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August 18, 2009

Mr. David R. Frick, Chairman
Indiana Stadium and Convention Building Authority
425 W. South Street
Indianapolis, IN 46225

Dear Mr. Frick:

We have received the audit report prepared by Katz, Sapper, & Miller, LLP, Independent Public Accountants, for the period of July 1, 2007 to June 30, 2008. Per the auditors' opinions, 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 Stadium and Convention Building Authority 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

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
(ENTERPRISE FUND OF THE STATE OF INDIANA)

ANNUAL FINANCIAL STATEMENTS
June 30, 2008 and 2007

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
(ENTERPRISE FUND OF THE STATE OF INDIANA)
FINANCIAL STATEMENTS
June 30, 2008 and 2007

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REPORT OF INDEPENDENT AUDITORS

To the Board Members of the
Indiana Stadium and Convention Building Authority
State of Indiana

We have audited the accompanying basic financial statements of the Indiana Stadium and Convention Building Authority (the "Building Authority"), an enterprise fund of the State of Indiana, as of and for the years ended June 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Building Authority's management. Our responsibility is to express an opinion on these 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 the Building Authority at June 30, 2008 and 2007, and the changes in financial position 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 3-9 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 inquiries 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.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 2008, presented on page 29, on our consideration of the Building Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our 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 *Governmental Auditing Standards* and should be considered in assessing results of our audit.

Katz, Sagan & Miller, LLP

Indianapolis, Indiana
October 16, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

As management of the Indiana Stadium and Convention Building Authority (Building Authority), we offer readers of the basic financial statements this narrative overview of Management's Discussion and Analysis ("MD&A") of the financial activities of the Building Authority for the fiscal years ended June 30, 2008, 2007, and 2006.

ORGANIZATIONAL STRUCTURE AND BACKGROUND

Organizational Structure: Effective May 15, 2005, the Indiana Stadium and Convention Building Authority was established pursuant to House Bill 1120, which has now been codified at Ind. Code 5-1-17, as a new entity of the State to finance, design, construct and own the new Indiana Stadium in Indianapolis and the upcoming expansion of the adjacent Indiana Convention Center.

The Building Authority is governed by a seven member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. Day-to-day operations of the Building Authority are managed by the Executive Director, John P. Klipsch.

The Indiana Finance Authority (IFA) facilitated a portion of the project funding through the issuance of \$612 million of revenue bonds and \$40 million of bond anticipation notes to finance a portion of the construction projects. IFA then entered into a loan agreement with the Building Authority structured with a payment schedule to meet debt service requirements on the bonds.

The IFA has specific responsibilities as the issuer under the trust indenture that provides guidance for the treatment of sources and uses of funds. Relevant to the Building Authority's financial statement reporting, IFA's responsibilities include, but are not limited to:

- Authorization to the trustee for the release of trust funds (cash disbursements),
- Monitoring of cash receipts to the trust in accordance with the trust indenture,
- Monitoring of the trust investment policies and coordination of the nature, timing and extent of investment activity within the trust accounts.

Since the IFA performs these activities which impact the Building Authority's financial statements, the Building Authority has formalized an agreement with IFA dated May 21, 2007 specifying IFA's responsibilities with regards to personnel management, investments, cash receipts, and cash disbursements.

(Continued)

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

ORGANIZATIONAL STRUCTURE AND BACKGROUND (Continued)

Project Background: The Indiana Stadium is now named the Lucas Oil Stadium, pursuant to a naming rights agreement between the Indianapolis Colts and Lucas Oil. The Lucas Oil Stadium was completed in August of 2008. The Lucas Oil Stadium is leased to Indiana's Office of Management and Budget (the "IOMB") and subleased to and operated by the Capital Improvement Board of Managers of Marion County (the "CIB"). The CIB has, in turn, entered into a sublease with the Indianapolis Colts, pursuant to which the Colts will play their home NFL games within the Lucas Oil Stadium. The Lucas Oil Stadium is marketed by the CIB, in conjunction with the Indianapolis Convention and Visitors Association, to host NCAA and other sporting events, conventions, concerts, trade shows, and other major public events.

In order to expand the Convention Center, the Building Authority will demolish the RCA Dome and proceed to finance, design, construct and own an expansion to the Indiana Convention Center, which will be located on the current site of the RCA Dome. The Building Authority anticipates that the Convention Center Expansion will be substantially complete in the 3rd quarter of 2010 and, once complete, it will also be leased to the IOMB and then subleased to, and operated by, the CIB.

During and after the design and construction of both the Lucas Oil Stadium and the Convention Center Expansion, the CIB will continue to own and operate the existing Indiana Convention Center.

