

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

FINANCIAL STATEMENT AUDIT REPORT

OF

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS

ALLEN COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
10/10/2024



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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October 10, 2024

To: The Officials of the Allen County Fort Wayne Capital Improvements Board of Managers  
Allen County Fort Wayne Capital Improvements Board of Managers  
Allen County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Allen County Fort Wayne Capital Improvements Board of Managers. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Allen County Fort Wayne Capital Improvements Board of Managers as of December 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Allen County Fort Wayne Capital Improvements Board of Managers was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive, flowing style.

Tammy R. White, CPA  
Deputy State Examiner

**ALLEN COUNTY FORT WAYNE  
CAPITAL IMPROVEMENTS BOARD OF MANAGERS**

**A COMPONENT UNIT OF THE CITY OF FORT WAYNE**

**ALLEN COUNTY, INDIANA**

**FINANCIAL STATEMENTS AUDIT REPORT**

December 31, 2023

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
A COMPONENT UNIT OF THE CITY OF FORT WAYNE  
FINANCIAL STATEMENTS AUDIT REPORT  
December 31, 2023

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ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
SCHEDULE OF OFFICIALS  
December 31, 2023

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<b><u>Office</u></b>	<b><u>Official</u></b>	<b><u>Term</u></b>
Business Manager	Matthew Whitney	01-01-23 to 12-31-23
Executive Director	Barton Shaw	01-01-23 to 12-31-23
Controller	Rebecca S. Zulager	01-01-23 to 12-31-23
Treasurer	Robert Walters	01-01-23 to 12-31-23
President of the Board of Managers	James E. Cook	01-01-23 to 12-31-23

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Allen County Fort Wayne Capital Improvements Board of Mangers  
Allen County, Indiana

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Allen County Fort Wayne Capital Improvements Board of Managers (CIB), a component unit of the City of Fort Wayne, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the CIB'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 respective financial position of the governmental activities, the business-type activities, and each major fund of the CIB, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the CIB, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note 1, the financial statements of the CIB, a component unit of the City of Fort Wayne, are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, and each major fund of the City of Fort Wayne that is attributable to the transactions of the CIB. They do not purport to, and do not, present fairly the financial position of the City of Fort Wayne, as of December 31, 2023, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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(Continued)

### ***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 the CIB'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 opinions. 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 GAAS 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 GAAS, 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 the CIB'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 the CIB'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.

### ***Other Matters***

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

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(Continued)

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Position Liability and Related Ratios and Schedule of Employer Contributions on pages 30-32 be presented to supplement the basic financial statements. Such information is the responsibility of management and is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials and State Reporting Information, marked as unaudited on the table of contents, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
June 12, 2024

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF NET POSITION  
December 31, 2023

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,123	\$ 9,954,678	\$ 9,964,801
Accounts receivable	-	32,521	32,521
Room tax receivable	-	611,516	611,516
Royalties receivable	-	240,255	240,255
Prepaid items	-	12,356	12,356
Restricted assets:			
Due from Fort Wayne Redevelopment Commission	-	2,848,563	2,848,563
Food and beverage tax reserve cash and cash equivalents	25,680,716	-	25,680,716
Food and beverage tax receivable	8,797,670	-	8,797,670
Capital assets:			
Nondepreciable - Land and construction in progress	-	1,232,146	1,232,146
Depreciable capital assets (net of accumulated depreciation)	-	30,070,628	30,070,628
Total assets	<u>34,488,508</u>	<u>45,002,663</u>	<u>79,491,171</u>
Deferred outflows of resources	-	367,843	367,843
<b>LIABILITIES</b>			
Accounts payable and other accrued expenses	4,007,000	278,186	4,285,186
Due to Visit Fort Wayne	-	229,319	229,319
Rental deposits	-	200,391	200,391
Noncurrent liabilities:			
Due within one year:			
Loans payable, current portion	-	1,625,000	1,625,000
Bond payable, current portion	30,000	-	30,000
Due in more than one year:			
Loans payable	-	6,200,000	6,200,000
Bond Payable (net of unamortized premium)	7,910,135	-	7,910,135
Net pension liability	-	859,040	859,040
Total liabilities	<u>11,947,135</u>	<u>9,391,936</u>	<u>21,339,071</u>
Deferred inflows of resources	-	4,518	4,518
<b>NET POSITION</b>			
Net investment in capital assets	-	23,477,774	23,477,774
Restricted for debt service	-	2,848,563	2,848,563
Restricted for food and beverage tax reserve	22,541,373	-	22,541,373
Unrestricted	-	9,647,715	9,647,715
Total net position	<u>\$ 22,541,373</u>	<u>\$ 35,974,052</u>	<u>\$ 58,515,425</u>

See accompanying notes to financial statements.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF ACTIVITIES  
For the year ended December 31, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>Primary government:</b>						
<b>Governmental activities:</b>						
Capital Improvement/economic development	\$ 10,433,092	\$ -	\$ -	\$ (10,433,092)	\$ -	\$ (10,433,092)
Interest on long-term debt	243,319	-	-	(243,319)	-	(243,319)
Total governmental activities	<u>10,676,411</u>	<u>-</u>	<u>-</u>	<u>(10,676,411)</u>	<u>-</u>	<u>(10,676,411)</u>
<b>Business-type activities</b>						
Grand Wayne Center	6,795,950	2,310,248	776,566	-	(3,709,136)	(3,709,136)
Total primary government	<u>17,472,361</u>	<u>2,310,248</u>	<u>776,566</u>	<u>(10,676,411)</u>	<u>(3,709,136)</u>	<u>(14,385,547)</u>
<b>General revenues:</b>						
				8,797,670	-	8,797,670
				-	5,307,346	5,307,346
				4,305	1,400,000	1,404,305
				1,194,031	240,222	1,434,253
				<u>9,996,006</u>	<u>6,947,568</u>	<u>16,943,574</u>
				(680,405)	3,238,432	2,558,027
				<u>23,221,778</u>	<u>32,735,620</u>	<u>55,957,398</u>
				<u>\$ 22,541,373</u>	<u>\$ 35,974,052</u>	<u>\$ 58,515,425</u>

