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February 20, 2012

Mr. John Klipsch, Chairman
Indiana Stadium and Convention Building Authority
425 W. South Street
Indianapolis, IN 46225

Dear Mr.Klipsch:

We have received the audit report prepared by Katz, Sapper, & Miller, LLP, Independent Public Accountants, for the period of July 1, 2010 to June 30, 2011. 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 Stadium and Convention Building Authority as of June 30, 2011 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, 2011 and 2010

KATZ, SAPPER & MILLER
Certified Public Accountants

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
(ENTERPRISE FUND OF THE STATE OF INDIANA)
FINANCIAL STATEMENTS
June 30, 2011 and 2010

CONTENTS

KATZ, SAPPER & MILLER

Katz, Sapper & Miller, LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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, 2011 and 2010, 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, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2011, presented on page 29, on our consideration of the Building Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

(Continued)

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 accounting principles generally accepted in the United States. 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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 19, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Indiana Stadium and Convention Building Authority (the "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, 2011, 2010, and 2009.

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 recent 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 $996 million of lease appropriation bonds to finance a portion of the construction projects. IFA then entered into loan agreements with the Building Authority structured with a payment schedule to meet debt service requirements on the bonds.

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 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)

ORGANIZATIONAL STRUCTURE AND BACKGROUND (Continued)

Project Background: The Indiana Stadium is named Lucas Oil Stadium, pursuant to a naming rights agreement between the Indianapolis Colts (the "Colts") and Lucas Oil. Lucas Oil Stadium was completed in 2008. 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 Colts, pursuant to which the Colts will play their home NFL games within Lucas Oil Stadium. 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 demolished the RCA Dome and proceeded to finance, design, construct and own an expansion to the Indiana Convention Center, which is located on the former site of the RCA Dome. The Convention Center Expansion was substantially completed in 2011 and is also leased to the IOMB and then subleased to, and operated by, the CIB.

During and after the design and construction of both 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 Lucas Oil Stadium and the Convention Center Expansion, exclusive of financing and issuance costs and certain other costs related to the pedestrian connecter, is approximately $998.8 million. This includes approximately $723.8 million for Lucas Oil Stadium and approximately $275 million for the Convention Center Expansion.

At the end of the 2011 and 2010 fiscal years, total expenditures against the budget totaled approximately $1.0 billion and $949.9 million, respectively. At the same time, contractual commitments were approximately $6.5 million and $27.1 million, respectively. The Building Authority is currently pursuing various claims against several entities regarding expenditures incurred for Lucas Oil Stadium, and any recoveries will reduce the total expenditures.

(Continued)

FINANCIAL ANALYSIS

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

	2011	2010	2009
Current assets	$ 61,562	$ 132,445	$ 253,813
Noncurrent assets	1,058,931	1,041,895	864,357
Total assets	$ 1,120,493	$ 1,174,340	$ 1,118,170
Current liabilities	$ 14,901	$ 28,688	$ 23,552
Noncurrent liabilities	1,083,372	1,094,504	1,057,353
Total liabilities	$ 1,098,273	$ 1,123,192	$ 1,080,905
Invested in capital assets, net of related debt	$ -	$ -	$ -
Restricted	22,220	51,148	37,265
Total net assets	$ 22,220	$ 51,148	$ 37,265

The majority of current assets include investments that represent the unspent proceeds received from notes payable to IFA, net of construction costs, and lease payments received from the CIB. Noncurrent assets consist of direct-financing leases for Lucas Oil Stadium and the Convention Center Expansion. All disbursements relating to the Projects were previously capitalized as construction in progress until leases were initiated in 2008 and 2011 for Lucas Oil Stadium and the Convention Center Expansion, respectively.

The majority of current liabilities include construction costs payable, interest payable, and notes payable to IFA that are due within one year. The majority of noncurrent liabilities include notes payable to IFA in respect of its Lease Appropriation Bonds issued for the purpose of financing the costs of the Stadium and Convention Center Expansion Projects that are due after one year.