OVERVIEW OF THE PROJECT COSTS

The combined development and construction budget for the Lucas Oil Stadium and Convention Center Expansion, exclusive of financing and issuance costs and certain other costs related to the pedestrian connector, is between \$993.1 and \$994.6 million. This includes approximately \$718.1 to \$719.6 million for the Lucas Oil Stadium and approximately \$275 million for the Convention Center Expansion.

At the end of the 2008 and 2007 fiscal years, total expenditures against the budget totaled \$686.1 and \$393.0 million, respectively. At the same time, contractual commitments were approximately \$134 and \$292 million, respectively. The remaining contracts for the Lucas Oil Stadium were awarded in early 2008, allowing for the facility to be completed and open in time for the first Colts game in August 2008.

Contracts for the construction of the Convention Center Expansion were awarded in late 2007 and construction began in January 2008. Demolition of the RCA Dome began in the fall of 2008, with new construction commencing in the winter of 2008. The facility is expected to be complete in the fall of 2010, in time for several large trade shows and conventions.

(Continued)

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

FINANCIAL ANALYSIS

Indiana Stadium and Convention Building Authority
Statements of Net Assets (in thousands of dollars)
June 30,

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current assets	\$ 128,386	\$ 262,499	\$ 232,474
Noncurrent assets	<u>784,848</u>	<u>470,137</u>	<u>213,309</u>
Total assets	<u>913,234</u>	<u>732,636</u>	<u>445,783</u>
Current liabilities	57,202	49,604	26,680
Long-term liabilities	<u>702,098</u>	<u>647,064</u>	<u>403,961</u>
Total liabilities	<u>759,300</u>	<u>696,668</u>	<u>430,641</u>
Net assets			
Restricted	<u>153,934</u>	<u>35,968</u>	<u>15,142</u>
Total net assets	<u>\$ 153,934</u>	<u>\$ 35,968</u>	<u>\$ 15,142</u>

The majority of current assets include investments that represent the unspent proceeds received from notes payable to the IFA, net of construction costs, and lease payments received from the CIB. Noncurrent assets consist of construction in progress for the Stadium Project and the Convention Center Expansion Project. All disbursements relating to the two Projects are capitalized as construction in progress until the Projects are complete and capital leases are initiated.

Current liabilities include construction costs payable at fiscal year-end. Noncurrent liabilities include notes payable to the IFA in respect of its Lease Appropriation Bonds issued for the purpose of financing the costs of the Stadium Project and notes payable to the IFA in respect of its Bond Anticipation Notes issued for the purpose of financing the initial costs of the Convention Center Expansion Project prior to the issuance of lease appropriation bonds. Also included as noncurrent liabilities are Stadium Project lease payments received from the CIB. These lease payments are reported as deferred revenue until the capital lease is initiated.

(Continued)

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

FINANCIAL ANALYSIS (Continued)

Indiana Stadium and Convention Building Authority
Changes in Net Assets (in thousands of dollars)
June 30,

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating Revenues			
Lease revenue	\$ 13,300	\$ 20,000	\$ 15,000
Contributions	101,037	922	-
Proceeds from license plates auction	-	-	96
Investment income, net	<u>3,629</u>	<u>-</u>	<u>46</u>
	117,966	20,922	15,142
 Operating Expenses	 <u>-</u>	 <u>96</u>	 <u>-</u>
 Increase in Net Assets	 117,966	 20,826	 15,142
 Net Assets, Beginning of Year	 <u>35,968</u>	 <u>15,142</u>	 <u>-</u>
 Net Assets, End of Year	 <u>\$ 153,934</u>	 <u>\$ 35,968</u>	 <u>\$ 15,142</u>

Operating revenues consist of real estate lease revenue earned from the CIB for the property where the new Stadium is being built. Contributions received during the 2008 fiscal year amounted to approximately \$1 million in change orders requested by the Colts and others for additional stadium amenities, along with a \$100 million contribution by the Colts, as required in the project's Development Agreement. Investment income recognized as revenue consists of earnings on investments excluding earnings on note proceeds designated for the Projects. Investment income on the loan proceeds is capitalized and netted with construction in progress, along with interest expense on debt and other construction costs. All disbursements for the construction of the Projects have been capitalized as construction in progress.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Building Authority's investment in capital assets includes construction in progress for the Stadium and Convention Center Expansion Projects.