See accompanying notes to financial statements.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
BALANCE SHEET – GOVERNMENTAL FUNDS AND  
RECONCILIATION TO THE STATEMENT OF NET POSITION  
December 31, 2023

	<b>Food and Beverage Tax</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,123
Cash and cash equivalents - restricted	25,680,716
Food and beverage tax receivable	8,797,670
 Total assets	 \$ 34,488,508
 <b>LIABILITIES</b>	
Accounts payable and other accrued expenses	4,007,000
 <b>FUND BALANCES</b>	
Restricted	30,471,385
Assigned	10,123
 Total fund balances	 \$ 30,481,508
 Total liabilities and fund balances	 \$ 34,488,508
 <b>RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO THE STATEMENT OF NET POSITION</b>	
Fund Balance	\$ 30,481,508
Amounts reported for governmental activities in the Statement of Net Position are different due to:	
Long term liabilities are not due and payable in the current period:	
Bonds payable (net of unamortized premium)	(7,940,135)
 Net position of governmental activities	 \$ 22,541,373

See accompanying notes to financial statements.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES AND  
AND RECONCILIATION TO THE STATEMENT OF ACTIVITIES  
For the year ended December 31, 2023

	<b>Food and Beverage Tax</b>
Revenues:	
Intergovernmental	\$ 8,797,670
Other	1,198,336
Total revenues	9,996,006
Expenditures:	
Current:	
Economic development	10,441,703
Debt service:	
Principal	30,000
Interest	243,319
Total expenditures	10,715,022
Net change in fund balance	(719,016)
Fund Balance - beginning	31,200,524
Fund Balance - ending	\$ 30,481,508

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

Net change in fund balance	\$ (719,016)
Amounts reported for governmental activities in the Statement of Net Position different due to:	
Long-term debt expense recorded at fund level, not on government wide:	
Payment of principal on bonds payable	38,611
Change in net position of governmental activities	\$ (680,405)

See accompanying notes to financial statements.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
December 31, 2023

	<b>Grand Wane Center</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 9,954,678
Accounts receivable	32,521
Room tax receivable	611,516
Royalties receivable	240,255
Prepaid items	12,356
Total current assets	10,851,326
Noncurrent assets:	
Restricted assets:	
Due from Fort Wayne Redevelopment Commission	2,848,563
Capital assets:	
Land and construction in progress	1,232,146
Other capital assets (net of accumulated depreciation)	30,070,628
Total capital assets	31,302,774
Total noncurrent assets	34,151,337
Total assets	45,002,663
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
	367,843
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and other accrued expenses	278,186
Loans payable	1,625,000
Due to Visit Fort Wayne	229,319
Rental deposits	200,391
Total current liabilities	2,332,896
Noncurrent liabilities:	
Loans payable	6,200,000
Net pension liability	859,040
Total noncurrent liabilities	7,059,040
Total liabilities	9,391,936
<b>DEFERRED INFLOWS OF RESOURCES</b>	
	4,518
<b>NET POSITION</b>	
Net investment in capital assets	23,477,774
Restricted for debt service	2,848,563
Unrestricted	9,647,715
Total net position	\$ 35,974,052

See accompanying notes to financial statements.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
PROPRIETARY FUNDS  
For the year ended December 31, 2023

	<b>Grand Wayne Center</b>
<b>Operating revenues:</b>	
Rental income	\$ 1,287,325
Royalties	982,417
Other	40,506
Total operating revenues	2,310,248
<b>Operating expenses:</b>	
Salaries and wages	1,919,521
Employee pensions and benefits	783,159
Materials and supplies	259,157
Utilities and telephone	714,440
Advertising and promotion	349,392
Repairs and maintenance	482,799
Professional services	318,466
Insurance expense	95,857
Depreciation	1,375,454
Miscellaneous expenses	161,705
Total operating expenses	6,459,950
Operating loss	(4,149,702)
<b>Nonoperating revenues (expenses):</b>	
Interest and investment revenue	240,222
Indiana room tax	5,307,346
PSCDA and other revenue	1,400,000
Interest expense	(336,000)
Total nonoperating revenues (expenses)	6,611,568
Income before City of Fort Wayne funding	2,461,866
<b>City of Fort Wayne Funding</b>	
Tax increment financing	717,288
Redevelopment Commission	59,278
Total City of Fort Wayne funding	776,566
<b>Change in net position</b>	3,238,432
<b>Net position - beginning</b>	32,735,620
<b>Net position - ending</b>	\$ 35,974,052

See accompanying notes to financial statements.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
For the year ended December 31, 2023

