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November 18, 2008

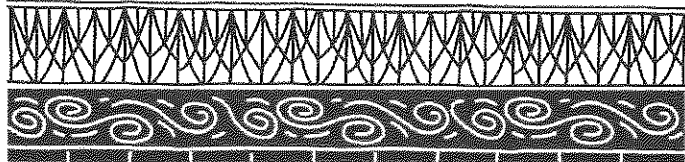
Mr. Robert Whitt, Executive Director
Indiana White River State Park Development Commission
801 W. Washington Street
Indianapolis, IN 46204

Dear Mr. Whitt:

We have received the audit report prepared by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2007 to June 30, 2008. Per the auditors' opinion, the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial statements included in the report present fairly the financial condition of the Indiana White River State Park Development Commission as of June 30, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a public record.

STATE BOARD OF ACCOUNTS



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

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

June 30, 2008 and 2007

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

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
FINANCIAL STATEMENTS	
Statements of Net Assets	8
Statements of Revenues, Expenses and Changes in Net Assets	9
Statements of Cash Flows	10
Notes to Financial Statements	11-20
SUPPLEMENTARY INFORMATION	
Schedules of Operating Expenses	21
Schedules of IMAX Operations	22
OTHER INFORMATION	
Indiana Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24

Independent Auditors' Report

To the Commissioners
Indiana White River State Park Development Commission

We have audited the accompanying statements of net assets of Indiana White River State Park Development Commission (Commission), a component unit of the State of Indiana, as of June 30, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana White River State Park Development Commission at June 30, 2008 and 2007, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis presented on pages 3 through 7 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2008, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental schedules, as listed in the table of contents, are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Katy, Suzanne & Miller, LLP

Indianapolis, Indiana
October 14, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

- ♦ The Commission's assets exceeded its liabilities at the close of the most recent fiscal year by \$113.5 million (net assets). Of this amount, \$3 million (unrestricted net assets) may be used to meet any of the Commission's ongoing obligations. \$627 thousand is restricted for major repairs to the NCAA and NFSHSA buildings, \$397 thousand is restricted for IMAX scholarships and \$283 thousand is restricted for various other improvement projects.
- ♦ The Commission's current assets increased by \$616 thousand while total liabilities increased \$127 thousand during the current fiscal year. Cash increased \$409 thousand.
- ♦ The Commission's total net assets decreased by \$700 thousand during the current fiscal year largely due to depreciation expense of \$979 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$113.5 million at the close of the most recent fiscal year.

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

	2008	June 30, 2007	2006
Current and other assets	\$ 4,718	\$ 4,401	\$ 3,949
Capital assets	<u>109,213</u>	<u>110,103</u>	<u>110,922</u>
Total Assets	<u>113,931</u>	<u>114,504</u>	<u>114,871</u>
Current liabilities	385	258	326
Total Liabilities	<u>385</u>	<u>258</u>	<u>326</u>
Net Assets:			
Invested in capital assets, net of related debt	109,213	110,103	110,921
Restricted	1,307	1,172	975
Unrestricted	<u>3,026</u>	<u>2,971</u>	<u>2,649</u>
Total Net Assets	<u>\$113,546</u>	<u>\$114,246</u>	<u>\$114,545</u>

With the completion of the Indianapolis Central Waterfront Project by the United States Army Corps of Engineers, the capital additions have diminished the last few years with the Corps' contribution being \$109.5 thousand in 2007 and no contribution in 2008. Declining additions, net of the Commission's depreciation expense of \$979 thousand, have resulted in decreases in capital assets over the last few years.

Restricted net assets increased in 2008 by \$135 thousand, representing monies restricted for building repairs, family arts programming as well as additional contributions received.