(Continued)

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2008

	<u>Stadium Project</u>	<u>Convention Center Expansion</u>	<u>Total</u>
Hard construction costs	\$ 534,845	\$ 6,214	\$ 541,059
Soft construction costs	120,831	26,532	147,363
Financing and other costs	<u>95,417</u>	<u>1,009</u>	<u>96,426</u>
	<u>\$ 751,093</u>	<u>\$ 33,755</u>	<u>\$ 784,848</u>

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2007

	<u>Stadium Project</u>	<u>Convention Center Expansion</u>	<u>Total</u>
Hard construction costs	\$ 288,401	\$ -	\$ 288,401
Soft construction costs	97,646	6,971	104,617
Financing and other costs	<u>76,720</u>	<u>399</u>	<u>77,119</u>
	<u>\$ 462,767</u>	<u>\$ 7,370</u>	<u>\$ 470,137</u>

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2006

	<u>Stadium Project</u>	<u>Convention Center Expansion</u>	<u>Total</u>
Hard construction costs	\$ 70,015	\$ -	\$ 70,015
Soft construction costs	75,737	549	76,286
Financing and other costs	<u>66,692</u>	<u>316</u>	<u>67,008</u>
	<u>\$ 212,444</u>	<u>\$ 865</u>	<u>\$ 213,309</u>

Hard construction costs typically include real estate related costs. Soft construction costs include ancillary costs to the construction project. Additional information on the Building Authority's capital assets can be found in Note 3 to the financial statements.

(Continued)

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt - The entire notes payable amount represents debt secured by specified revenue sources.

Indiana Stadium and Convention Building Authority
Outstanding Debt (in thousands of dollars)
June 30,

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Stadium Project	\$ 611,525	\$ 611,525	\$ 400,000
Convention Center Expansion	<u>27,686</u>	<u>6,236</u>	<u>864</u>
	<u>\$ 639,211</u>	<u>\$ 617,761</u>	<u>\$ 400,864</u>

Additional information on the Building Authority's debt can be found in Notes 4, 5, and 9 to the financial statements.

REQUESTS OF INFORMATION

This financial report is designed to provide a general overview of the Building Authority's finances for all those with an interest in the Building Authority's finances. Questions concerning any of the information should be addressed to the Indiana Stadium and Convention Building Authority, 425 W. South Street, Indianapolis, Indiana 46225.

BASIC FINANCIAL STATEMENTS

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
 STATEMENTS OF NET ASSETS
 June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash	\$ 16,476	\$ 19,742
Contribution receivable	-	921,490
Interest receivable on investments	16,312	47,890
Investments	<u>128,353,700</u>	<u>261,509,389</u>
Total Current Assets	128,386,488	262,498,511
Noncurrent Assets		
Construction in progress	<u>784,847,712</u>	<u>470,137,178</u>
Total Assets	<u>\$ 913,234,200</u>	<u>\$ 732,635,689</u>
 LIABILITIES		
Current Liabilities		
Construction costs payable	\$ 56,226,872	\$ 49,250,862
Interest payable	<u>974,581</u>	<u>353,325</u>
Total Current Liabilities	<u>57,201,453</u>	<u>49,604,187</u>
Noncurrent Liabilities		
Deferred revenue	62,887,021	29,303,586
Notes payable	<u>639,211,337</u>	<u>617,760,518</u>
Total Noncurrent Liabilities	<u>702,098,358</u>	<u>647,064,104</u>
Total Liabilities	<u>\$ 759,299,811</u>	<u>\$ 696,668,291</u>
 NET ASSETS		
Externally restricted for Stadium and Convention Center Expansion Projects	<u>\$ 153,934,389</u>	<u>\$ 35,967,398</u>

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Lease revenue	\$ 13,300,000	\$ 20,000,000
Contributions	101,037,543	921,490
Investment income, net	<u>3,629,448</u>	<u>350</u>
	<u>117,966,991</u>	<u>20,921,840</u>
OPERATING EXPENSES	<u>-</u>	<u>96,302</u>
INCREASE IN NET ASSETS	117,966,991	20,825,538
NET ASSETS		
Beginning of Year	<u>35,967,398</u>	<u>15,141,860</u>
End of Year	<u>\$ 153,934,389</u>	<u>\$ 35,967,398</u>

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Contributions received	\$ 101,959,033	\$ -
Lease payments received	<u>46,883,435</u>	<u>56,110,181</u>
	<u>148,842,468</u>	<u>56,110,181</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(179,267,464)	(333,795,909)
Sales of investments	312,423,160	224,056,177
Interest received on investments	<u>9,357,498</u>	<u>17,478,143</u>
	<u>142,513,194</u>	<u>(92,261,589)</u>
CASH FLOW FROM CAPITAL AND FINANCING ACTIVITIES		
Proceeds from debt issuance	21,067,498	216,896,139
Construction payments capitalized	(290,328,578)	(155,479,964)
Interest payments capitalized	<u>(22,097,848)</u>	<u>(25,350,967)</u>
	<u>(291,358,928)</u>	<u>36,065,208</u>
NET DECREASE IN CASH	(3,266)	(86,200)
CASH		
Beginning of Year	<u>19,742</u>	<u>105,942</u>
End of Year	<u>\$ 16,476</u>	<u>\$ 19,742</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 117,966,991	\$ 20,825,538
Adjustments to reconcile operating income to net cash provided by operating activities:		
Interest income	(3,629,448)	(350)
Changes in certain assets and liabilities:		
Contribution receivable	921,490	(921,490)
Lease receivable	-	10,000,000
Deferred revenue	<u>33,583,435</u>	<u>26,206,483</u>
Net Cash Provided by Operating Activities	<u>\$ 148,842,468</u>	<u>\$ 56,110,181</u>