	<b>Grand Wane Center</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers and users	1,379,973
Receipts from royalties	947,518
Payments to suppliers and contractors	(2,435,823)
Payments to employees	(2,702,680)
Other receipts	27,054
	(2,783,958)
<b>Cash flows from noncapital financing activities:</b>	
Indiana room tax receipts	5,332,019
PSCDA tax receipts	1,400,000
Visit Fort Wayne distribution	(9,250)
Payments from Fort Wayne Redevelopment Commission	59,278
	6,782,047
<b>Cash flows from capital and related financing activities:</b>	
Net activity with Fort Wayne Redevelopment Commission for capital debt	496,208
City of Fort Wayne funding	717,288
Acquisition and construction of capital assets	(912,477)
Principal paid on capital debt	(1,990,000)
Interest paid on capital debt	(336,000)
	(2,024,981)
<b>Cash flows from investing activities:</b>	
Interest received	240,222
	240,222
Net increase in cash and cash equivalents	2,213,330
Cash and cash equivalents, January 1	7,741,348
Cash and cash equivalents, December 31	\$ 9,954,678

(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
For the year ended December 31, 2023

	<b>Grand Wane Center</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ <u>(4,149,702)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,375,454
(Increase) decrease in assets:	
Deferred outflows - pension related	(48,020)
Accounts receivable	97,749
Royalties receivable	(34,899)
Prepaid items	(13,452)
Increase (decrease) in liabilities:	
Accounts payable and other accrued expenses	(69,321)
Rental deposits payable	(5,098)
Net Pension Liability	104,013
Deferred Inflows - pension related	<u>(40,682)</u>
Total adjustments	<u>1,365,744</u>
Net cash provided (used) by operating activities	\$ <u><u>(2,783,958)</u></u>

See accompanying notes to financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### General Information

Reporting Entity: The Allen County Fort Wayne Capital Improvements Board of Managers (CIB) was created and is in existence pursuant to the laws of the State of Indiana. The statutory provisions under which the CIB operates and conducts its business specifically state the nature and type of transactions that can be entered into by the CIB. The CIB operates the Grand Wayne Center convention facility. It is also authorized to enter into capital improvement projects funded by supplemental food and beverage tax revenues.

The CIB is a component unit of the City of Fort Wayne (City) and is included as such in the City's Annual Comprehensive Financial Report. A seven-member board governs the CIB. The City and County each appoint three members, and the appointed members elect the seventh member. The CIB's overall budget for funds are subject to approval by the City and County Councils. Any resolutions for the sale of revenue bonds are subject to review by the Mayor. All sales of general obligation bonds are subject to the approval by the City Council.

The financial statements reflect only the activity of the CIB and the results of its operations and cash flows of its proprietary fund and governmental activities and are not intended to present fairly the position of the City. The CIB, whose operations are controlled by the City, represents a portion of the City's proprietary fund and governmental activities funds.

The accompanying financial statements present the activities of the CIB. There are no significant component units which require inclusion.

Government-Wide and Fund Financial Statements: Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on activities of the primary government. The effect of interfund activity has been removed from these statements except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Tax and interest revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

The primary government reports the following major governmental fund:

- The Food and Beverage Tax fund is a special revenue fund. Pursuant to IC 6-9-33, Allen County levies a one percent Supplemental Food and Beverage Tax on all food and beverage sales in the county and remits funds to the CIB.

The primary government reports the following proprietary fund:

- The Grand Wayne Center is an enterprise fund responsible for operation of the convention facility.

Restricted Asset Spending Policy: Restricted assets are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. When both restricted and unrestricted resources are available for use, the CIB's policy is to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflow of resources at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management: The CIB is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Board receives both Food and Beverage Tax and Innkeeper's Tax both of which are a type of sales taxes imposed in Allen County, Indiana (the "County"). The Food and Beverage Tax is imposed on certain transactions in which food or beverage is furnished, prepared or sold as set forth in IC 6-9-33-4. The Innkeeper's Tax is based upon the gross retail income received by the merchant from transactions.

Management has reported that as of the date of this filing, all payments of debt service on the 2019 Bonds have been made in full on a timely basis and all required deposits have been made in full in accordance with Resolution No. 2 adopted by the Board on April 26, 2018, as amended by Resolution No. 2018-9, adopted by the Board on December 6, 2018, and Resolution No. 2019-4 adopted by the Board on May 23, 2019, which authorized the issuance of the 2019 Bonds.

Related Organizations: The CIB is a significant discretely presented component unit of the City of Fort Wayne, Indiana. The City appoints three members of the seven-member board. The City and County approve CIB's annual budget. Any resolutions for the sale of revenue bonds are subject to review by the Mayor. Any sales of general obligation bonds are subject to approval by the City Council. A financial benefit/burden relationship exists between the CIB and the City of Fort Wayne.

Adoption of New Accounting Pronouncements: For the year ended December 31, 2023, the CIB adopted the following accounting pronouncements:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022. There was no material impact on the CIB's financial statements as a result of the implementation of this standard.
- GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. This Statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right to use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. There was no material impact on the CIB's financial statements as a result of the implementation of this standard.
- GASB Statement No. 99, *Omnibus 2022*, effective for periods beginning after June 15, 2022. There was no impact on the CIB's financial statements as a result of the implementation of this standard.