FINANCIAL ANALYSIS (CONTINUED)

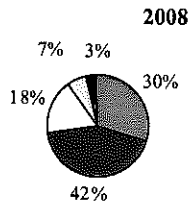
**Indiana White River State Park Development Commission's Changes in Net Assets
(In Thousands of Dollars)**

	Years Ended June 30,		
	2008	2007	2006
Operating Revenues:			
State appropriations	\$ 1,157	\$ 1,218	\$ 1,218
IMAX Theater	1,640	1,940	2,175
Parking	699	655	741
Taste of Indiana		20	15
Concert events	257	93	70
Other events	5	7	8
Miscellaneous	<u>116</u>	<u>116</u>	<u>113</u>
Total Operating Revenues	<u>3,874</u>	<u>4,049</u>	<u>4,340</u>
Operating Expenses:			
IMAX Theater	1,847	1,853	2,020
Parking	408	453	413
Depreciation and amortization-IMAX	17	121	203
Depreciation and amortization-park	962	976	1,165
Other operating expenses	<u>1,624</u>	<u>1,292</u>	<u>1,392</u>
Total Operating Expenses	<u>4,858</u>	<u>4,695</u>	<u>5,193</u>
Loss from Operations	<u>(984)</u>	<u>(646)</u>	<u>(853)</u>
Nonoperating Revenues:			
Contributions	147	89	18
Interest income	<u>137</u>	<u>147</u>	<u>119</u>
Total Nonoperating Revenues	<u>284</u>	<u>236</u>	<u>137</u>
Net Loss	(700)	(409)	(716)
Capital contributions	<u> </u>	<u>110</u>	<u>23</u>
Decrease in Net Assets	(700)	(299)	(693)
Net Assets:			
Beginning of Year	<u>114,246</u>	<u>114,545</u>	<u>115,238</u>
End of Year	<u>\$113,546</u>	<u>\$114,246</u>	<u>\$114,545</u>

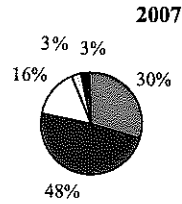
IMAX Theater revenue decreased \$300 thousand primarily due to the different selection of movies and increased competition.

The Commission's net assets decreased \$700 thousand during the current fiscal year, \$299 thousand during the fiscal year ended June 30, 2007 and \$693 thousand during the fiscal year ended June 30, 2006. These decreases were primarily due to depreciation expense exceeding the capital contributions.

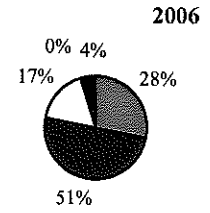
REVENUES BY SOURCE



- State appropriations
- IMAX theater
- Parking
- ▨ Events
- Miscellaneous

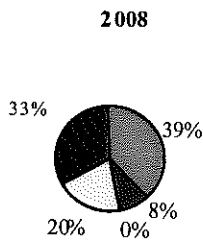


- State appropriations
- IMAX theater
- Parking
- ▨ Taste of Indiana and other events
- Miscellaneous

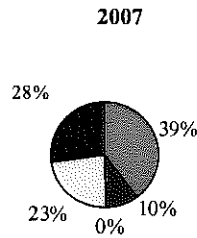


- State appropriations
- IMAX theater
- Parking
- ▨ Taste of Indiana and other events
- Miscellaneous

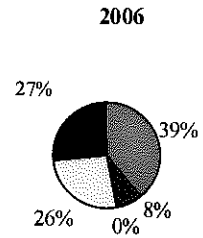
EXPENSES BY TYPE



- IMAX theater
- Parking
- Events
- ▨ Depreciation and amortization
- Other operating expenses



- IMAX theater
- Parking
- Taste of Indiana
- ▨ Depreciation and amortization
- Other operating expenses



- IMAX theater
- Parking
- Taste of Indiana
- ▨ Depreciation and amortization
- Other operating expenses

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Commission's investment in capital assets as of June 30, 2008, amounts to \$109.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and office furniture and fixtures. The total decrease in the Commission's investment in capital assets for the current fiscal year was \$890 thousand, due to depreciation exceeding additions.

Major capital asset events during the current fiscal year included the following:

- ♦ Indiana Department of Transportation made improvements to the Shelter House in Military Park. The Commission paid \$15 thousand for improvements to this facility.
- ♦ The Commission paid \$64 thousand towards architectural and engineering work for a restroom addition to the existing Visitor's Center. The intent is to provide these facilities for concerts and after hours for large events.
- ♦ Current year depreciation expense of \$979 thousand increased the accumulated depreciation balance.

