL ANALYSIS (CONTINUED)

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

| | Years Ended June 30, | | |
|---|----------------------|------------------|------------------|
| | 2022 | 2021 | 2020 |
| Operating Revenues: | | | |
| Indiana State appropriations | \$ 849 | \$ 869 | \$ 843 |
| IMAX Theater | 1,522 | 226 | 925 |
| Parking | 1,516 | 848 | 1,280 |
| Concert events | 1,020 | 13 | 254 |
| Miscellaneous | 62 | 68 | 56 |
| Total Operating Revenues | <u>4,969</u> | <u>2,024</u> | <u>3,358</u> |
| Operating Expenses: | | | |
| IMAX Theater | 1,310 | 334 | 970 |
| Parking | 373 | 178 | 409 |
| Other operating expenses | 1,503 | 1,637 | 1,919 |
| Total Operating Expenses | <u>3,186</u> | <u>2,149</u> | <u>3,298</u> |
| Income (Loss) from Operations before Depreciation | 1,783 | (125) | 60 |
| Depreciation | <u>(2,457)</u> | <u>(2,210)</u> | <u>(1,762)</u> |
| Loss from Operations | <u>(674)</u> | <u>(2,335)</u> | <u>(1,702)</u> |
| Nonoperating Activities: | | | |
| Lilly Endowment grant revenue | | | 8,700 |
| Live Nation capital contributions | 425 | 410 | 177 |
| Interest income | 2 | 5 | 146 |
| Loss on sales of capital assets | (8) | (4) | (81) |
| Total Nonoperating Activities | <u>419</u> | <u>411</u> | <u>8,942</u> |
| Increase (Decrease) in Net Position | (255) | (1,924) | 7,240 |
| Net Position: | | | |
| Beginning of Year | <u>131,022</u> | <u>132,946</u> | <u>125,706</u> |
| End of Year | <u>\$130,767</u> | <u>\$131,022</u> | <u>\$132,946</u> |

In fiscal year 2022 and fiscal year 2021, the Commission recognized \$425 thousand and \$410 thousand, respectively, of nonoperating revenues from capital contributions related to the service concession agreement with Live Nation. In fiscal year 2020, the Commission received \$8.7 million of nonoperating revenues from the Lilly Endowment for the construction of a permanent concert venue.

In fiscal year 2022, IMAX Theater revenue increased by \$1.3 million and IMAX Theater expenses increased by \$976 thousand for an overall increase in operations of \$324 thousand, resulting from the theater remaining open for the full fiscal year and fiscal year 2022 showings being more popular than fiscal year 2021 showings. In fiscal year 2021, IMAX Theater revenue decreased by \$699 thousand and IMAX Theater expenses decreased by \$636 thousand for an overall decrease in operations of \$63 thousand, resulting from the theater being closed for six months as a result of the coronavirus pandemic.

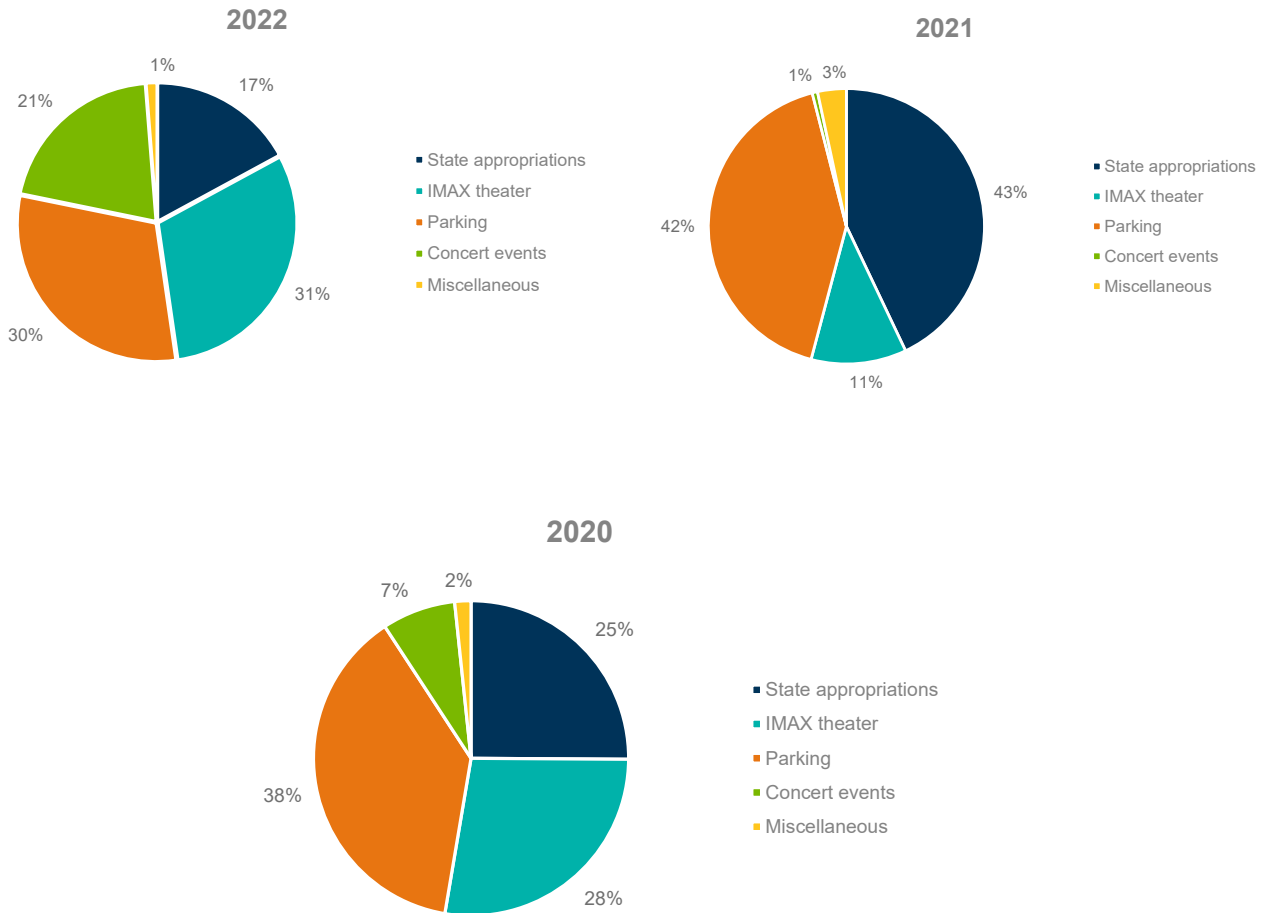
In fiscal year 2022 and fiscal year 2021, parking revenue increased by \$668 thousand and decreased by \$432 thousand, respectively, in correlation to the number of events held and visits to the attractions as a result of the coronavirus pandemic.