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(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position**

**Deposits and Investments:** The CIB's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2023, the bank balances held in financial institutions were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund, which covers all public funds held in approved depositories. At December 31, 2023, the CIB held only demand deposits and nonnegotiable certificates of deposit with all maturities occurring in 2023. Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

State statute (IC 5-13-9) authorizes the CIB to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Restricted Assets:** Certain assets are classified as restricted assets on the Statement of Net Position because their use is limited by enabling legislation for debt service or economic development projects. The balances of restricted asset accounts are as follows:

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Enterprise Fund: Grand Wayne Center</b>			
Due from Fort Wayne Redevelopment Commission	\$ -	\$ 2,848,563	\$ 2,848,563
<b>Governmental fund : Food and beverage tax</b>			
Food and beverage tax reserve cash and cash equivalents	25,680,716	-	25,680,716
Food and beverage tax receivable	8,797,670	-	8,797,670
<b>Total</b>	<b>\$ 34,478,386</b>	<b>\$ 2,848,563</b>	<b>\$ 37,326,949</b>

**Receivables and Allowance for Uncollectible Accounts:** Receivables are recognized when earned. The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. Periodically, management reviews taxes and accounts receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the collection policy. Management estimated that no material allowance was necessary at December 31, 2023.

(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Other Capital Assets:			
Buildings and improvements	\$ 5,000	Straight-line	5 to 50 years
Furniture, fixtures and equipment	5,000	Straight-line	3 to 15 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Inflows/Outflows of Resources: Deferred inflows of resources represent an acquisition of net position that applies to future periods. Deferred outflows of resources represent a consumption of net position that applies to future periods. The CIB's activities are related to recognition of changes in its defined benefit plan's net pension liability.

Compensated Absences: CIB's compensated absences liability is reported in Accounts Payable and Other Accrued Expenses. At December 31, 2023, the balance was \$52,619. This balance is reported with accounts Payable and other accrued expenses on the Statement of Net Position. The following represent CIB policies:

- Paid Time Off (PTO) – CIB employees earn PTO at the rate of 10 days per year. Unused PTO may be accumulated to a maximum of 90 days. Accumulated hours in excess of 90 days (720 hours) will be paid to employees on the first payroll of the following calendar year.
- Vacation Leave – CIB employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Employees may elect to carry up to 10 vacation days to the next year. Any carry over in excess of the 10 vacation days will be forfeited by the employee.
- Vacation leave is accrued when incurred.

Long-Term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Related policies include the following:

- Bonds payable are recorded at the principal amount outstanding, net of any applicable premium or discount.
- Original issue discounts and premiums on bonds are amortized as a component of interest expense using the effective interest method over the lives of the bonds to which they relate.
- Bond issue costs are expensed in the period of the debt transaction.
- Loan payable reported on Statement of Net Position is recorded at the unpaid principal balance.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- City Funding - The CIB typically uses transfers to and from the City of Fort Wayne to fund ongoing debt service subsidies that the City of Fort Wayne agreed to fund for renovation and expansion of the Grand Wayne Center.

Net Pension Liability: The CIB has recorded a net pension liability reflecting their proportionate share of the difference between the total pension liabilities and the fiduciary net positions of the Indiana Public Retirement System (INPRS) PERF Plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS PERF Plan and additions to/deductions from the INPRS PERF Plan fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position: Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the statements of net position. Net position is reported as:

- Unrestricted which may be designated for specific purposes at the option of the Board.
- Restricted when there are legal limitations imposed on their use by laws or regulations of other governments or external restrictions by creditors or grantors.
- Net Investment in Capital Assets which consists of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, notes or other borrowings, and payables that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances: The CIB adopted the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB 54). The intention of GASB 54 is to provide more structured classification of fund balance reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. The classifications are as follows:

- Nonspendable fund balances are those assets that are not likely to convert to a spendable form because of their form (i.e., inventory supplies) or because legal or contractual requirements dictate the assets remain intact (i.e., endowment principal amounts).
- Restricted fund balances are those fund balances that are subject to externally enforceable legal restrictions or imposed by law through constitutional provisions or enabling legislation. These restrictions are typically imposed by outside parties, such as creditors through debt covenants or when the authorization to raise revenues is conditioned upon those revenues being used for a particular purpose, often through enabling legislation. A significant portion of the Food and Beverage tax fund is reported due to enabling legislation at the State level.
- Committed fund balances are those portions of the fund balance that are constrained by limitations placed upon them by the highest level of decision making, normally the governing body. These constraints remain binding unless removed by action of the same body and typically must occur before the close of reporting period.
- Assigned fund balances include those portions of the fund balance that reflect the governments "intended" use of resources that can be established by the highest level of decision making or by some other body who has been delegated authority for such decisions. In addition, no formal action is required to designate assigned portions of the fund balance. A portion of the of the Food and Beverage tax fund for purposes supporting similar objectives.

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(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Unassigned fund balances will only be reported in the Library General Fund. Because the General Fund is the principal operating fund, there will often be resources in excess of what can be classified in one of the other four classifications. Those excess resources are presented as the unassigned portion of the fund balance.

Tax Revenues: The following discloses significant tax revenues:

- Innkeepers Tax Revenue - The Indiana Innkeepers (Room) Tax is levied on every person engaged in the business of renting lodgings for periods of less than 30 days. The County distributes 100% of this tax revenue to the CIB to be used for daily operations of the Grand Wayne Center and the Convention and Tourism Bureau (Visit Fort Wayne).
- Supplemental Food and Beverage Tax Revenue – Pursuant to IC 6-9-33, Allen County levies a one percent Supplemental Food and Beverage Tax on all food and beverage sales in the county. Tax collections are used to first fund annual debt service requirements on debt obligations for the Allen County War Memorial Coliseum (Series 2011B and 2016 Refunding Bonds). Any tax collections in excess of these debt service requirements are distributed to the CIB by February 1 of the following year. After holding the funds for at least twelve months, the CIB may use them to undertake capital improvement projects throughout the county.