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements as of June 30, 2008 and 2007 and for the fiscal years then ended, conform with accounting principles generally accepted in the United States as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The GASB's Codification of Governmental Accounting and Financial Reporting Standards document these principles. The Building Authority's significant accounting policies are as follows:

Reporting Entity: The Indiana Stadium and Convention Building Authority (the "Building Authority") was established as a new public body corporate and politic of the state to finance, design, construct and own the Lucas Oil Stadium and Indiana Convention Center Expansion in Indianapolis. Once the Lucas Oil Stadium is complete, it will be leased to the Indiana's Office of Management and Budget (the "IOMB) and subleased to and operated by the Capital Improvement Board of Manager of Marion County (the "CIB"). The CIB has, in turn, entered into a sublease with the Indianapolis Colts, pursuant to which the Colts will play their home NFL games within the Lucas Oil Stadium. The Lucas Oil Stadium will also be marketed by the CIB, in conjunction with the Indianapolis Convention and Visitors Association, to host NCAA and other sporting events, conventions, concerts, trade shows, and other major public events. The Lucas Oil Stadium was completed in August of 2008.

In order to expand the Convention Center, the Building Authority will demolish the RCA Dome and proceed to finance, design, construct and own an expansion to the Indiana Convention Center, which will be located on the current site of the RCA Dome. The Authority anticipates that the Convention Center Expansion will be substantially complete in the 3rd quarter of 2010 and, once complete, it will also be leased to the IOMB and then subleased to and operated by the CIB.

During and after the design and construction of both the Lucas Oil Stadium and the Convention Center Expansion, the CIB will continue to own and operate the existing Indiana Convention Center.

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

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of Accounting Principles Generally Accepted in the United States: The Building Authority applies (a) all applicable FASB pronouncements issued before December 1, 1989, and (b) those issued after that date, provided they do not contradict GASB pronouncements.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from estimates.

Net Assets: Net assets are available for construction related to the Stadium and Convention Center Expansion projects. Net assets are displayed in three components:

- The Invested in Capital Assets, Net of Debt component consists of property or infrastructure that the Building Authority acquired, less any associated debt.
- The Restricted Net Assets component represents net assets with constraints placed on their use that are either (i) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or (ii) imposed by law through constitutional provisions or enabling legislation, as defined in GASB Statement No. 46 - *Net Assets Restricted by Enabling Legislation*.
- The Unrestricted Net Assets component consists of net assets that do not meet the definition of the preceding two components.

Cash: Cash is considered to be cash on hand and demand deposits. The Building Authority maintains demand deposits in one account. The carrying amount and bank balance of cash was \$16,476 and \$19,742 at June 30, 2008 and 2007, respectively. All account balances at the bank were insured by the Federal Deposit Insurance Corporation (FDIC) for \$100,000.

Investments: Investments are recorded at fair value based on quoted market prices of the investment or similar investments. For investments at June 30, 2008, fair value of investments approximated historical cost. Changes in the fair value of investments, including interest, dividends, realized and unrealized gains and losses are included in the statements of revenue, expenses and changes in net assets, with the exception of investment income on loan proceeds which is capitalized and netted with loan interest paid and included as construction in progress.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation: Securities traded on a national exchange are valued at their last reported sales price on the primary exchange on which they are traded. Securities traded in the over-the-counter market, and listed securities for which no sale was reported on that date, are valued at the last reported bid price.

Capital Assets: Capital assets are recorded at historical cost. Cost includes interest expense, net of interest income, incurred during construction until the asset is placed in service. At June 30, 2008 and June 30, 2007, capital assets consist of construction in progress.

Capital Leases: Direct financing leases are accounted for by the Building Authority, as lessor, as the sum of minimum lease payments and indirect costs less unearned income. Direct costs and unearned income are amortized over the lease term using the interest rate method that mirrors the underlying long-term debt.

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

Compensated Absences: Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. If material, vacation leave, which has been earned but not paid, is accrued in the financial statements. Compensation for holiday and other qualifying absences is not accrued in the financial statements because rights to such compensation amounts either do not accumulate or vest.

Lease and Other Program Revenue Recognition: Initial real estate lease rental income is recognized when earned. Capital lease rental income is deferred until the lease is initiated when projects are complete. Other program income is recognized as revenue in the period earned.

Contributions: The Building Authority received contributions as specified in the original development agreement for the Stadium Project as well as contributions for additional Stadium amenities not included in the original project budget. Contributions are recognized in the period received.