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

	2008	2007	2006
Land	\$ 54,767	\$ 54,767	\$ 54,767
Land improvements	24,764	24,690	24,472
Buildings	29,611	30,565	31,519
Hall of Champions exhibits			17
IMAX projector	23	38	130
Furnishings and equipment	48	43	17
Total	<u>\$109,213</u>	<u>\$110,103</u>	<u>\$110,922</u>

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

REQUESTS FOR INFORMATION

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

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**STATEMENTS OF NET ASSETS
June 30, 2008 and 2007**

ASSETS		
	2008	2007
CURRENT ASSETS		
Cash and equivalents	\$ 4,034,840	\$ 3,625,837
Certificates of deposit	300,000	75,000
Accounts receivable	115,537	144,124
Inventory	12,247	17,016
Prepaid expenses	104,600	88,641
Total Current Assets	<u>4,567,224</u>	<u>3,950,618</u>
NONCURRENT ASSETS		
Certificates of deposit	150,000	450,000
Capital assets, net of depreciation	109,213,445	110,103,137
Total Noncurrent Assets	<u>109,363,445</u>	<u>110,553,137</u>
TOTAL ASSETS	<u>\$ 113,930,669</u>	<u>\$ 114,503,755</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - WRSP	\$ 159,545	\$ 91,940
Accounts payable - IMAX	131,865	88,587
Accrued payroll and payroll withholdings	93,713	77,727
Total Current Liabilities	<u>385,123</u>	<u>258,254</u>
NET ASSETS		
Invested in capital assets, net of debt	109,213,445	110,103,137
Restricted for building repairs and scholarships	1,306,727	1,171,885
Unrestricted	3,025,374	2,970,479
Total Net Assets	<u>113,545,546</u>	<u>114,245,501</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 113,930,669</u>	<u>\$ 114,503,755</u>

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Indiana State appropriation	\$ 1,157,354	\$ 1,218,267
IMAX Theater	1,639,667	1,939,904
Parking	699,108	655,236
Taste of Indiana event		19,882
Concert events	257,121	93,480
Other events	5,438	7,019
Miscellaneous	116,029	115,722
Total Operating Revenues	<u>3,874,717</u>	<u>4,049,510</u>
OPERATING EXPENSES		
IMAX Theater	1,847,053	1,853,440
Park administration	1,275,991	987,292
Marketing	108,620	114,101
Sculpture	4,062	27,834
Parking	407,668	453,145
Family Art Series	30,521	
Depreciation	979,325	1,096,466
Other	205,700	162,898
Total Operating Expenses	<u>4,858,940</u>	<u>4,695,176</u>
Loss from Operations	<u>(984,223)</u>	<u>(645,666)</u>
NONOPERATING REVENUES		
Contributions	146,654	89,214
Interest income	137,614	147,002
Total Nonoperating Revenues	<u>284,268</u>	<u>236,216</u>
NET LOSS	(699,955)	(409,450)
CAPITAL CONTRIBUTIONS		<u>109,576</u>
DECREASE IN NET ASSETS	(699,955)	(299,874)
NET ASSETS		
Beginning of Year	<u>114,245,501</u>	<u>114,545,375</u>
End of Year	<u>\$ 113,545,546</u>	<u>\$ 114,245,501</u>