FINANCIAL ANALYSIS (CONTINUED)

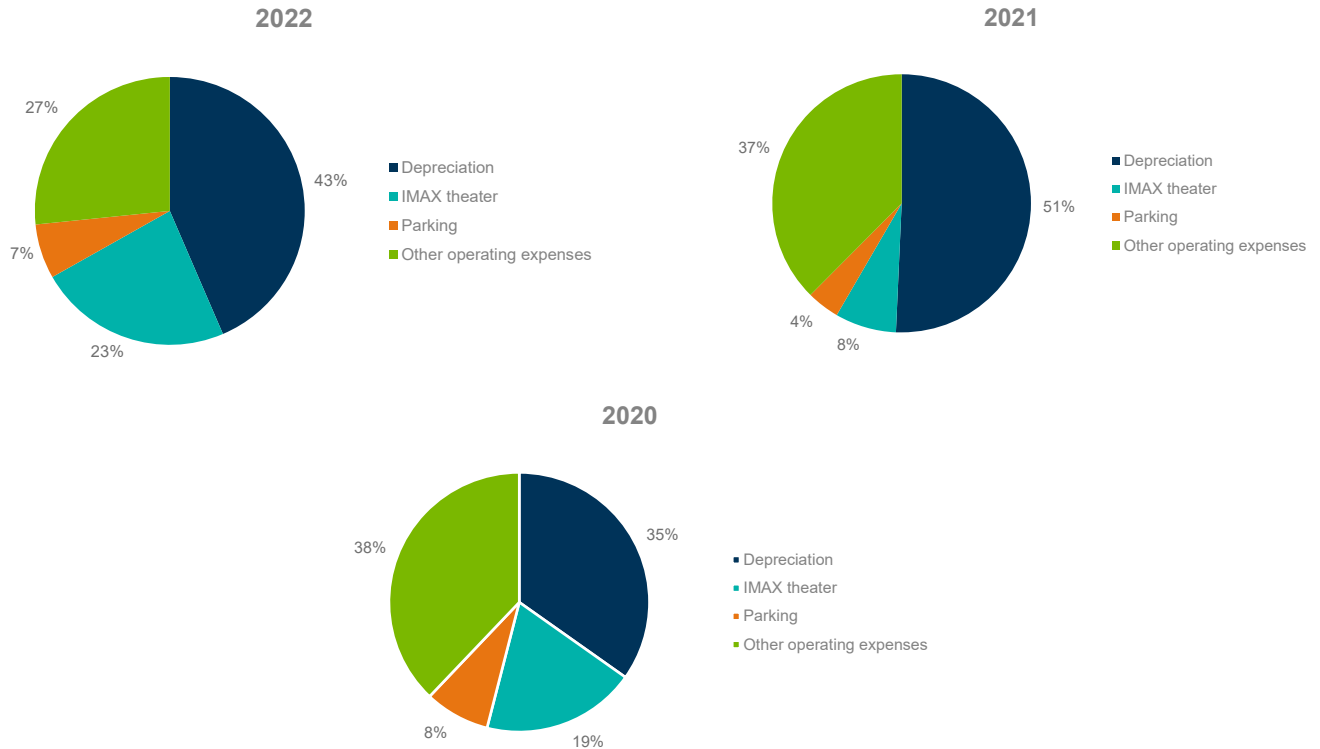
In fiscal year 2022, concert events revenue increased by \$1 million due to a decrease in the number of events held in fiscal year 2021 as a result of the coronavirus pandemic.

The Commission’s net position decreased by \$254 thousand and \$1.9 million during the fiscal years ending June 30, 2022 and June 30, 2021, respectively. The decreases for fiscal year 2022 and fiscal year 2021 include revenue of \$425 thousand and \$410 thousand, respectively, from the Live Nation capital contributions.

OPERATING REVENUES BY SOURCE



OPERATING EXPENSES BY TYPE



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The Commission’s net investment in capital assets as of June 30, 2022 and 2021, totaled \$126.5 million and \$127.9 million, respectively (net of accumulated depreciation, related debt obligation, lease liabilities, and deferred inflows attributable to the acquisition or improvement of those assets). This investment in capital assets includes land, sculptures, land improvements, buildings, building improvements, furnishings, equipment, intangible right-to-use assets, and construction in progress. The total decrease in the Commission’s investment in capital assets for the current fiscal year was \$1.4 million, due to depreciation with minimal additions. The total increase in the Commission’s investment in capital assets for fiscal year 2021 was \$9.5 million, primarily due to the construction of a permanent concert venue. Phases two and three of the construction of the permanent concert venue were completed in fiscal year 2021 and the related assets were placed into service.

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

| | June 30, 2022 | June 30, 2021 | June 30, 2020 |
|--------------------------------|-------------------------|-------------------------|-------------------------|
| Land | \$ 55,657 | \$ 55,642 | \$ 55,642 |
| Sculpture | 299 | 296 | 296 |
| Land improvements | 2,771 | 2,771 | 1,423 |
| Buildings and improvements | 75,396 | 77,187 | 53,312 |
| Furnishings and equipment | 425 | 525 | 669 |
| Intangible right-to-use assets | 206 | 216 | 276 |
| Construction in progress | | | 15,339 |
| Total | <u>\$134,754</u> | <u>\$136,637</u> | <u>\$126,957</u> |

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt: The Commission's debt obligation as of June 30, 2022 and 2021, totaled \$170,017 and \$205,580, respectively.

Additional information on the Commission's capital assets and debt can be found in Note 4 and Note 7 to the financial statements on page 17 and pages 23 and 24, respectively.

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.

FINANCIAL STATEMENTS

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**STATEMENTS OF NET POSITION
June 30, 2022 and 2021**

ASSETS

| | 2022 | Adjusted 2021 |
|--|--------------------|--------------------------|
| CURRENT ASSETS | | |
| Cash | \$ 3,584,694 | \$ 2,777,410 |
| Restricted cash | 112,578 | 1,698,483 |
| Investments | 720,734 | |
| Accounts receivable | 165,832 | 184,737 |
| Inventory | 25,910 | 13,507 |
| Prepaid expenses | 30,432 | 51,172 |
| Total Current Assets | <u>4,640,180</u> | <u>4,725,309</u> |
| NONCURRENT ASSETS | | |
| Capital assets, net of depreciation | <u>134,754,065</u> | <u>136,637,001</u> |
| Total Noncurrent Assets | <u>134,754,065</u> | <u>136,637,001</u> |
| TOTAL ASSETS | <u>139,394,245</u> | <u>141,362,310</u> |
| DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSION | <u>179,589</u> | <u>153,647</u> |

LIABILITIES AND NET POSITION

| | | |
|---|-----------------------|-----------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 46,733 | \$ 1,276,785 |
| Accounts payable - IMAX | 76,680 | 41,225 |
| Accrued payroll and payroll withholdings | 55,601 | 48,189 |
| Current portion of lease liabilities | 60,000 | 57,500 |
| Current maturities of long-term debt | 37,701 | 35,567 |
| Total Current Liabilities | <u>276,715</u> | <u>1,459,266</u> |
| LONG-TERM LIABILITIES | | |
| Net pension liability | 164,744 | 368,186 |
| Lease liabilities, less current portion | 145,833 | 158,333 |
| Long-term debt, less current maturities | <u>132,316</u> | <u>170,013</u> |
| Total Long-term Liabilities | <u>442,893</u> | <u>696,532</u> |
| Total Liabilities | <u>719,608</u> | <u>2,155,798</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflow of resources related to pension | 254,916 | 81,658 |
| Capital contribution for service concession agreement - Live Nation | 7,831,874 | 8,256,805 |
| Total Deferred Inflows of Resources | <u>8,086,790</u> | <u>8,338,463</u> |
| NET POSITION | | |
| Net investment in capital assets | 126,546,341 | 127,958,783 |
| Restricted | 755,865 | 1,156,856 |
| Unrestricted | <u>3,465,230</u> | <u>1,906,057</u> |
| TOTAL NET POSITION | <u>\$ 130,767,436</u> | <u>\$ 131,021,696</u> |