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

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 2 - INVESTMENTS

Investments Background

Indiana statutes generally authorize investments in United States obligations and issues of federal agencies, repurchase agreements fully collateralized by U.S. Government of U.S. Government Agency securities, certificates of deposit, and open end money market mutual funds.

All investments of the Building Authority are contained within the provisions of the trust indenture related to the Indiana Finance Authority's (the "IFA") issuance of revenue bonds. All investments are held by, or in the name of, The Bank of New York Trust Company, N.A., as trustee under certain indentures of trusts ("Trust Indentures") pertaining to the IFA Lease Appropriation Bonds, Series 2005A and 2007A (Stadium Project), and Bond Anticipation Notes (Convention Center Expansion).

The provisions of the Trust Indentures state that all investments shall be made under prudent investment standards reasonably expected to produce the greatest investment yields while seeking to produce principal without causing any of the bonds to be arbitrage bonds as defined in Section 148 of the Code. Moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer, provided that any such investment securities in the debt service reserve account shall have a term to maturity not greater than five years. The Trustee was also directed to invest substantial proceeds in Investment Agreements (also referred to as guaranteed investment contracts) as specified in the Trust Indenture.

The Building Authority has formalized an agreement with IFA dated May 21, 2007 specifying IFA's responsibilities pertaining to personnel management, investments, cash receipts, and cash disbursements. The IFA has legal responsibility as the issuer under the trust indenture, for monitoring of the trust indenture investment policies and coordination of the nature, timing and extent of investment activity within trust accounts. Due to IFA's responsibilities and the limitations on investments within the trust indenture, the Building Authority has not adopted a formal investment policy.

The following disclosures provide information on the risk elements identified by GASB 40 and related trust indenture policies:

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 2 - INVESTMENTS (Continued)

Allowable Investments

The IFA, as the issuer under the trust indenture, is only permitted to invest in securities authorized by the applicable bond indenture. The trust indenture provisions only relate to the investment of cash within the bond indenture. Under the provisions of the bond indenture, the IFA is to limit allowable investments to the following list of securities.

- United States Government Securities fully and unconditionally guaranteed
- United States Agency Obligations which are fully guaranteed
 - Export-Import Bank of the United States
 - Federal Housing Administration (FHA)
 - Government National Mortgage Association (GNMA)
 - Small Business Administration (SBA)
 - Housing and Urban Development (HUD)
 - Maritime Administration
 - Including any securities with full faith and credit of the US Government
- United States Agency Obligations which are not fully guaranteed
 - Federal National Mortgage Association (FNMA) - rated Aaa by Moody's and AAA by S&P
 - Federal Home Loan Mortgage Corporation (FHLMC) - rated Aaa by Moody's and AAA by S&P
 - Federal Home Loan Banks (FHLB) - consolidated debt obligations
 - Student Loan Marketing Association - debt obligations
 - Resolution Funding Corporation - debt obligations
- Obligations of States of the United States or their subdivisions - rated at the time of purchase, A2 or better by Moody's and A or better by S&P
- Commercial Paper (having original maturities of not more than 270 days) rated at the time of purchase, P-1 by Moody's and A-1 or better by S&P
- Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the FDIC.
- Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (having maturities of not more than 365 days), rated P-1 by Moody's and A-1 or better by S&P
- Money market funds rated AAAM or AAAM-G by S&P
- State-sponsored investment pools rated AA- or better by S&P
- Repurchase Agreements
- Investment Agreements (also referred to as guaranteed investment contracts)
 - Domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P
 - Domestic insurance companies rated Aaa by Moody's and AAA by S&P
 - Domestic structured investment companies approved by the Series 2005A Bond Insurer and rated Aaa by Moody's and AAA by S&P

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 Years ended June 30, 2008 and 2007

NOTE 2 - INVESTMENTS (Continued)

- Forward delivery agreements in which the securities delivered mature on or before each interest payment date or drawn down date
- Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the IFA or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement, only with the prior written consent of the Bond Insurer.

Interest Rate Risk

The Building Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The trust indenture states that moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer, provided that any such investment securities in the debt service reserve account shall have a term to maturity not greater than five years. At June 30, 2008 and 2007, the Building Authority had the following investments, all maturing in less than one year:

	<u>2008</u> <u>Fair Value</u>	<u>2007</u> <u>Fair Value</u>
Treasury Obligations	\$ 124,607,861	\$ 97,069,837
Guaranteed Investment Contracts	<u>3,745,839</u>	<u>164,439,552</u>
	<u>\$ 128,353,700</u>	<u>\$ 261,509,389</u>

Credit Risk

Credit quality guidance is included in the trust indenture. Credit ratings for the Building Authority's investments at June 30, 2008 are as follows:

<u>Investment Type</u>	<u>S&P</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Fair Value</u>
Treasury Obligations	AAA/m	AAA	Aaa	\$ 124,607,861
Guaranteed Investment Contracts	AAA	not rated	Aaa	<u>3,745,839</u>
				<u>\$ 128,353,700</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The Building Authority and trust indenture placed no limit on the amount that the IFA may invest in any one issuer.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 2 - INVESTMENTS (Continued)

The following table shows investment in issuers that represent 5% or more of the total investments at June 30, 2008 and 2007.