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from State of Indiana	\$ 1,157,354	\$ 1,218,267
Receipts from IMAX Theater	1,648,646	1,921,692
Receipts from parking	697,697	658,699
Receipts from events	262,559	122,981
Receipts from other sources	116,029	115,722
Payments for operating expenses	<u>(3,742,917)</u>	<u>(3,654,057)</u>
Net Cash Provided by Operating Activities	<u>139,368</u>	<u>383,304</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions received	<u>146,654</u>	<u>94,530</u>
Net Cash Provided by Noncapital Financing Activities	<u>146,654</u>	<u>94,530</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of certificates of deposit	75,000	75,000
Purchases of certificates of deposit		(25,000)
Interest received	<u>137,614</u>	<u>147,002</u>
Net Cash Provided by Investing Activities	<u>212,614</u>	<u>197,002</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets, net of reimbursements	<u>(89,633)</u>	<u>(168,372)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(89,633)</u>	<u>(168,372)</u>
NET INCREASE IN CASH AND EQUIVALENTS	409,003	506,464
CASH AND EQUIVALENTS		
Beginning of Year	<u>3,625,837</u>	<u>3,119,373</u>
End of Year	<u>\$ 4,034,840</u>	<u>\$ 3,625,837</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Loss from operations	\$ (984,223)	\$ (645,666)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation (including lease amortization)	979,325	1,096,466
(Increase) decrease in certain assets:		
Receivables	28,587	(2,136)
Inventory	4,769	(6,754)
Prepaid expenses	(15,959)	8,784
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	<u>126,869</u>	<u>(67,390)</u>
Net Cash Provided by Operating Activities	<u>\$ 139,368</u>	<u>\$ 383,304</u>
SUPPLEMENTAL DISCLOSURES		
Capital assets and improvements donated by others		\$ 109,576

See accompanying notes.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The Commission prepares its financial statements in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In 1995, the Commission adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The Commission has, therefore, elected to apply all applicable GASB pronouncements. In addition, the Commission follows all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

Certificates of Deposit have maturity dates within 5 years and are reported at fair value.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Retirement Plan: The employees of the Commission participate in the State of Indiana Public Employees Retirement Fund (PERF). The Commission recognizes PERF expenses on an accrual basis.

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

State Appropriations are recognized as revenue when allotted by the State of Indiana. Allotments were \$1,157,354 for fiscal year 2008 and \$1,218,267 fiscal year 2007.

NOTE 2 - CASH AND EQUIVALENTS

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

At June 30, 2008 and 2007, the carrying amount of deposits by type were as follows:

	2008	2007
Cash and equivalents (money market checking accounts)	<u>\$4,034,840</u>	<u>\$3,625,837</u>

NOTE 2 – CASH AND EQUIVALENTS (CONTINUED)

At June 30, 2008 and 2007, the deposits of the Commission with financial institutions were insured as follows:

	2008		2007	
	Balance per Statement of Net Assets	Bank Balance	Balance per Statement of Net Assets	Bank Balance
Cash and equivalents insured by Federal Deposit Insurance Corporation (up to \$100,000 per bank)	\$ 300,000	\$ 300,000	\$ 264,155	\$ 266,187
Uninsured and uncollateralized (including petty cash)	<u>3,734,840</u>	<u>3,847,524</u>	<u>3,361,682</u>	<u>3,478,157</u>
Total Cash and Equivalents	<u>\$4,034,840</u>	<u>\$4,147,524</u>	<u>\$3,625,837</u>	<u>\$3,744,344</u>

\$3.3 million of the uninsured and uncollateralized balance are held in unrated money market accounts. Deposits held by the Commission are not public funds as defined by Indiana statutes and these funds are not insured by the Indiana Public Deposit Insurance Fund.

NOTE 3 - CERTIFICATES OF DEPOSIT

The Commission does not have a formal investment policy. The Commission purchased bank certificates of deposit with maturity dates ranging from July 2008 to January 2010. When the certificates mature, the Commission reinvests in new certificates.

At June 30, 2008 and 2007, the Commission had the following certificates of deposit:

June 30, 2008 Investment Type	Fair Value	Investment Maturities in (years)	
		Less than 1	1 - 5
Certificates of deposit	<u>\$450,000</u>	<u>\$ 300,000</u>	<u>\$150,000</u>
	<u>\$450,000</u>	<u>\$ 300,000</u>	<u>\$150,000</u>
June 30, 2007 Investment Type	Fair Value	Investment Maturities in (years)	
		Less than 1	1-5
Certificates of deposit	<u>\$525,000</u>	<u>\$ 75,000</u>	<u>\$450,000</u>
	<u>\$525,000</u>	<u>\$ 75,000</u>	<u>\$450,000</u>

The certificates of deposit are FDIC insured as they are maintained at separate banks, with no individual bank holding more than \$100,000.