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2022 and 2021

| | 2022 | Adjusted 2021 |
|-----------------------------------|-----------------------|--------------------------|
| OPERATING REVENUES | | |
| Indiana State appropriations | \$ 848,506 | \$ 869,460 |
| IMAX Theater | 1,522,276 | 226,167 |
| Parking | 1,516,102 | 848,058 |
| Concert events | 1,020,034 | 12,645 |
| Miscellaneous | 62,179 | 68,120 |
| Total Operating Revenues | <u>4,969,097</u> | <u>2,024,450</u> |
| OPERATING EXPENSES | | |
| IMAX Theater | 1,310,265 | 334,017 |
| Park administration | 1,288,731 | 1,441,219 |
| Marketing | 21,733 | 32,417 |
| Sculpture | 9,068 | 5,594 |
| Parking | 372,602 | 177,768 |
| Depreciation | 2,457,231 | 2,210,001 |
| Other expenses | 182,515 | 157,998 |
| Total Operating Expenses | <u>5,642,145</u> | <u>4,359,014</u> |
| Loss from Operations | <u>(673,048)</u> | <u>(2,334,564)</u> |
| NONOPERATING ACTIVITIES | | |
| Live Nation capital contributions | 424,931 | 410,081 |
| Interest income | 2,268 | 4,586 |
| Loss on sales of capital assets | (8,411) | (4,378) |
| Total Nonoperating Activities | <u>418,788</u> | <u>410,289</u> |
| DECREASE IN NET POSITION | (254,260) | (1,924,275) |
| NET POSITION | | |
| Beginning of Year | <u>131,021,696</u> | <u>132,945,971</u> |
| End of Year | <u>\$ 130,767,436</u> | <u>\$ 131,021,696</u> |

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021**

| | 2022 | Adjusted 2021 |
|---|---------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from State of Indiana | \$ 848,506 | \$ 869,460 |
| Receipts from IMAX Theater | 1,513,383 | 224,141 |
| Receipts from parking | 1,585,924 | 726,251 |
| Receipts from events | 974,890 | 11,226 |
| Receipts from other sources | 65,299 | 64,003 |
| Payments for operating expenses | <u>(3,189,055)</u> | <u>(4,865,419)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>1,798,947</u> | <u>(2,970,338)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sales of certificates of deposits | | 154,022 |
| Purchases of investments | (720,363) | |
| Proceeds from sales of investments | | 5,034,473 |
| Interest received | <u>2,268</u> | <u>4,586</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(718,095)</u> | <u>5,193,081</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Receipts from Live Nation | | 1,768,126 |
| Acquisition and construction of capital assets | (1,777,798) | (10,663,770) |
| Proceeds from sales of capital assets | 13,888 | |
| Principal payments on lease liabilities | (60,000) | (60,000) |
| Principal payments on long-term debt | <u>(35,563)</u> | <u>(18,456)</u> |
| Net Cash Used by Capital and Related Financing Activities | <u>(1,859,473)</u> | <u>(8,974,100)</u> |
| NET DECREASE IN CASH AND RESTRICTED CASH | (778,621) | (6,751,357) |
| CASH AND RESTRICTED CASH | | |
| Beginning of Year | <u>4,475,893</u> | <u>11,227,250</u> |
| End of Year | <u>\$ 3,697,272</u> | <u>\$ 4,475,893</u> |
| CASH AND RESTRICTED CASH | | |
| Cash | \$ 3,584,694 | \$ 2,777,410 |
| Restricted cash | <u>112,578</u> | <u>1,698,483</u> |
| TOTAL CASH AND RESTRICTED CASH | <u>\$ 3,697,272</u> | <u>\$ 4,475,893</u> |
| RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Loss from operations | \$ (673,048) | \$ (2,334,564) |
| Adjustments to reconcile loss from operations to net cash provided (used) by operating activities: | | |
| Depreciation | 2,457,231 | 2,210,001 |
| Noncash pension expense | (56,126) | (17,714) |
| Unrealized gain on investments | (371) | |
| (Increase) decrease in certain assets: | | |
| Accounts receivable | 18,905 | (129,369) |
| Inventory | (12,403) | 5,780 |
| Prepaid expenses | 20,740 | 9,868 |
| Decrease in accounts payable and accrued expenses | <u>44,019</u> | <u>(2,714,340)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,798,947</u> | <u>\$ (2,970,338)</u> |
| SUPPLEMENTAL DISCLOSURES | | |
| Noncash capital and related financing activities: | | |
| Capital purchases included in accounts payable | | \$ 1,231,204 |
| Capital assets acquired with operating lease | \$ 50,000 | |

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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 NFHS 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 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.

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 accordance with accounting principles generally accepted in the United States of America 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.

New Accounting Pronouncement: During 2022, the Commission adopted GASB Statement No. 87, *Leases* (Statement No. 87). Statement No. 87 requires lessees to recognize a lease liability and an intangible right-to-use lease asset for leases that previously were classified as operating leases, thereby enhancing the relevance and consistency of information about a government's leasing activities. Statement No. 87 has been applied retrospectively to all years presented. The adoption had no impact on the opening balance of net position as of July 1, 2020; however, the adoption resulted in an adjustment to increase net capital assets and liabilities by \$215,833 as of June 30, 2021, from amounts previously reported.

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Commission reports three categories of net position as follows:

- Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations, lease liabilities and deferred inflows attributable to the acquisition or improvement of those assets.
- Restricted net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations that either expire by the passage of time or by actions of the Commission.
- Unrestricted net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Commission.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash consists of cash in demand deposit accounts. The Commission maintains a cash balance in bank deposit accounts which, at times, may exceed federally insured limits.

Any cash in excess of the FDIC limits noted above is insured by the Indiana Public Deposits Insurance Fund (Fund). The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Restricted Cash consists of an account required to be maintained under a service concession agreement with Live Nation at June 30, 2022. Funds within the account may only cover expenditures as allowed under the agreement. At June 30, 2021, restricted cash consists of cash received for the construction of a new permanent concert venue.

Investment Valuation and Income Recognition: Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Interest income reported in the statements of revenues, expenses and changes in net position consists of interest and dividend income and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

Accounts Receivable primarily include amounts due from the parking garage and IMAX. Accounts receivable are reviewed regularly for collectability and an allowance for doubtful accounts receivable is recorded, if necessary, based on management's judgement and analysis of the creditworthiness of the creditors, historical experience, economic conditions, and other relevant factors. Accounts receivable are written off against the allowance when deemed uncollectible. At June 30, 2022 and 2021, management determined that no allowance was necessary.

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. Expenditures for capital assets and items which substantially increase the useful lives of existing capital assets, with a cost greater than \$1,500 and with a useful life greater than one year, are capitalized at cost. 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 and improvements | 10-40 years |
| Furnishings and equipment (including exhibits and projector) | 5-15 years |

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. No adjustments to the carrying amount of long-lived assets were required in fiscal years 2022 and 2021.