	<u>2008</u> <u>Fair Value</u>	<u>2007</u> <u>Fair Value</u>
Goldman Sachs Fin SQ Treasury Obligations Fund	\$ 124,607,861	\$ 97,069,837
Guaranteed Investment Contract -Trinity Plus Funding	<u>3,745,839</u>	<u>164,439,552</u>
	<u>\$ 128,353,700</u>	<u>\$ 261,509,389</u>

Custodial Credit Risk

Custodial credit risk is the risk that the Building Authority will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Building Authority and are held by either the counterparty or the counterparty's trust department of agent but not in the Building Authority's name. Custodial credit risk for investments at June 30, 2008 and 2007 was \$0.

NOTE 3 - CAPITAL ASSETS

All construction costs associated with the Stadium and Convention Center Expansion Projects have been capitalized. Capital assets consisting of construction in progress for the Stadium and Convention Center Expansion Projects include the following:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital assets, not being depreciated:				
Construction in Progress:				
Stadium Project	\$ 462,766,617	\$ 288,912,140	\$ -	\$ 751,678,757
Convention Center Expansion Project	<u>7,370,561</u>	<u>25,798,394</u>	<u>-</u>	<u>33,168,955</u>
Total capital assets, not being depreciated	<u>470,137,178</u>	<u>314,710,534</u>	<u>-</u>	<u>784,847,712</u>
Total Capital assets	<u>\$ 470,137,178</u>	<u>\$ 314,710,534</u>	<u>\$ -</u>	<u>\$ 784,847,712</u>

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 3 - CAPITAL ASSETS (Continued)

Contractual commitments at June 30, 2008 and 2007 were approximately \$134 million and \$292 million, respectively, and will be funded by current assets and planned future financing. Upon receipt of the Completion Certificates for the Projects, capital leases will be initiated and construction in progress will be reclassified as investment in direct financing leases.

NOTE 4 - LONG-TERM DEBT ACTIVITY

During the fiscal year ended June 30, 2008, the debt service requirements for notes payable were as follows:

<u>Year Ending</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Net Debt Service</u>
June 30, 2009	\$ 27,686,337	\$ 24,338,117	\$ 52,024,454
June 30, 2010	-	26,179,385	26,179,385
June 30, 2011	-	26,179,385	26,179,385
June 30, 2012	-	26,179,385	26,179,385
June 30, 2013	-	26,179,385	26,179,385
June 30, 2014 - June 30, 2018	-	139,923,415	139,923,415
June 30, 2019 - June 30, 2023	46,300,000	126,040,489	172,340,489
June 30, 2024 - June 30, 2028	66,775,000	113,408,328	180,183,328
June 30, 2029 - June 30, 2033	264,675,000	74,614,263	339,289,263
June 30, 2034 - June 30, 2038	<u>233,775,000</u>	<u>19,742,902</u>	<u>253,517,902</u>
	<u>\$ 639,211,337</u>	<u>\$ 602,785,054</u>	<u>\$ 1,241,996,391</u>

The following is a summary of long-term debt outstanding at June 30, 2008:

	<u>Interest Rates Range</u>	<u>Maturity Range</u>	<u>Annual Principal Payment Range</u>	<u>Amount</u>
Stadium Project	1.35%-15.00%	2037	<u>\$ 0 - \$70,550,000</u>	<u>\$ 611,525,000</u>
Convention Center Expansion	3.8%-4.65%	2009	<u>\$ 0 - \$27,686,337</u>	<u>\$ 27,686,337</u>

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 4 - LONG-TERM DEBT ACTIVITY (Continued)

Changes in long-term liabilities were as follows:

	<u>Balance Beginning Of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>	<u>Amount Due After One Year</u>
Deferred					
Revenue	\$ 29,303,586	\$ 33,583,435	\$ -	\$ 62,887,021	\$ 2,700,000
Notes Payable	<u>617,760,518</u>	<u>21,450,819</u>	<u>-</u>	<u>639,211,337</u>	<u>611,525,000</u>
	<u>\$ 647,064,104</u>	<u>\$ 55,034,254</u>	<u>\$ -</u>	<u>\$ 702,098,358</u>	<u>\$ 614,225,000</u>