For the year ended December 31, 2023, CIB contributed Supplemental Food and Beverage Tax Revenue to the following capital improvement/economic development projects.

Capital Improvement/Economic Development	
Skyline Garage (see Note 3)	\$ 650,000
Electric Works	1,439,000
Promenade Park Garage	1,250,000
Lofts at Headwater	3,000,000
Community Health	2,500,000
Wells Street Project	800,000
City of New Haven	300,000
Riverfront Land Acquisition	291,174
Civic Garage Addition	<u>207,000</u>
Total	<u>\$ 10,437,174</u>

These contributions are shown as Economic Development on the Statement of Revenues, Expenses and Changes in Net Position.

The total Economic Development on the Statement of Revenues, Expenses and Changes in Net Position, includes the contribution payments noted above and other CIB expenses of \$4,529 for a net expense of \$10,441,703.

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(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 2 - DETAILED NOTES**

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The CIB does not have a deposit policy for custodial credit risk.

At December 31, 2023, the CIB had deposit balances with a carrying value of \$35,645,517 and a bank balance of \$35,645,517. At December 31, 2023, the CIB held only demand deposits and nonnegotiable certificates of deposit with all maturities occurring in 2023.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Capital Assets: Capital asset activity for the years ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>2023</b>				
Capital assets, not being depreciated:				
Land	\$ 975,000	\$ -	\$ -	\$ 975,000
Construction in progress	-	257,146	-	257,146
Totals	<u>975,000</u>	<u>257,146</u>	<u>-</u>	<u>1,232,146</u>
Capital assets, being depreciated:				
Buildings and improvements	51,866,594	141,377	-	52,007,971
Furniture, fixtures and equipment	4,803,760	513,954	-	5,317,714
Totals	<u>56,670,354</u>	<u>655,331</u>	<u>-</u>	<u>57,325,685</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,336,813)	(1,248,230)	-	(22,585,043)
Furniture, fixtures and equipment	(4,542,790)	(127,224)	-	(4,670,014)
Totals	<u>(25,879,603)</u>	<u>(1,375,454)</u>	<u>-</u>	<u>(27,255,057)</u>
Total capital assets, being depreciated, net	<u>30,790,751</u>	<u>(720,123)</u>	<u>-</u>	<u>30,070,628</u>
Total capital assets, net	<u>\$ 31,765,751</u>	<u>\$ (462,977)</u>	<u>\$ -</u>	<u>\$ 31,302,774</u>

Depreciation expense of \$1,375,454 was charged to programs of the Grand Wayne Center for 2023.

Changes in Long-Term Liabilities: Long-term debt and other long-term liability activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue bonds payable	\$ 7,860,000	\$ -	\$ 30,000	\$ 7,830,000	\$ 30,000
Business-Type Activities:					
Loan payable	9,815,000	-	1,990,000	7,825,000	1,625,000
Net pension liability	755,027	117,614	13,601	859,040	-
Total long-term liabilities	<u>\$ 18,430,027</u>	<u>\$ 117,614</u>	<u>\$ 2,033,601</u>	<u>\$ 16,514,040</u>	<u>\$ 1,655,000</u>

(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

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**NOTE 2 - DETAILED NOTES (Continued)**

**Revenue Bonds Payable:** On July 30, 2019 the CIB issued Revenue Bonds Series 2019A (Parking Garage Project) to provide a portion of a \$10,464,713 grant to the Fort Wayne Redevelopment Commission (Commission) pursuant to a grant agreement dated as of July 1, 2019 between the CIB and the Commission, to fund a debt service reserve and to pay issuance costs. The grant was used by the Commission to finance the construction of one or more additional floors on the southern half of the Civic Center Parking Garage (Garage) and to make any other improvements to the Garage. The \$10,464,713 grant was funded with the \$7,000,000 of bond proceeds and \$3,464,713 of equity from the CIB.

Information on the bonds follows:

<u>Purpose</u>	<u>Balance at Interest Rates</u>	<u>December 31, 2023</u>	<u>Net Current Portion</u>	<u>Premium</u>	<u>Non- Current</u>
Revenue Bond Series 2019A (Parking Garage Project)	3.0% to 4.0%	\$ 7,830,000	\$ 30,000	\$ 110,135	\$ 7,910,135

The bonds are publicly traded debt. The bonds are payable from the net income received from the operation of the Project and food and beverage tax revenues on parity with Ash Brokerage Project pledge. Additional security is provided through the funding of a debt service reserve. Revenue bonds debt service requirements to maturity are as follows:

	<u>Food and Beverage Tax</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 30,000	\$ 242,419
2025	35,000	241,519
2026	220,000	239,044
2027	230,000	232,369
2028	235,000	225,394
2029-2033	1,300,000	1,001,995
2034-2038	1,515,000	780,470
2039-2043	1,765,000	537,245
2044-2048	2,050,000	250,263
2049	<u>450,000</u>	<u>10,547</u>
Totals	<u>\$ 7,830,000</u>	<u>\$ 3,761,265</u>

**Loan Payable:** On May 1, 2003, the Fort Wayne Redevelopment Authority (Authority) issued Revenue Bonds in the amount of \$31,985,000, at fixed rates ranging from 2.5 percent to 5.0 percent, for the expansion of the Grand Wayne Center (Project). On May 22, 2012, the Authority refinanced the remaining balance of the 2003 bonds by issuing Revenue Refunding bonds in the amount of \$25,135,000, at fixed rates ranging from 3.0 percent to 5.0 percent. On March 24, 2022, the Authority refinanced the remaining balance of the 2012 bonds by issuing Revenue Refunding bonds in the amount of \$10,200,000, at a fixed rate of 4 percent. The bonds are secured by the net revenue of the Center and property. The Authority owns the existing and expanded facilities and leases them back to the Fort Wayne Redevelopment Commission (Commission), who leases them to the CIB until the bonds mature on February 1, 2028. Since ownership of the Project assets will ultimately revert to the CIB, these assets and the corresponding loan obligation have been recorded on the Statement of Net Position of the CIB and the proprietary fund financial statements (GWC fund).