NOTE 4 - CAPITAL ASSETS

The Commission's capital assets activity for the years ended June 30, 2008 and 2007 was as follows:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets, not being depreciated:							
Land	\$ 54,766,689			\$ 54,766,689			\$ 54,766,689
Land improvements	24,472,216	\$ 216,653		24,688,869	\$ 75,456		24,764,325
Total capital assets, not being depreciated	79,238,905	216,653	-	79,455,558	75,456	-	79,531,014
Capital assets, being depreciated:							
Buildings	38,075,921			38,075,921			38,075,921
Hall of Champions exhibits	1,447,969			1,447,969			1,447,969
IMAX projector	1,901,793	23,500		1,925,293			1,925,293
Furnishings and equipment	661,190	37,795		698,985	14,177		713,162
Total capital assets, being depreciated	42,086,873	61,295		42,148,168	14,177		42,162,345
Less accumulated depreciation for:							
Buildings	6,556,868	952,939		7,509,807	955,155		8,464,962
Hall of Champions exhibits	1,430,733	17,236		1,447,969			1,447,969
IMAX projector	1,771,951	115,237		1,887,188	15,264		1,902,452
Furnishings and equipment	644,571	11,054		655,625	8,906		664,531
Total accumulated depreciation	10,404,123	1,096,466	-	11,500,589	979,325	-	12,479,914
Total capital assets being depreciated, net	31,682,750	(1,035,171)		30,647,579	(965,148)		29,682,431
Total Capital Assets, Net	\$ 110,921,655	\$ (818,518)	\$ -	\$ 110,103,137	\$ (889,692)	\$ -	\$ 109,213,445

NOTE 5 - RETIREMENT PLAN

The Commission contributes to the Public Employees' Retirement Fund of Indiana (PERF), established in accordance with Indiana statutes (I.C.5-10.3-2-1). PERF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. The Commission participates as a component unit of the State of Indiana. The authority to establish or amend benefit provisions rests with the Indiana General Assembly. However, obligations to contribute to the Plan are determined by the board of PERF in accordance with actuarial methods. The Plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. PERF issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report may be obtained by writing to: Indiana Public Employees' Retirement Fund, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, Indiana 46204, or by calling 317-233-4162.

The Plan is a contributory defined benefit plan, which covers substantially all full-time Commission employees. The Commission contributes 3% of each eligible employee's annual salary to an annuity savings account, as prescribed by Indiana statutes. The Commission is required to contribute an actuarially determined percentage (6.3% for fiscal year 2008) of employee payroll to the Plan. Required contribution percentages are communicated to the Commission annually by the PERF board and are effective July 1 of each year. This component represents the employer contribution required under the Plan. The Commission, as a component unit of the State of Indiana, is required to pay the employee contributions under the Plan. The employees' required contribution may be withdrawn at any time, with interest, should an employee terminate employment.

Retirement benefits vest after 10 years of service. Normal retirement is defined as the earliest of: (1) age 65 with 10 years creditable service; (2) age 60 with 15 years of creditable service; or (3) the sum of age and creditable service equal to 85, but not earlier than age 55. The annual pension benefit is equal to 1.1% times the average annual salary times the number of years and months of PERF-covered employment. The average annual salary used for calculating the pension benefit is an average of the employee's highest five years of employment earnings within the 10 years preceding retirement. A reduced benefit will be received if an employee takes early retirement between the ages of 50 and 65 and has 15 or more years of creditable service. Employees may either elect to receive a lump-sum distribution of their annuity savings account balance upon retirement or receive an annuity amount as a monthly supplement to the retirement benefits described above. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

The Commission's contributions to PERF for the years ended June 30, 2008, 2007 and 2006 were \$31,589, \$23,863 and \$18,540, respectively, equal to the required contributions for each year. Required contributions are determined as part of annual actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions used for the July 1, 2007 actuarial valuation included: (a) a rate of return on investment of present and future assets of 7.25% per year, compounded annually; (b) projected salary increases based on PERF experience from 1995 to 2000; and (c) assumed annual post retirement benefit cost-of-living increases of 1.0% (changed from 1.5% compounded annually). The actuarial value of the Plan's assets is determined by taking the previous year's actuarial value, adding contributions, subtracting pension payments and Plan expenses and adding expected earnings at the valuation rate of interest, based on a midyear weighted average fund. The result is multiplied by 75% and added to 25% of the cost value of Plan assets as of the valuation date. Effective July 1, 2002, the Plan's unfunded actuarial accrued liability is being amortized on a level dollar basis over a 30-year closed period.