NOTE 5 - FINANCING OF STADIUM AND CONVENTION CENTER PROJECTS

The IFA has adopted a financing program for the Stadium Project whereby it will issue three separate series of bonds; the first being the Series 2005A Bonds and the second being the Series 2007A Bonds. The third issuance occurred during the fiscal year ending 2009. The Building Authority received loans from the IFA in connection with the issuance by the IFA of \$400 million and \$212 million in Lease Appropriation Bonds, Series 2005A and 2007A, for purposes of financing the costs of the Stadium Project. Similarly, a separate financing program has been adopted for the Convention Center Expansion Project, which includes the IFA's \$40 million Bond Anticipation Notes (BAN), Series 2005 issued in December 2005. Although the BAN has a maximum amount available of \$40 million, the Building Authority has borrowed \$27,686,337 and \$6,235,518 as of June 30, 2008 and 2007, respectively, which is reported as long-term debt.

The IFA's revenue obligations are payable from and secured by the Building Authority obligations that are supported by the Building Authority's leases with the IOMB, as lessee, who in turn receives rent under subleases with the CIB, as sublessee.

Variable Rate Terms

The related Bonds are hedged tax-exempt variable rate debt. An interest rate swap commenced for these bonds on August 15, 2008 with the IFA receiving the SIFMA Index and paying the swap counterparties a fixed rate of 4.231%. The 2005 and 2007 Bonds are secured by a Standby Purchase Agreement in the amount of \$620,823,531, which expires March 28, 2011. The Bonds are payable solely from and secured by a pledge of the trustee of the trust estate. The trust estate includes payments made by the Building Authority, pursuant to the promissory note; all monies are obligated to be paid under the revenue deposit agreement, the lease, and the sublease. The Bonds are subject to optional redemption by the Finance Authority, in whole or in part, in Authorize Denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 5 - FINANCING OF STADIUM AND CONVENTION CENTER PROJECTS
(Continued)

Interest Rate Swap Agreements

Objective of the Interest Rate Swap Agreement: In order to protect against the potential of rising interest rates, the IFA entered into two separate pay-fixed, receive-variable interest rate swaps.

Terms, fair values, and credit risk: The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2008, were as follows: The notional amounts of the swaps match the anticipated principal amounts of the associated debt. The IFA's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximate scheduled or anticipated reductions in the associated "bonds payable" category.

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date
Stadium Project	\$ 611,525,000	8/15/2008	4.231%	SIFMA*	\$(30,921,332)	2/1/2037
Convention Center	<u>265,175,000</u>	12/1/2010	4.556%	SIFMA*	<u>(15,403,901)</u>	2/1/2039
	<u>\$ 876,700,000</u>				<u>\$(46,325,233)</u>	

* The Securities Industry and Financial Markets Association Municipal Swap Index.

The Swap counterparties included JPMorgan Chase Bank, Goldman Sachs Capital Markets, and Merrill Lynch Capital Services. They were rated by Moody's as being Aa3, Aa3 and A1, respectively.

Termination Risk: The IFA or the Swap Provider may terminate the Swap if the other party fails to perform under the terms of the contract (as defined by the Swap Agreement).

NOTE 6 - LEASES

In accordance with the plan of finance, the Building Authority will lease the Stadium and Convention Center Projects through December 31, 2041 under separate lease agreements to the IOMB. The IOMB will, in turn, sublease the Projects under separate sublease agreements to the CIB. Sublease rentals are payable from, and are secured by a pledge of 2005 New Excise Tax Revenues, the PSDA Revenues (each as defined in the bond indentures) and certain other fees, and starting in 2028 certain existing state and local assistance tax revenues more fully described in the bond indentures.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 Years ended June 30, 2008 and 2007

NOTE 6 - LEASES (Continued)

Under both sublease agreements, the CIB has the option to purchase the leased facilities at a price equal to the amount required to enable the IOMB to exercise its right to purchase the same facilities from the Building Authority and thereby provide for payment or redemption of all related outstanding obligations of the IFA. During construction of the Projects, the CIB is obligated under each respective sublease to make certain initial rent payments.

At June 30, 2008, there are no remaining amounts due under the Stadium Real Estate Initial Term. After construction is completed, or during the New Stadium Initial Term, the Lessee shall pay on a semiannual basis, in advance, the rental amounts set forth below, provided that the first rental payment shall be due on or prior to the first day of the month following the month during which the Completion Certificate for the new Stadium Facilities is accepted by the Lessee.

<u>Stadium Period Available for Use and Occupancy</u>	<u>Date Payment Due</u>	<u>Rentals</u>
August 15 to December 31, 2008	August 15, 2008	\$ 15,075,000
January 1 to June 30, 2009	January 1, 2009	20,100,000

During the Convention Center Real Estate Initial Term, the Lessee has the following rental amounts due on a semiannual basis, in arrears:

<u>Date Payment Due</u>	<u>Rentals</u>
January 1, 2009	\$ 4,500,000
July 1, 2009	4,500,000
January 1, 2010	4,500,000

During the Convention Center Expansion Initial Term, the Lessee shall pay on a semiannual basis, in advance, the rental amounts set forth below, provided that the first rental payment shall be due on or prior to the first day of the month following the month during which the Completion Certificate for the Convention Center Facilities is accepted by the Lessee.