(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 2 - DETAILED NOTES** (Continued)

The agreement between the Authority and the Commission is funded by the following revenue sources: Grand Wayne Center primary pledge payments, a portion of the City of Fort Wayne's share of the Local Income Tax – Economic Development (LIT-ED), tax increment financing (TIF) revenue, and Professional Sports and Convention Development Area (PSCDA) revenue. TIF and PSCDA revenue sources are based on annual revenue generated through TIF and PSCDA districts, whereas the Grand Wayne Center and CEDIT are pledges. Actual revenue for TIF and PSCDA could change depending on actual results. The Commission may also levy a property tax on all property in the City of Fort Wayne Development district in an amount sufficient to meet its obligation.

Commitments at December 31, 2023, are as follows:

	Grand Wayne Center	City of Fort Wayne LIT-ED	TIF	PSCDA
2024	\$ 825,000	\$ 435,000	\$ 1,434,575	\$ 175,000
2025	825,000	435,000	1,434,575	175,000
2026	825,000	435,000	1,434,575	175,000
2027	825,000	435,000	1,434,575	175,000
2028	<u>825,000</u>	<u>435,000</u>	<u>1,434,575</u>	<u>175,000</u>
Total	<u>\$ 4,125,000</u>	<u>\$ 2,175,000</u>	<u>\$ 7,172,875</u>	<u>\$ 875,000</u>

The future payments on the CIB's loan payable obligation as of December 31, 2023, are as follows:

	Grand Wayne Center
2024	\$ 1,924,500
2025	1,924,000
2026	1,923,500
2027	1,925,000
2028	<u>963,000</u>
Total minimum loan payable payments	8,660,000
Less amount representing interest	<u>(835,000)</u>
Present value of net minimum lease payments	<u>\$ 7,825,000</u>

Assets acquired through loans payable still in effect are as follows at December 31, 2023:

	Grand Wayne Center
Land and construction in progress	\$ 1,232,146
Buildings and improvements	52,007,971
Furniture, fixtures and equipment	<u>5,317,714</u>
Totals	58,557,831
Accumulated depreciation	<u>(27,255,057)</u>
Totals	<u>\$ 31,302,774</u>

(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

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**NOTE 3 - OTHER NOTES**

**Food and Beverage Tax Revenues**

The CIB has entered into agreements to provide funding to other governments as described below:

Voluntary Nonexchange Transaction Food and Beverage Tax Revenues: In 2016, the CIB approved a contribution of funds for the sum of \$6,500,000, payable over a ten-year period with annual payments of \$650,000, from its expected future revenues in the Food and Beverage Tax Fund. The funds will be used to pay the debt service on Revenue Bonds issued by the Fort Wayne Redevelopment Authority for the Ash Brokerage Project. The funds will be paid to the Redevelopment Commission upon a written request. The pledge is accounted for under GASB 33.

The remaining anticipated payments are as follows:

	<u>Payments</u>
2024	\$ 650,000
2025	650,000
2026	<u>325,000</u>
Totals	<u>\$ 1,625,000</u>

Pledge of Expected Future Food and Beverage Tax Revenues: In December 2020, the CIB agreed to pledge \$65,765,000 of food and beverage tax revenues pursuant to Resolution 2018-8 adopted by the CIB on November 6, 2018, as reaffirmed by Resolution 2020-6 adopted on October 21, 2020. The pledge relates to the lease rentals associated with the \$43,165,000 Fort Wayne Redevelopment Authority Revenue Bonds of 2020 (Electric Works Project). The pledge of food and beverage revenues is on parity with the pledge of food and beverage revenues other Outstanding Obligations. The pledge is accounted for under GASB 48. The anticipated annual payments starting in 2022 range from \$1,439,000 to a maximum per year of \$2,931,000 as follows:

	<u>Payments</u>
2024	1,439,000
2025	1,439,000
2026	2,929,000
2027	2,929,000
2028	2,925,000
2029-2033	14,651,000
2034-2038	14,646,000
2039-2043	14,643,000
2044-2045	<u>5,859,000</u>
Totals	<u>\$ 61,460,000</u>

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(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

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**NOTE 3 - OTHER NOTES (Continued)**

Riverfront at Promenade Parking Garage: On February 27, 2020, the CIB agreed to pledge \$25,750,000 of food and beverage tax revenues pursuant to Resolution 2020-3 adopted by the CIB on February 27, 2020. The pledge relates to the lease rentals associated with \$76.8 million Summit Development Corporation pledge of the Riverfront at Promenade Parking Garage. The pledge of food and beverage revenues is on parity with the pledge of food and beverage revenues other Outstanding Obligations. The pledge is accounted for under GASB 48. The anticipated annual payments starting in 2022 range from \$1,000,000 to a maximum per year of \$1,500,000 as follows:

	<u>Payments</u>
2024	\$ 1,000,000
2025	1,000,000
2026	1,000,000
2027	1,000,000
2028	1,000,000
2029-2033	5,000,000
2034-2038	5,000,000
2039-2043	5,000,000
2044-2046	<u>3,000,000</u>
Totals	<u>\$ 23,000,000</u>

**Deferred Compensation Plan**

CIB offers a deferred compensation plan to all its employees under plans administered by the State of Indiana Public Employee Deferred Compensation Plan (Hoosier S.T.A.R.T) which is a multiple employer plan, and each is established in accordance with Internal Revenue Code Section 457. Employees are permitted to defer a portion of their salary until future years. Only upon terminations, retirement, death, or an unforeseen emergency is the deferred compensation available to an employee. Federal House Bill 3448 mandated that, effective January 1, 2000; all existing Internal Revenue Code Section 457 plan assets must be held in a qualified trust for the benefit of participants and their beneficiaries. There are no employer contributions to the plans.

Because these assets are held by a custodian for the specific benefit of participants and their beneficiaries, they are not reflected in the financial statements and are free from claims of CIB creditors.

**Pension Plan - Cost Sharing Multiple-Employer Defined Benefit Pension Plan**

Plan Description: The CIB contributes to the Indiana Public Employees' Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan. PERF provides retirement, disability, and survivor benefits to plan members and beneficiaries. All full-time employees hired before December 31, 2014 or hired after December 31, 2014 and are a previous PERF member are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system and give the CIB authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account (ASA). The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 3 - OTHER NOTES** (Continued)

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report is available online at <http://www.inprs.in.gov/> or may be obtained by contacting:

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

Benefits Provided: The PERF retirement benefit consists of the sum of a defined pension benefit provided by the CIB contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation time the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the pension benefit. A member who has reached age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal pension benefit, which remains the same for the member's lifetime.

The PERF plan also provides disability benefits to members. A member who has at least 5 years of creditable service and becomes disabled while in active service, on FMLA leave, receiving worker's compensation benefits, or receiving employer provided disability insurance benefits may retire for the duration of the disability if they have qualified for social security disability benefits and furnish proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. Also, under certain circumstances, upon the death in service of a member, a survivor benefit may be paid to a surviving spouse or surviving dependent children under the age of 18.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA), however, such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis. These increases can only be granted by the Indiana General Assembly.

Contributions: The contribution requirements of plan members are established and may be amended by the INPRS Board of Trustees. The required contributions are based on actuarial investigation and valuation in accordance with IC 5-10.2. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. PERF members are required to contribute three percent of their annual covered salary. The CIB elected to make this contribution on behalf of their members in 2023. For 2023, the CIB was required to contribute at an actuarially determined rate of 11.2 percent of annual covered payroll. The CIB's contributions to the plan for the year ending December 31, 2023 were \$173,448, equal to the required contributions for each year.

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(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 3 - OTHER NOTES** (Continued)

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2023 valuation of the Public Employee's Retirement Fund were adopted by the INPRS Board in April 2015. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Salary Increases	2.65% to 8.65%
Cost-of-living increases	No COLA was granted for the 2023-2025 biennium. Thereafter, the following COLAs, compounded annually, were Assumed: 0.4% beginning on January 1, 2026 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039

Actuarial assumptions include two mortality tables (healthy and disabled), rather than healthy only. Mortality rates (healthy) were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates (disabled) were based on the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The actuarial assumptions used are based on plan experience from July 1, 2014 through June 30, 2019 and were first used in the June 30, 2020 valuation. The actuarial cost method used for computing the total pension liability is the Entry Age Normal – Level Percent of Payroll method. Additionally, a load on final average salary of \$400 to reflect unused sick leave accumulated at termination of employment for active and inactive vested members was added.

The actuarial assumptions and methods used in the June 30, 2023 valuation of the Public Employees' Retirement Fund resulted in the following assumption changes:

Inflation Rate	Remained unchanged at 2.0% per year
Future Salary Increases	Updated to a range of 2.65% to 8.65%
Retirement, termination, and disability assumptions	Updated based on recent experience
ASA annuitization assumption	60% of members to annuitize their ASA balance prior to January 1, 2022
Mortality Assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.  <i>Healthy Employees</i> – General Employee table with a 3-year set forward for males and a 1 year set forward for females.

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(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

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**NOTE 3 - OTHER NOTES** (Continued)

*Retirees* – General Retiree table with a 3-year set forward for males and a 1 year set forward for females.

*Beneficiaries* – Contingent Survivor table with no set forward for males and a 2-year set forward for females.

*Disables* – General Disabled table with a 140% load.

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecast rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of geometric real rates of return for each major asset class for 2023 are summarized below:

	Long Term Target Allocation <u>Percentage</u>	Expected Real Rate of Return <u>Percentage</u>
Public Equity	20.0%	20.4%
Private Equity	15.0%	16.4%
Fixed Income - Ex Inflation Linked	20.0%	19.0%
Fixed Income - Inflation Linked	15.0%	14.2%
Commodities	10.0%	9.3%
Real Estate	10.0%	8.1%
Absolute Return	5.0%	6.6%
Risk Parity	20.0%	20.4%

Discount Rate: The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers would be, at a minimum, made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board. Projected inflows from investment earnings were calculated using the long term assumed investment rate of 6.25 percent. Based on those assumptions, each defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 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 for each plan.