Retirement Plan: The employees of the Commission participate in the Indiana Public Retirement System (INPRS). See Note 5.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources: The Commission reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. Deferred outflows of resources reported at June 30, 2022 and 2021, related to the defined benefit pension plan. Deferred outflows of resources related to the defined benefit pension plan are amortized over the expected future working lifetime of all plan members, except for the net difference between projected and actual earnings on pension plan investments, which is amortized over five years.

Deferred Inflows of Resources: The Commission reports increases in net assets that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. Deferred inflows of resources related to the defined benefit pension plan are amortized over the expected future working lifetime of all plan members, except the net difference between projected and actual earnings on pension plan investments, which is amortized over five years. The deferred inflows of resources also include capital contributions related to a service concession agreement with Live Nation, which are being amortized over 20 years.

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.

Indiana State Appropriations are recognized as revenue when allotted by the State.

Concert Events consists of the annual net revenues provided under the Commission’s management agreement with Live Nation, as defined per the agreement. The Commission recognizes this income in the year the net revenues are remitted by Live Nation. See Note 8.

Subsequent Events: The Commission has evaluated the financial statements for subsequent events occurring through December 13, 2022, the date the financial statements were available to be issued. See Note 11.

NOTE 2 - CASH AND INVESTMENTS

State statutes authorize the Commission 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.

Cash and investments and restricted cash consist of the following at June 30, 2022 and 2021:

| | 2022 | 2021 |
|-----------------|--------------------|-----------------------------|
| Cash | \$3,584,694 | \$2,777,410 |
| Restricted cash | 112,578 | 1,698,483 |
| Investments | <u>720,734</u> | <u> </u> |
| | <u>\$4,418,006</u> | <u>\$4,475,893</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2022, the Commission had the following investments and maturities:

| 2022 | Investment Maturities (in years) | | | | |
|-----------------|----------------------------------|------------------|-------------|-------------|-------------|
| | Fair Value | < 1 | 1 – < 5 | 5 – < 10 | > 10 |
| U.S. Treasuries | <u>\$720,734</u> | <u>\$720,734</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| | <u>\$720,734</u> | <u>\$720,734</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Custodial Credit Risk of Investments

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 or agent but not in the Commission's name. The Commission has no custodial risk on investments.

Credit Risk

The quality rating of investments described by nationally recognized statistical rating organizations at June 30, 2022 are as follows:

| Investments | S&P | Moody's | Fitch | Fair Value |
|-----------------|-----|---------|-------|------------|
| U.S. Treasuries | AA+ | Aaa | AAA | \$720,734 |

Concentration of Credit Risk

There are no limits on the amount that may be invested in any one issuer. The Commission held 100% of their total investments with one investment issuer at June 30, 2022. The Commission held no investments at June 30, 2021.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Commission categorizes 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 or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset's and 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.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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 makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Commission for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2022 and 2021.

U.S. Treasuries: Valued using pricing models maximizing the use of observable inputs for similar securities.

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, 2022:

| | Level 2 | Total |
|--------------------------------|----------------------|----------------------|
| Assets | | |
| Investments: | | |
| U.S. Treasuries | <u>\$720,734</u> | <u>\$720,734</u> |
| Total Assets at Fair Value | <u>\$720,734</u> | <u>\$720,734</u> |

NOTE 4 - CAPITAL ASSETS

The Commission's capital assets activity for the years ended June 30, 2022 and 2021, was as follows:

| | Balance June 30, 2020 | Increases | Decreases | Balance June 30, 2021 | Increases | Decreases | Balance June 30, 2022 |
|---|-----------------------------|-------------------------|-------------------------|-----------------------------|---------------------------|----------------------|-----------------------------|
| Capital assets, not being depreciated: | | | | | | | |
| Land | \$ 55,642,406 | | | \$ 55,642,406 | \$ 14,297 | | \$ 55,656,703 |
| Sculpture | 296,278 | | | 296,278 | 3,000 | | 299,278 |
| Land improvements | 1,422,888 | \$ 1,348,600 | | 2,771,488 | | | 2,771,488 |
| Construction in progress | 15,338,443 | | \$15,338,443 | - | | | - |
| Total capital assets, not being depreciated | <u>72,700,015</u> | <u>1,348,600</u> | <u>15,338,443</u> | <u>58,710,172</u> | <u>17,297</u> | <u>-</u> | <u>58,727,469</u> |
| Capital assets, being depreciated: | | | | | | | |
| Buildings and improvements | 73,452,075 | 60,141 | | 73,512,216 | 16,322 | \$ 19,425 | 73,509,113 |
| Hall of Champions exhibits | 1,447,969 | | | 1,447,969 | | | 1,447,969 |
| Concert venue | 2,398,102 | 25,799,891 | | 28,197,993 | 437,314 | | 28,635,307 |
| IMAX projector | 669,296 | | | 669,296 | | | 669,296 |
| Furnishings and equipment | 1,708,997 | 24,785 | 18,026 | 1,715,756 | 75,661 | 33,980 | 1,757,437 |
| Total capital assets, being depreciated | <u>79,676,439</u> | <u>25,884,817</u> | <u>18,026</u> | <u>105,543,230</u> | <u>529,297</u> | <u>53,405</u> | <u>106,019,122</u> |
| Less accumulated depreciation for: | | | | | | | |
| Buildings and improvements | 22,507,607 | 1,571,088 | | 24,078,695 | 1,586,461 | 11,130 | 25,654,026 |
| Hall of Champions exhibits | 1,447,969 | | | 1,447,969 | | | 1,447,969 |
| Concert venue | 30,818 | 414,939 | | 445,757 | 649,137 | | 1,094,894 |
| IMAX projector | 430,166 | 43,478 | | 473,644 | 43,478 | | 517,122 |
| Furnishings and equipment | 1,279,321 | 120,496 | 13,648 | 1,386,169 | 118,155 | 19,976 | 1,484,348 |
| Total accumulated depreciation | <u>25,695,881</u> | <u>2,150,001</u> | <u>13,648</u> | <u>27,832,234</u> | <u>2,397,231</u> | <u>31,106</u> | <u>30,198,359</u> |
| Total capital assets being depreciated, net | <u>53,980,558</u> | <u>23,734,816</u> | <u>4,378</u> | <u>77,710,996</u> | <u>(1,867,934)</u> | <u>22,299</u> | <u>75,820,763</u> |
| Intangible right-to-use assets: | | | | | | | |
| Leased equipment | 500,000 | | | 500,000 | | | 500,000 |
| Leased office space | 50,000 | | | 50,000 | 50,000 | 50,000 | 50,000 |
| Less accumulated amortization | 274,167 | 60,000 | | 334,167 | 60,000 | 50,000 | 344,167 |
| Net intangible right-to-use assets | <u>275,833</u> | <u>(60,000)</u> | <u>-</u> | <u>215,833</u> | <u>(10,000)</u> | <u>-</u> | <u>205,833</u> |
| Total Capital Assets, Net | <u>\$ 126,956,406</u> | <u>\$25,023,416</u> | <u>\$15,342,821</u> | <u>\$ 136,637,001</u> | <u>\$ (1,860,637)</u> | <u>\$ 22,299</u> | <u>\$ 134,754,065</u> |

NOTE 5 - BENEFIT PLANS

Plan Description

The Commission is a participating employer of the Public Employees' Hybrid plan (PERF Hybrid), and its employees are participating members. PERF Hybrid is part of the Public Employees' Retirement Fund (PERF) and consists of two components: the Public Employees' Defined Benefit Account (PERF DB), the monthly employer-funded defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account (PERF DC), a member-funded account.