NOTE 5 – RETIREMENT PLAN (CONTINUED)

Other information regarding the State's defined benefit pension plan may be found in the State's Comprehensive Annual Financial Report, along with information pertaining to the State's annual pension cost and net pension obligation. This report may be obtained by writing to: Indiana State Board of Accounts, Indiana Government Center South, Room E418, 402 West Washington Street, Indianapolis, Indiana 46204

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 Commission also has another qualified defined contribution retirement plan available to all of its employees. Employees can elect to contribute an amount up to the annual limit established under the Internal Revenue Code. The Commission matches employee contributions up to \$15 per pay period (\$390 annually) starting with the third pay period of employee contribution, and the employees are 100% vested in all contributions.

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

NOTE 7 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES

Central Indianapolis Waterfront Project

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

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

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

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

NOTE 7 – PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)

NCAA National Headquarters and Hall Champions

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

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 is for thirty years, 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.

During 2008, a fire occurred at the NCAA Hall of Champions, causing the exhibit to be closed. It is estimated that the exhibits will be reopened in January of 2009.

National Federation of State High School Association

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

Indiana State Museum

During its 1997 session, the Indiana General Assembly authorized the construction of the new Indiana State Museum at Indiana White River State Park. The museum complex is owned by the Indiana State Office Building Commission (SOBC), which was merged into the Indiana Finance Authority in 2006, and is built upon land owned by the Park. Funding for the building came primarily from bonds, which will be repaid by State appropriations. The Indiana State Museum Foundation raised private-sector funding for the exhibit programs. The 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 State Office Building 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 Commission pays monthly rentals based on theater admissions, subject to a minimum annual rental of \$171,832, adjusted annually for CPI. The lease term is for a period of ten years, with an automatic renewal for an additional ten-year period. The theater opened to the public on December 19, 1996.

NOTE 7 – PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)

IMAX Theater (Continued)

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

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

The IMAX Theater was closed on January 16, 2001 due to the construction of the Indiana State Museum. It was re-opened on May 22, 2002, the day the Museum opened. An Amending Agreement with IMAX Corporation dated March 21, 2001, provided for a reduction in the maintenance payments and deferral of the projector rent for six months beginning January 1, 2001 and ending June 30, 2001. For each of the 6 months of deferral, the term of the original 1994 agreement was extended by one and one-half months. The extension of the original lease term expired September 19, 2007, which was 10 years and 9 months after December 19, 1996, the effective date of the 1994 lease agreement. The lease is now in the 10 year extension of the lease which will expire September 19, 2017.

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

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

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

Military Park

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

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

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

NOTE 7 – PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)

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 Indianapolis Zoological Society opened the White River 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 the land to the Museum for the development and operation of a museum of American Indian artifacts and western art in Indiana White River State Park. The lease term expires on December 31, 2087. The Commission reacquired approximately three acres of this property in December 1985. The lease can be terminated early by either party beginning in 2049, subject to a three-year notification. The annual basic rent is \$1.

Victory Field Baseball Facility

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

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

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

NOTE 8 - RISK MANAGEMENT

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

NOTE 9 - NET ASSETS RESTRICTED FOR BUILDING REPAIRS, SCHOLARSHIPS & FAMILY PROGRAMS

In 2004, a donor pledged \$500,000 for use as IMAX scholarships for Indiana youth. \$250,000 was received during fiscal year 2005 and \$250,000 was received in fiscal year 2006. During 2008 the Commission received \$15,117 in earnings on investments. During 2008 and 2007, \$60,511 and \$31,357, respectively, of the funds were expensed on scholarships and administrative fees. As of June 30, 2008 and 2007, the Commission had \$397,351 and \$442,745, respectively, restricted for future scholarships. The Commission passed a resolution in December 2004 authorizing its Executive Director to offer scholarships up to \$50,000 annually for students throughout Indiana who attend schools in which 40% or more of the children are eligible for the free lunch program.