Sensitivity of the CIB's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following represents the net pension liability of the CIB for 2023, calculated using the discount rate of 6.25 percent, as well as what their respective net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.25 percent) or 1- percentage point higher (7.25 percent) than the current rate:

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(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 3 - OTHER NOTES** (Continued)

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
CIB's proportionate share of the net pension liability	\$ 1,399,962	\$ 859,040	\$ 408,017

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2023, the CIB recorded a pension liability of \$859,040 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The CIB's proportion of the net pension liability was based on wages reported by employers relative to the collective wages of the plan. At June 30, 2023, the CIB's proportion was .00002434, which was an increase of .0000040 from its proportion measured as of June 30, 2022 of .0002394.

For the year ended June 30, 2023, the CIB recognized pension expense of \$246,829. At June 30, 2023, the CIB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,576	\$ -
Net difference between projected and actual investment earnings on pension plan investments	196,894	-
Change of assumptions	46,845	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,591	4,518
Employer contributions subsequent to the measurement date	<u>77,937</u>	<u>-</u>
	<u>\$ 367,843</u>	<u>\$ 4,518</u>

An amount of \$77,937 for the CIB reported as deferred outflows of resources related to pensions resulting from the CIB's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability for the years ended December 31, 2023. 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 Ended <u>June 30:</u>	
2024	\$ 97,767
2025	23,990
2026	131,814
2027	<u>31,817</u>
Total	<u>\$ 285,388</u>

(Continued)

**NOTE 3 - OTHER NOTES** (Continued)

Pension Plan Fiduciary Net Position: The pension plan's fiduciary net position has been determined on the same basis of accounting used by the pension plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS financial report, which is available online at <http://www.inprs.in.gov> or may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol Avenue, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

Benefit Payment Policies: Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' annuity savings accounts. These distributions may be requested by members or automatically distributed by the fund when certain criteria are met.

Valuation of Pension Plan Investments: The pooled and non-pooled investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are reported at cost, which approximates fair value or, for fixed income instruments, valued using similar methodologies as other fixed income securities described below.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and securities pricing services.

Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs required to develop a fair value. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment.

Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ from the fair value. Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

**REQUIRED SUPPLEMENTARY INFORMATION**

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS  
 December 31, 2023

Last 10 Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.02434%	0.02394%	0.02314%	0.02371%	0.02293%	0.02289%	0.02375%	0.02202%	0.02045%
Proportion share of the net pension liability (asset)	\$ 859,040	\$ 755,027	\$ 304,487	\$ 716,135	\$ 757,851	\$ 777,584	\$ 1,059,617	\$ 999,365	\$ 874,859
Covered employee payroll	\$ 1,529,960	\$ 1,377,503	\$ 1,276,057	\$ 1,280,470	\$ 1,194,781	\$ 1,168,073	\$ 1,178,373	\$ 1,055,432	\$ 1,029,068
Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	56.15%	54.81%	23.86%	55.93%	63.43%	66.57%	89.92%	94.69%	85.01%
Plan fiduciary net position as percentage of the total pension liability	80.83%	82.5%	92.51%	81.40%	80.10%	78.90%	72.70%	71.20%	73.30%

**Notes to schedule:**

\* Information presented for the years that information is available

\*\* The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability

- Asset valuation date – June 30, 2023
- Liability valuation date – June 30, 2022 – Member census data as of June 30, 2022 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2022 and June 30, 2023. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2022 and June 30, 2023 measurement date.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2023
- Investment rate of return – 6.25%
- COLA –Compounded annually, are assumed: 0.4% beginning on January 1, 2026, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.75% - 8.75% Inflation – 2.25%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, CIB is presenting information for those years for which information is available.

*Measurement date:* Actuarial valuation reports from the prior fiscal year.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 December 31, 2023

Public Employees Retirement Fund – CIB  
 Last 10 Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 173,448	\$ 161,302	\$ 145,446	\$ 143,063	\$ 141,231	\$ 132,152	\$ 132,773	\$ 122,703	\$ 112,723
Contributions in relation to the contractually required contribution	\$ 173,448	\$ 161,302	\$ 145,446	\$ 143,063	\$ 141,231	\$ 132,152	\$ 132,773	\$ 122,703	\$ 112,723
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 1,548,650	\$ 1,440,199	\$ 1,298,623	\$ 1,277,347	\$ 1,260,988	\$ 1,179,931	\$ 1,185,476	\$ 1,095,563	\$ 986,072
Contributions as a percentage of covered-employee payroll	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%

**Notes to schedule:**

\* Information presented for the years that information is available

\*\* The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the CIB is presenting information for those years for which information is available.

- Valuation date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
- Actuarial cost method: Entry age normal (Level Percent of Payroll)
- Amortization method: Level dollar
- Remaining amortization period: 20 years, closed
- Asset valuation method: 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.
- Inflation: 2.25%
- Salary increases: 2.50% - 4.25% based on service
- Investment rate of return: 6.25%
- Mortality: Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

(Continued)

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
December 31, 2023

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Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/18 was 9.89%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/19 was 10.03%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/20 was 7.83%. In addition, SEA 373-2018 mandated that the cost of any expected postretirement benefit increases after 6/30/2018 be broken out into separate surcharges. The surcharges used in the fiscal year ended 6/30/20 are 0.43% for 7/1/19-12/31/19 and 0.44% for 1/1/20-6/30/20. However, the INPRS Board approved a State employer contribution rate of 11.2%, which includes both the base benefit and surcharge rates. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year. Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS  
STATE REPORTING INFORMATION  
January 1, 2023 to December 31, 2023

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In addition to this report, other reports may have been issued for the CIB. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa>.