PERF Hybrid is administered by the Indiana Public Retirement System (INPRS). INPRS issues a publicly available financial report, including PERF Hybrid, that may be obtained at <http://www.inprs.in.gov/>.

Public Employees' Defined Benefit Account

PERF DB is a cost-sharing, multiple employer defined benefit fund providing retirement, disability, and survivor benefits to full-time employees of the State not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, IC 5-10.5, 35 IAC 1.2, and other Indiana pension law.

Eligibility for Pension Benefit Payment

Full Retirement Benefit: A member is entitled to a full retirement benefit at 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position.

Early Retirement Benefit: A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is 44% of full benefits at age 50, increasing 5% per year up to 89% at age 59.

Disability Benefit: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of disability.

Survivor Benefit: If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment.

Contribution Rates

Contributions are determined by the INPRS Board based on an actuarial valuation. Employers contribute 11.2% of covered payroll. No member contributions are required. The Commission's contributions to the PERF DB were \$72,630 and \$77,321 for the years ended June 30, 2022 and 2021, respectively.

Benefit Formula and Postretirement Benefit Adjustment

The lifetime annual benefit equals years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1% (minimum of \$180 per month). Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the INPRS Board.

NOTE 5 - BENEFIT PLANS (CONTINUED)

Public Employees' Defined Contribution Account

PERF DC is a multiple-employer defined contribution fund providing retirement benefits to full-time employees of the State not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2, and other Indiana pension law.

Contribution Rates

Member contributions under PERF DC are set by statute and the INPRS Board at 3% of covered payroll. The employer may choose to make these contributions on behalf of the member. The Commission made no contributions to PERF DC for the years ended June 30, 2022 and 2021. Under certain limitations, voluntary post-tax member contributions up to 10% of compensation can be made solely by the member.

Benefit Terms

Members (or their beneficiaries) are entitled to the sum total of contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death) or upon providing proof of the member's qualification for Social Security disability benefits. As of January 1, 2021, members at least 62 years of age with five qualifying years of service may take an in-service distribution of their DC account. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity. PERF DC members are 100% vested in their account balance.

Significant Actuarial Assumptions

The total pension liability is determined using an actuarial valuation performed by INPRS actuaries, which involves estimates of the value of reported amounts (e.g., salaries, credited service, etc.) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations, etc.). Actuarially determined amounts are subject to review and modifications, as actual results are compared with past expectations and new estimates are developed.

INPRS completed an actuarial experience study in February 2020. Assumption changes were recommended to the INPRS Board and adopted in June 2020 for the June 30, 2020 actuarial valuations. Assumptions related to mortality rates were increased, retirement rates were decreased, and future salary increases were increased from the prior measurement date. No changes in methods were recommended or adopted.

Key methods and assumptions used in calculating the total pension liability at June 30, 2022, in the latest actuarial valuations are presented below:

| | |
|--------------------------------------|--|
| Asset valuation date: | June 30, 2021 |
| Liability valuation date and method: | June 30, 2020 - Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2020 to the June 30, 2021 measurement date. |
| Actuarial cost method: | Entry age normal - level percent of payroll |
| Experience study date: | Computed February 2020 and reflects the experience period from July 1, 2014 to June 30, 2019 |

NOTE 5 - BENEFIT PLANS (CONTINUED)

| | | |
|---|--|------------|
| Investment rate of return: | 6.25% | |
| COLA: | Beginning January 1, 2024 - 0.40% | |
| | Beginning January 1, 2034 - 0.50% | |
| | Beginning January 1, 2039 - 0.60% | |
| Future salary increases, including inflation: | 2.65% - 8.65% | |
| Inflation: | 2.00% | |
| Mortality – Healthy Employees and Retirees: | Base Table | PubG-2010 |
| | M/F Set Forward | +3/+1 |
| Mortality – Disabled: | Base Table | PubG-2010 |
| | Load | 140% |
| Mortality – Beneficiaries: | Base Table | PubCS-2010 |
| | M/F Set Forward | +0/+2 |
| Mortality – Improvement – All Tables: | Generational Improvement Scale – MP-2019 | |

Key methods and assumptions used in calculating the total pension liability at June 30, 2021, in the latest actuarial valuations are presented below:

| | | |
|---|--|-----------|
| Asset valuation date: | June 30, 2020 | |
| Liability valuation date and method: | June 30, 2019 - Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date. | |
| Actuarial cost method: | Entry age normal - level percent of payroll | |
| Experience study date: | Computed February 2020 and reflects the experience period from July 1, 2014 to June 30, 2019 | |
| Investment rate of return: | 6.75% | |
| COLA: | 2020 – 2021 - 13 th check | |
| | Beginning January 1, 2022 - 0.40% | |
| | Beginning January 1, 2034 - 0.50% | |
| | Beginning January 1, 2039 - 0.60% | |
| Future salary increases, including inflation: | 2.75% - 8.75% | |
| Inflation: | 2.25% | |
| Mortality – Healthy Employees and Retirees: | Base Table | PubG-2010 |
| | M/F Set Forward | +3/+1 |

NOTE 5 - BENEFIT PLANS (CONTINUED)

| | | |
|---------------------------------------|--|---------------------|
| Mortality – Disabled: | Base Table Load | PubG-2010 140% |
| Mortality – Beneficiaries: | Base Table M/F Set Forward | PubCS-2010 +0/+2 |
| Mortality – Improvement – All Tables: | Generational Improvement Scale – MP-2019 | |

The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the INPRS Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| | Target Asset Allocation | 2022 Geometric Basis Long-Term Expected Real Rate of Return | 2021 Geometric Basis Long-Term Expected Real Rate of Return |
|------------------------------------|------------------------------------|--|--|
| Public equity | 20.0% | 3.6% | 4.4% |
| Private equity | 15.0% | 7.3% | 7.6% |
| Fixed income – ex inflation-linked | 20.0% | 1.5% | 1.9% |
| Fixed income – inflation-linked | 15.0% | -0.3% | 0.5% |
| Commodities | 10.0% | 0.8% | 1.6% |
| Real estate | 10.0% | 4.2% | 5.8% |
| Absolute return | 5.0% | 2.5% | 2.9% |
| Risk parity | 20.0% | 4.4% | 5.5% |
| Leverage Offset | -15.0% | -1.4% | N/A |

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.25% at June 30, 2022 and 6.75% at June 30, 2021, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25% at June 30, 2022 and 5.75% at June 30, 2021), or one percentage point higher (7.25% at June 30, 2022 and 7.75% at June 30, 2021) than the current rate:

| | 1% Decrease (5.25%) | Current Discount Rate (6.25%) | 1% Increase (7.25%) |
|-------------|--------------------------------|--|--------------------------------|
| 2022 | <u>\$430,878</u> | <u>\$164,744</u> | <u>\$(57,247)</u> |

NOTE 5 - BENEFIT PLANS (CONTINUED)

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|-------------|--------------------------------|--|--------------------------------|
| 2021 | <u>\$600,269</u> | <u>\$368,186</u> | <u>\$173,798</u> |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2022 and 2021, the Commission reported a liability of \$164,744 and \$368,186 for its proportionate share of the net pension liability, respectively. The Commission's proportionate share of the net pension liability was based on the Commission's wages as a proportion of total wages for PERF Hybrid. The proportionate share used at the June 30, 2022 and 2021 measurement dates were 0.01252% and 0.01219%, respectively.