(Continued)

FINANCIAL ANALYSIS (Continued)

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

	2011	2010	2009
Operating Revenues			
Lease revenue	$ 26,808	$ 39,398	$ 10,700
Contributions and grants revenue	4,124	12,131	4,171
Build America Bonds rebate	4,422	4,447	-
Investment income, net	91	86	1,344
	35,445	56,062	16,215
Operating Expenses			
Interest expense	49,500	36,380	30,576
Contribution expense	14,589	5,799	102,308
Other expenses	284	-	-
	64,373	42,179	132,884
Change in Net Assets	(28,928)	13,883	(116,669)
Net Assets, Beginning of Year	51,148	37,265	153,934
Net Assets, End of Year	$ 22,220	$ 51,148	$ 37,265

Lease revenue consists of real estate lease revenue earned from the CIB for the property of Lucas Oil Stadium and the Convention Center Expansion. Contributions and grants revenue received during 2011 amounted to approximately $4 million in grants and contributions from Indiana Department of Transportation, Indiana Department of Homeland Security, and the Indianapolis Convention and Visitors Association, Inc. Investment income recognized as revenue consists of earnings on investments excluding earnings on note proceeds designated for the Projects during construction periods. Investment income on the loan proceeds is capitalized and netted with construction in progress, along with interest expense on debt and other construction costs until the facilities are placed in service. In 2009, the Stadium direct-financing lease commenced and the Building Authority recorded a contribution expense for the amount of Stadium capital assets that were funded by the Colts, including change orders and $100 million contribution by the Colts as required in the project's Development Agreement. In 2011, the Convention Center Expansion direct-financing lease commenced and the Building Authority recorded a contribution expense for the amount of the Convention Center Expansion assets that were funded by outside grants and contributions.

(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Building Authority's investment in capital assets includes direct-financing leases and construction in progress.

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2011

	Lucas Oil Stadium	Convention Center Expansion	Total
Direct-financing lease	$ 648,835	$ 305,502	$ 954,337

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2010

	Lucas Oil Stadium	Convention Center Expansion	Total
Hard construction costs	$ -	$ 182,975	$ 182,975
Soft construction costs	-	57,069	57,069
Financing and other costs	-	36,446	36,446
	-	276,490	276,490
Direct-financing lease	657,960	-	657,960
	$ 657,960	$ 276,490	$ 934,450

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2009

	Lucas Oil Stadium	Convention Center Expansion	Total
Hard construction costs	$ -	$ 72,776	$ 72,776
Soft construction costs	-	44,578	44,578
Financing and other costs	-	21,276	21,276
	-	138,630	138,630
Direct-financing lease	666,525	-	666,525
	$ 666,525	$ 138,630	$ 805,155

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 Notes 3 and 4 to the financial statements.

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,

	2011	2010	2009
Lucas Oil Stadium	$ 648,835	$ 657,960	$ 666,525
Convention Center Expansion	329,108	329,098	329,089
	$ 977,943	$ 987,058	$ 995,614

Additional information on the Building Authority's debt can be found in Notes 5 and 6 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, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash	$ 46,599	$ 15,276
Interest receivable on investments	-	133,620
Build America Bonds rebate receivable	1,842,696	1,842,696
Insurance proceeds receivable and other refunds	-	2,031,363
Lease receivable	-	2,700,000
Contributions and grants receivable	637,441	1,925,325
Investments	58,035,592	114,671,251
Direct-financing leases (current portion)	1,000,000	9,125,000
Total Current Assets	61,562,328	132,444,531
Noncurrent Assets		
Construction in progress	-	276,489,511
Direct-financing leases	953,337,105	648,835,000
Deferred outflow- derivative instrument	105,593,991	116,570,593
Total Noncurrent Assets	1,058,931,096	1,041,895,104
Total Assets	$ 1,120,493,424	$ 1,174,339,635
LIABILITIES		
Current Liabilities		
Construction costs payable	$ 3,845,312	$ 10,130,875
Interest payable	9,220,580	9,432,448
Purchase agreement obligation	835,000	-
Notes payable	1,000,000	9,125,000
Total Current Liabilities	14,900,892	28,688,323
Noncurrent Liabilities		
Purchase agreement obligation	835,000	-
Notes payable	976,943,031	977,933,286
Derivative instrument liability	105,593,991	116,570,593
Total Noncurrent Liabilities	1,083,372,022	1,094,503,879
Total Liabilities	$ 1,098,272,914	$ 1,123,192,202
NET ASSETS		
Externally restricted for Stadium and Convention Center Expansion Projects	$ 22,220,510	$ 51,147,433
Total Net Assets	$ 22,220,510	$ 51,147,433