The Commission also has funds restricted for certain improvements to the NCAA and NFSHSA buildings. As of June 30, 2008 and 2007, the Commission had \$627,396 and \$561,197, respectively, restricted for such building repairs.

The Commission also has funds restricted for various other improvement projects. As of June 30, 2008 and 2007, the Commission had \$211,759 and \$167,943, respectively, restricted for such projects.

During 2008, the Commission received grants totaling \$125,000 from two donors toward the Commission's Family Arts Series. These funds are restricted to be used for expenses related to the Family Arts Series, such as artistic and administrative fees. As of June 30, 2008, the Commission had \$70,221 reserved for this project.

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

SCHEDULES OF OPERATING EXPENSES
Years Ended June 30, 2008 and 2007

	2008	2007
IMAX Theater:		
Payroll, taxes and benefits	\$ 410,914	\$ 434,916
Marketing	296,924	281,515
IMAX projector	242,066	234,244
IMAX management	96,099	93,647
Film royalties and expense	531,648	523,766
Cost of concessions sold	57,770	67,871
General administration	198,200	209,652
Theater maintenance	13,432	7,829
Total IMAX Theater Expenses	<u>1,847,053</u>	<u>1,853,440</u>
Park Administration:		
Park Property Maintenance:		
Buildings	60,595	63,398
Land	445,956	286,805
Total Park Property Maintenance Expenses	<u>506,551</u>	<u>350,203</u>
Compensation	583,242	504,889
Professional services	150,548	102,219
Office expense	35,650	29,981
Total Park Administration Expenses	<u>1,275,991</u>	<u>987,292</u>
Marketing	108,620	114,101
Sculpture	4,062	27,834
Parking	407,668	453,145
Family Art Series	30,521	
Depreciation:		
IMAX Theater	16,657	120,509
Park	962,668	975,957
Total Depreciation	<u>979,325</u>	<u>1,096,466</u>
Other Expenses:		
Insurance	93,457	84,642
Accounting, auditing, and legal fees	22,016	21,620
Miscellaneous	90,227	56,636
Total Other Expenses	<u>205,700</u>	<u>162,898</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 4,858,940</u></u>	<u><u>\$ 4,695,176</u></u>

INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

**SCHEDULES OF IMAX OPERATIONS
Years Ended June 30, 2008 and 2007**

	2008	2007
Revenue:		
Sales-admissions	\$ 1,324,080	\$ 1,554,923
Sponsorships	10,319	25,967
Sales-concessions	235,369	283,245
Theater rental	53,230	59,985
Other	16,669	15,784
Total Revenue	<u>1,639,667</u>	<u>1,939,904</u>
Expenses:		
Payroll, taxes and benefits	410,914	434,916
Marketing	296,924	281,515
IMAX Expense:		
Projector lease	193,511	186,900
Projector maintenance	48,555	47,344
Management fee and expenses	96,099	93,647
Film Expense:		
Royalties	416,933	423,345
Other film expense	114,715	100,421
Cost of Concessions Sold	57,770	67,871
General Administration:		
Office expense	25,972	26,759
Insurance	32,600	36,949
Ticket administration fee	88,006	100,381
Other	51,622	45,563
Theater Maintenance	13,432	7,829
Total Expenses Before Depreciation	<u>1,847,053</u>	<u>1,853,440</u>
Depreciation	16,657	120,509
Total Expenses	<u>1,863,710</u>	<u>1,973,949</u>
NET IMAX OPERATING LOSS	<u>\$ (224,043)</u>	<u>\$ (34,045)</u>

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

Year Ended June 30, 2008

To the Commissioners
Indiana White River State Park Development Commission

We have audited 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, 2008, and have issued our report thereon, dated October 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Katz, Suggs & Miller, LLP

Indianapolis, Indiana
October 14, 2008