<u>Convention Center Period Available for Use and Occupancy</u>	<u>Date Payment Due</u>	<u>Rentals</u>
January 1, 2011 to June 30, 2011	January 1, 2011	\$ 3,200,000

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 6 - LEASES (Continued)

During each fiscal year in which the Stadium and Convention Center Facilities are available for use and occupancy, rental payments are expected to yield 100% of the debt service for such fiscal year allocable to the Facilities and all expenses incurred by the Building Authority and the IFA.

NOTE 7 - PENSION PLAN

The Building Authority elected to become a participant in the Public Employers' Retirement Fund (PERF). The Building Authority contributes to the PERF, an agent multiple-employer public employee retirement system, which acts as a common investment and administrative agent for state employees and employees of the various subdivisions of the State of Indiana.

All full-time state employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) give the Building Authority the right to contribute and govern most requirements of the system, including the benefits, which vest after ten years of service. Plan participants who have reached age 50 may receive retirement benefits with fifteen years of service. A participant may receive benefits at age 65 with ten years of service.

Participants are required to contribute 3% of compensation to an annuity savings account. Effective July 1, 1986, legislation permits a PERF employer to make the participants contributions on behalf of the participant. The Building Authority elected to pay its participants' 3% contribution. The employer rate of contributions was 6.3% during the fiscal year. These accumulated employee contributions and allocated interest income are maintained by PERF in a separate system-wide fund for all participants.

Upon retirement, participants may elect a lump sum distribution of all or part of the savings account. Participants who leave employment before qualifying for benefits receive a refund of the savings account.

All assets of the plan are held and invested by PERF. Investments are in obligations of the U.S. Government, federal agencies, corporate bonds and equity securities.

There is no (i) pension benefit obligation information, (ii) assets available for benefits at cost information or (iii) an analysis of funding disclosed in the annual financial statements. PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERF, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, Indiana 46204.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 Years ended June 30, 2008 and 2007

NOTE 7 - PENSION PLAN (Continued)

The following shows current year pension plan information relative to contributions:

<u>Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>	<u>Annual Covered Payroll</u>	<u>Percentage of Employer Contributions to Covered Payroll</u>
2007	\$ 8,017	\$ 4,371	\$ 12,388	\$ 145,684	4.50%
2008	\$ 10,272	\$ 7,053	\$ 17,325	\$ 186,296	6.30%

NOTE 8 - CONTINGENCIES

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

NOTE 9 - SUBSEQUENT EVENTS

The following subsequent events have been provided for users of the financial statements. None of the subsequent events resulted in charges to the financial statements at June 30, 2008.

On July 3, 2008, the IFA entered into a forward interest rate swap with a notional amount of \$46,875,000 on the final Stadium bond issuance. Effective August 15, 2008, IFA pays interest on the notional amount at a fixed rate of 3.796%.

The IFA issued the final Stadium variable rate bonds in the amount of \$55,000,000 on July 24, 2008. All but \$8,125,000 of the \$55,000,000 issued is hedged by the interest rate swap noted above.

In October 2008, portions of IFA variable rate debt issued for Lucas Oil Stadium were not able to be remarketed and were tendered as bank bonds. Bonds in the amounts of \$57,500,000 of the Series 2005 Stadium bonds and \$27,725,000 of the 2007 Stadium bonds were purchased by the liquidity providers.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2008 and 2007

NOTE 9 - SUBSEQUENT EVENTS (Continued)

In August 2008, the IFA issued \$120,000,000 of variable rate bonds for the Convention Center expansion project. A portion of the proceeds \$31,732,322 were used to repay the 2005 Convention Center Bond Anticipation Notes. In 2005, the IFA entered into a forward interest rate swap on the Convention Center bonds beginning on December 1, 2010, which fixed the rate at 4.556% on a notional amount of \$265,000,000. The Convention Center expansion project is expected to be completed on December 1, 2010.

SUPPLEMENTAL INFORMATION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board Members of the
Indiana Stadium and Convention Building Authority
State of Indiana

We have audited the basic financial statements of the Indiana Stadium and Convention Building Authority (the "Building Authority") as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated October 16, 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 Building Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Building Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Building Authority'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 a combination of significant deficiencies, that results in a more than 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 internal control that we consider to be significant deficiencies or material weaknesses, as defined above.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Building Authority's basic 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 management and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Katz, Sogow & Miller, LLP

Indianapolis, Indiana
October 16, 2008