For the years ended June 30, 2022 and 2021, the Commission recognized pension expense of \$16,504 and \$59,607, respectively, which includes income and expenses from the net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(14,224) and \$29,652, respectively. At June 30, 2022 and 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERF DB from the following sources:

| | 2022 | | 2021 | |
|--|---|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 5,635 | \$ 3,289 | \$ 6,523 | \$ 4,943 |
| Net differences between projected and actual earnings on pension plan investments | | 213,905 | 31,511 | |
| Changes of assumptions | 82,867 | 37,005 | | 76,715 |
| Changes in proportion and differences between the Board's contributions and proportionate share of contributions | <u>18,457</u> | <u>717</u> | <u>38,292</u> | <u> </u> |
| Total that will be recognized in pension expense based on table below | 106,959 | 254,916 | 76,326 | 81,658 |
| Pension contribution subsequent to measurement date | <u>72,630</u> | <u> </u> | <u>77,321</u> | <u> </u> |
| Total | <u>\$179,589</u> | <u>\$254,916</u> | <u>\$153,647</u> | <u>\$81,658</u> |

NOTE 5 - BENEFIT PLANS (CONTINUED)

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount |
|-------------------------|---------------------------|
| 2023 | \$ (33,914) |
| 2024 | (32,603) |
| 2025 | (20,296) |
| 2026 | <u>(61,144)</u> |
| | <u><u>\$(147,957)</u></u> |

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 Plan. The Committee holds the deferred amounts in expendable trusts.

NOTE 7 - LONG-TERM LIABILITIES

The Commission has a note payable with the IMAX Corporation with an original amount of \$350,000. The note is payable in monthly payments in the amount of \$3,886, including interest computed at 6%, through maturity in August 2026. The note is secured by related equipment at cost of \$400,000 and accumulated depreciation of \$260,000 at June 30, 2022. The outstanding balance on the note was \$170,017 and \$205,580 at June 30, 2022 and 2021, respectively.

The Commission has entered into long-term operating leases for equipment and office space. See Note 11.

Changes in the Commission's long-term liabilities during fiscal years 2022 and 2021 were as follows:

| | Balance July 1, 2021 | Increases | Decreases | Balance June 30, 2022 | Amounts Due Within One Year | Amounts Due Thereafter |
|-----------------------|--------------------------|-------------------------|--------------------------|--------------------------|-----------------------------------|---------------------------|
| Note payable | \$ 205,580 | \$ - | \$ 35,563 | \$ 170,017 | \$ 37,701 | \$ 132,316 |
| Lease liabilities | 215,833 | 50,000 | 60,000 | 205,833 | 60,000 | 145,833 |
| Net pension liability | <u>368,186</u> | <u>-</u> | <u>203,442</u> | <u>164,744</u> | <u>-</u> | <u>164,744</u> |
| | <u><u>\$ 789,599</u></u> | <u><u>\$ 50,000</u></u> | <u><u>\$ 299,005</u></u> | <u><u>\$ 540,594</u></u> | <u><u>\$ 97,701</u></u> | <u><u>\$ 442,893</u></u> |

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Amounts Due Within One Year | Amounts Due Thereafter |
|-----------------------|-------------------------|-------------|-------------------|--------------------------|-----------------------------------|---------------------------|
| Note payable | \$ 224,036 | \$ - | \$ 18,456 | \$ 205,580 | \$ 35,567 | \$ 170,013 |
| Lease liabilities | 275,833 | - | 60,000 | 215,833 | 57,500 | 158,333 |
| Net pension liability | 396,938 | - | 28,752 | 368,186 | - | 368,186 |
| | <u>\$ 896,807</u> | <u>\$ -</u> | <u>\$ 107,208</u> | <u>\$ 789,599</u> | <u>\$ 93,067</u> | <u>\$ 696,532</u> |

At June 30, 2022, the future minimum long-term debt payments were as follows:

| Payable In Year Ending June 30, | <u>Note Payable</u> | |
|---------------------------------------|---------------------|-----------------|
| | Principal | Interest |
| 2023 | \$ 37,701 | \$ 8,928 |
| 2024 | 39,963 | 6,666 |
| 2025 | 42,361 | 4,268 |
| 2026 | 44,902 | 1,727 |
| 2027 | <u>5,090</u> | <u>30</u> |
| Total | <u>\$170,017</u> | <u>\$21,619</u> |

NOTE 8 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES

Central Indianapolis Waterfront Project

In December 1997, the Commission entered into a Project Cooperation Agreement (PCA) with the United States of America 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

Indiana White River State Park (Park) is home to the National Collegiate Athletic Association (NCAA) National Headquarters and Hall of Champions. The Commission owns two of the three 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 8 - 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, which was completed during fiscal year 2012.

National Federation of State High School Associations

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 (NFHS). The lease commenced on February 1, 2000, and is for a period of thirty years, with three ten-year renewal options. During fiscal year 2020, the lease was amended to exercise the first of the 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 the Park. The museum complex is owned by the Indiana Department of Administration (IDOA). Funding for the building came primarily from bonds and 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 Indiana Finance Commission 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 IMAX Theater opened to the public on December 19, 1996. In September 2015, The Commission entered into a new agreement with IMAX Corporation. The Commission pays monthly rentals of \$4,167. The lease term is for a period of ten years, with an option of two renewals for an additional five-year period, each. Including the two five-year period renewals, this agreement will expire September 2035. See Note 11.

Since April 1, 2001, the Commission has contracted with IMAX Indianapolis LLC and IMAX Corporation to manage the IMAX Theater. The current management agreement is for the period from July 1, 2021, through June 30, 2023. Subject to the approval of the Commission, the agreement may be renewed for an additional period of one year.

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

In March 1995, the Commission entered into a 25-year land lease agreement with Indiana Finance Authority (IFA), which allows IFA to lease a portion of the Park from the Commission for \$1 per year. In return, IFA agreed to provide up to \$20,000,000 in infrastructure improvements to the Park.

NOTE 8 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)

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 2016, this agreement was transferred from IFA to IDOA. The IDOA and the Commission are currently in the renewal process and management expects the lease to be renewed under similar terms.

Military Park

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

The agreement is for an indefinite period of time and may be terminated either by the Commission, a resolution by IDOA approved by the Governor of the State, 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 the 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.

In April 1998, the Commission entered into a profit-sharing agreement with the Museum and a third-party operator related to the Museum surface parking lot, which has since been converted to the Washington Street underground parking garage. Under the agreement, the third-party operator of the garage receives 50 percent of revenues generated after its deduction for operating expenses. The remaining 50 percent of revenues is evenly divided between the Commission and the Museum.

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 expired on March 31, 2016.

NOTE 8 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)

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 Commission (Facilities Commission) issued its Excise Taxes Lease Rental Revenue Bonds, Series 1995A. Such bonds were 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 Facilities Commission. This lease ended on March 31, 2016, and at that time, the bonds were paid in full.

Effective March 31, 2016, the CIB entered into a Quitclaim Deed with the Commission to transfer the assets related to Victory Field baseball facility for the consideration of \$10. On April 1, 2016, the Commission entered into an agreement to lease Victory Field to the CIB. The CIB is not obligated to pay rent to the Commission during the lease term. The lease term expires on March 31, 2036. Upon expiration or termination of the lease, any lease improvements or facility improvements shall become the property of the Commission.

Concert Venue

In 2018, the Commission began a project to construct a permanent concert venue. The project consisted of three phases: Phase one: permanent restrooms and various infrastructure improvements; Phase two: a stage, restroom, permanent seating, and artist amenities building; Phase three, a canopy over the permanent seating. Phase one was completed in June 2019 with funds from the operation of the Commission and funds from the State. Phase two was completed in August 2020 with funds from the operation of the Commission, funds from the State, and capital contributions from Live Nation. Phase three was placed in service in June 2021 with funds from the Lilly Endowment, Inc. (LEI) and funds from the operation of the Commission.

In March and June 2019, the Commission received a total of \$8,750,000 from the State for the construction of the venue. These funds were used for phases one and two.

In September 2019, the Commission entered into a twenty-year management agreement with Live Nation effective December 31, 2019. Under this agreement, Live Nation agreed to provide capital contributions of up to \$9,084,000 for the construction of the venue in return for the right to use the concert venue to host events. As of June 30, 2022 and 2021, \$8,843,777 in capital contributions had been received under the agreement of which \$424,931 and \$410,081 were recognized as nonoperating income during fiscal year 2022 and fiscal year 2021, respectively. The management agreement also provides for revenue sharing on the net revenues, as defined, annually under the agreement. In November 2020, the agreement was amended to extend the term by one calendar year.

NOTE 9 - 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 10 - NET POSITION RESTRICTED

In 2004, a donor pledged \$500,000 for use as IMAX scholarships for Indiana youth. 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. As of June 30, 2022 and 2021, the Commission had \$6,875 and \$640, respectively, restricted for future scholarships.

NOTE 10 - NET POSITION RESTRICTED (CONTINUED)

The Commission has funds restricted for certain improvements to the NCAA and NFHS buildings. There were no funds expensed for improvements during fiscal year 2022. During fiscal year 2021, \$55,927 of the funds were expensed for improvements. As of June 30, 2022 and 2021, the Commission had \$596,608 and \$414,760, respectively, restricted for such building repairs.

The Commission also had funds restricted for various other improvement projects. During fiscal year 2022, \$17,021 of the funds were expensed for various improvement projects and \$220,470 of the funds were reclassified to unrestricted net position under the terms of an agreement between the Commission and the applicable external organization. During fiscal year 2021, \$6,128 of the funds were expensed for various improvement projects. As of June 30, 2022 and 2021, the Commission had \$39,804 and \$274,577, respectively, restricted for such projects.

In 2020, the Commission received contributions totaling \$8,700,000 from LEI restricted for the construction of a permanent concert venue, which included certain matching requirements by the Commission. See Note 8. During fiscal years 2022 and 2021, \$466,879 and \$9,234,605, respectively, of these funds were used for construction. As of June 30, 2022, all funds had been used for the construction of the concert venue. As of June 30, 2021, the Commission had \$466,879 of these funds restricted for the construction of the concert venue.

In fiscal year 2022, the Commission established a capital reserve fund for the concert venue required to be maintained under a service concession agreement with Live Nation. Per the agreement, the funds are to be used for major repairs and replacements for the concert venue as mutually agreed upon by the Commission and Live Nation. As of June 30, 2022, the Commission had \$112,578 of these funds restricted for such costs.

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

Restricted net position consisted of the following as of June 30, 2022 and 2021:

| | 2022 | 2021 |
|--------------------------------------|-----------------------------|---------------------------|
| IMAX scholarship fund | \$ 6,875 | \$ 640 |
| NCAA and NFHS building | 596,608 | 414,760 |
| Other improvement projects | 39,804 | 274,577 |
| Concert venue capital reserve fund | 112,578 | |
| Concert Venue Construction: | | |
| Commission matching funds for LEI | <u> </u> | <u>466,879</u> |
| Total Restricted Net Position | <u>\$755,865</u> | <u>\$1,156,856</u> |

Restricted net position released by incurring expenses satisfying the restricted purpose or reclassified to unrestricted net position were as follows for 2022 and 2021:

| | 2022 | 2021 |
|---|-----------------------------|---------------------------|
| Concert Venue Construction: | | |
| LEI contributions expended | | \$8,084,147 |
| LEI matching contributions expended | \$466,879 | 1,150,458 |
| Other improvement projects | 237,491 | 6,128 |
| NCAA and NFHS building | <u> </u> | <u>55,927</u> |
| Total Restricted Net Position Released | <u>\$704,370</u> | <u>\$9,296,660</u> |

NOTE 11 - LEASE LIABILITIES

The Commission has entered into a long-term operating lease for equipment with IMAX, which expires in fiscal year 2026. The Commission also entered into a long-term operating lease for office space with the Indiana State Museum in fiscal year 2017, which expired in March 2022. In fiscal year 2022, the Commission entered into a separate long-term operating lease for office space with the Indiana State Museum, which expires in March 2027.

The future minimum rental payments required by the long-term noncancellable leases are as follows:

| Payable in Fiscal Year | Principal Payments |
|-----------------------------------|-------------------------------|
| 2023 | \$ 60,000 |
| 2024 | 60,000 |
| 2025 | 60,000 |
| 2026 | 18,333 |
| 2027 | <u>7,500</u> |
| | <u>\$205,833</u> |

Lease liabilities were determined using an imputed discount rate of 0%; therefore, all rental payments relate to principal.

Total rent expense was \$70,647 and \$60,045 for the years ended June 30, 2022 and 2021, respectively.

In September 2022, the operating lease for office space with the Indiana State Museum was amended to reflect no required monthly payments beginning October 1, 2022.

NOTE 12 - LITIGATION AND CONTINGENCIES

In the course of normal operations, the Commission is subject to various claims and assessments and are involved in various litigation that management intends to vigorously defend. The range of loss, if any, from these potential claims cannot be reasonably estimated. However, management believes the ultimate resolution of these matters will not have a material adverse impact on the Commissions’ business or financial position.

REQUIRED SUPPLEMENTARY INFORMATION

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (UNAUDITED)**

**PUBLIC EMPLOYEES' RETIREMENT FUND
Last 10 Fiscal Years***

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Commission's proportion of the net pension liability | 0.01252% | 0.01219% | 0.01201% | 0.01124% | 0.00921% | 0.00876% | 0.00594% | 0.00627% | 0.00590% |
| Commission's proportionate share of the net pension liability | \$ 164,744 | \$ 368,186 | \$ 396,938 | \$ 381,828 | \$ 410,908 | \$ 397,568 | \$ 241,930 | \$ 164,772 | \$ 202,080 |
| Commission's covered-employee payroll | \$ 690,369 | \$ 657,939 | \$ 625,832 | \$ 573,357 | \$ 456,990 | \$ 420,051 | \$ 284,464 | \$ 305,903 | \$ 283,202 |
| Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 23.86% | 55.96% | 63.43% | 66.60% | 89.92% | 94.65% | 85.05% | 53.86% | 71.36% |
| Plan fiduciary net position as a percentage of the total pension liability | 92.51% | 81.45% | 80.06% | 78.89% | 72.70% | 71.20% | 73.30% | 81.10% | 74.30% |

*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB Statement No. 68 purposes.

See accompanying notes to required supplementary information.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

SCHEDULE OF COMMISSION CONTRIBUTIONS (UNAUDITED)

PUBLIC EMPLOYEES' RETIREMENT FUND

Last 10 Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 72,630 | \$ 77,321 | \$ 73,689 | \$ 70,093 | \$ 64,216 | \$ 51,183 | \$ 47,046 | \$ 31,860 | \$ 34,261 | \$ 27,301 |
| Contributions in relation to the contractually required contribution | <u>72,630</u> | <u>77,321</u> | <u>73,689</u> | <u>70,093</u> | <u>64,216</u> | <u>51,183</u> | <u>47,046</u> | <u>31,860</u> | <u>34,261</u> | <u>27,471</u> |
| Contribution deficiency | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Commission's covered-employee payroll | \$ 657,805 | \$ 690,369 | \$ 657,939 | \$ 625,832 | \$ 573,357 | \$ 456,990 | \$ 420,051 | \$ 284,464 | \$ 305,903 | \$ 283,202 |
| Contributions as a percentage of covered-employee payroll | 11.0% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 9.7% |

See accompanying notes to required supplementary information.

**WHITE RIVER STATE PARK DEVELOPMENT COMMISSION
(A Component Unit of the State of Indiana)**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2022**

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(UNAUDITED)**

Plan Amendments: In 2021, House Enrolled Act No. 1001 (HEA 1001) granted a 1% COLA for the Plan effective January 1, 2022.

Assumption Changes: In 2021, several assumptions were updated. These assumption changes included a decrease in the investment rate of return, inflation assumption, and wage inflation assumption.

SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS (UNAUDITED)

Methods and Assumptions Used in Calculating Actuarially Determined Contributions: The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution Rates(a):

| | |
|---|--|
| Asset valuation date and method: | June 30, 2019 - 5-year smoothing of gains and losses on the market value of assets subject to a 20% corridor |
| Liability valuation date and method: | June 30, 2018 - Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2018 to the June 30, 2019 measurement date. |
| Actuarial cost method: | Entry age normal - level percent of payroll |
| Actuarial amortization method and period: | Level dollar - 20 years, closed |
| Remaining amortization period (weighted): | 23 years |
| Investment rate of return: | 6.75% |
| COLA: | 2020 – 2021 - 13 th check, Beginning January 1, 2022 - 0.40% Beginning January 1, 2034 - 0.50% Beginning January 1, 2039 - 0.60% |
| Future salary increases, including inflation: | 2.5% - 4.25% |
| Inflation: | 2.25% |

(a) Differs from Note 5 schedule as this table is for funding purposes and Note 5 is for financial reporting purposes. The Actuarially Determined Contributions in a given year are determined based on the actuarial valuation dated two fiscal years prior.

Trends: In 2021, HEA 1001 granted a 1% COLA for the Plan beginning January 1, 2022, and no additional postretirement benefit increases for the Plan through June 30, 2023. Additionally in 2021, an asset-liability study was completed resulting in updates to several economic assumptions. These assumption changes included changes in the inflation rate, discount rate, and salary increase rates.

OTHER SUPPLEMENTARY INFORMATION

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

SCHEDULES OF OPERATING EXPENSES Years Ended June 30, 2022 and 2021

| | 2022 | Adjusted 2021 |
|--|----------------------------|----------------------------|
| IMAX Theater: | | |
| Payroll, taxes and benefits | \$ 287,706 | \$ 122,486 |
| Marketing | 73,024 | 8,147 |
| IMAX projector | 54,949 | 32,694 |
| IMAX management fee and expenses | 45,000 | 3,750 |
| Film royalties and other expense | 589,008 | 79,602 |
| Cost of concessions sold | 92,533 | 12,101 |
| General administration | 165,048 | 74,552 |
| Theater maintenance | 2,997 | 685 |
| Total IMAX Theater Expenses | <u>1,310,265</u> | <u>334,017</u> |
| Park Administration: | | |
| Park Property Maintenance: | | |
| Property and maintenance | 175,468 | 188,775 |
| Utilities | 132,956 | 163,944 |
| Total Park Property Maintenance Expenses | <u>308,424</u> | <u>352,719</u> |
| Compensation | 927,404 | 1,028,506 |
| Professional services | 28,465 | 30,226 |
| Office expense | 24,438 | 29,768 |
| Total Park Administration Expenses | <u>1,288,731</u> | <u>1,441,219</u> |
| Marketing | <u>21,733</u> | <u>32,417</u> |
| Sculpture | <u>9,068</u> | <u>5,594</u> |
| Parking | <u>372,602</u> | <u>177,768</u> |
| Depreciation: | | |
| IMAX Theater | 109,262 | 109,182 |
| Park | 2,347,969 | 2,100,819 |
| Total Depreciation | <u>2,457,231</u> | <u>2,210,001</u> |
| Other Expenses: | | |
| Insurance | 92,480 | 77,852 |
| Accounting, auditing, and legal fees | 50,883 | 25,060 |
| Miscellaneous | 39,152 | 55,086 |
| Total Other Expenses | <u>182,515</u> | <u>157,998</u> |
| TOTAL OPERATING EXPENSES | <u>\$ 5,642,145</u> | <u>\$ 4,359,014</u> |

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**SCHEDULES OF IMAX OPERATIONS
Years Ended June 30, 2022 and 2021**

| | 2022 | Adjusted 2021 |
|---|--------------------------|----------------------------|
| Revenue: | | |
| Sales - admissions | \$ 1,000,636 | \$ 140,236 |
| Sponsorships | 13,520 | 3,036 |
| Sales - concessions | 396,430 | 54,338 |
| Theater rental | 14,945 | 7,680 |
| Other | 96,745 | 20,877 |
| Total Revenue | <u>1,522,276</u> | <u>226,167</u> |
| Expenses: | | |
| Payroll, taxes and benefits | 287,706 | 122,486 |
| Marketing | 73,024 | 8,147 |
| IMAX Expense: | | |
| Projector maintenance | 54,949 | 32,694 |
| Management fee and expenses | 45,000 | 3,750 |
| Film Expense: | | |
| Royalties | 576,567 | 70,537 |
| Other film expense | 12,441 | 9,065 |
| Cost of concessions sold | 92,533 | 12,101 |
| General Administration: | | |
| Office expense | 33,515 | 19,462 |
| Insurance | 7,251 | 12,420 |
| Ticket administration fee | 36,833 | 5,365 |
| Other | 87,449 | 37,305 |
| Theater maintenance | 2,997 | 685 |
| Total Expenses Before Depreciation | <u>1,310,265</u> | <u>334,017</u> |
| Depreciation | 109,262 | 109,182 |
| Total Expenses | <u>1,419,527</u> | <u>443,199</u> |
| NET IMAX OPERATING INCOME (LOSS) | <u><u>\$ 102,749</u></u> | <u><u>\$ (217,032)</u></u> |

OTHER INFORMATION

*Independent Auditor's 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*

To the Commissioners
Indiana White River State Park Development Commission

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 White River State Park Development Commission (the Commission), a component unit of the State of Indiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 13, 2022.

Report on 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) as a basis for designing 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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from 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 financial statements. 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 results 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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
December 13, 2022