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, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Lease revenue	$ 26,807,706	$ 39,398,599
Contributions and grants revenue	4,123,522	12,130,790
Build America Bond rebate	4,422,470	4,447,038
Investment income, net	91,766	85,650
	35,445,464	56,062,077
OPERATING EXPENSES		
Interest expense	49,499,403	36,380,531
Contribution expense	14,589,036	5,799,043
Professional fees	13,095	-
Administration fees	138,853	-
Parking expense	132,000	-
	64,372,387	42,179,574
INCREASE (DECREASE) IN NET ASSETS	(28,926,923)	13,882,503
NET ASSETS		
Beginning of Year	51,147,433	37,264,930
End of Year	$ 22,220,510	$ 51,147,433

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2011 and 2010

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Contributions and grant revenue received	$ 5,411,406	$ 10,205,465
Lease payments received	46,200,000	44,800,000
Payments for administrative and general	(283,948)	-
	51,327,458	55,005,465
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(58,570,885)	(63,619,339)
Sales of investments	115,206,546	185,065,058
Interest received on investments	360,016	1,255,817
	56,995,677	122,701,536
CASH FLOW FROM CAPITAL AND FINANCING ACTIVITIES		
Principal payments to reduce indebtedness	(9,125,000)	(8,565,000)
Construction payments	(53,829,786)	(131,571,437)
Insurance proceeds and other refunds received	2,160,449	4,753,713
Build American Bond rebate received	4,422,470	2,604,342
Interest payments	(51,919,945)	(45,111,873)
	(108,291,813)	(177,890,255)
NET INCREASE (DECREASE) IN CASH	31,323	(183,254)
CASH, BEGINNING OF YEAR	15,276	198,530
CASH, END OF YEAR	$ 46,599	$ 15,276
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ (28,926,923)	$ 13,882,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Build America Bonds rebate	(4,422,470)	(4,447,038)
Interest income	(91,766)	(85,650)
Interest expense	49,499,403	36,380,531
Contribution expense	14,589,036	5,799,043
Changes in certain assets and liabilities:		
Contributions and grants receivable	1,287,884	(1,925,325)
Lease receivable	2,700,000	1,800,000
Direct-financing lease and other	16,692,294	6,137,982
Deferred revenue	-	(2,536,581)
Net Cash Provided by Operating Activities	$ 51,327,458	$ 55,005,465

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements as of June 30, 2011 and 2010 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 of Indiana (the "State") to finance, design, construct and own Lucas Oil Stadium and the Indiana Convention Center Expansion in Indianapolis. Now that Lucas Oil Stadium is complete, it 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 (the "Colts"), pursuant to which the Colts will play their home NFL games within Lucas Oil Stadium. 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. Lucas Oil Stadium was completed in August 2008.

In order to expand the Convention Center, the Building Authority demolished the RCA Dome and proceeded to finance, design, construct and own an expansion to the Indiana Convention Center, which is located on the former site of the RCA Dome. The Convention Center Expansion was substantially completed in 2011 and is also leased to the IOMB and then subleased to, and operated by, the CIB.

During and after the design and construction of both 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.

Application of Accounting Principles Generally Accepted in the United States: The Building Authority applies (a) all applicable accounting standards included in the FASB Codification that were issued before December 1, 1989, and (b) those standards 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 the 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 those estimates.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets: Net assets are available for construction related to the Lucas Oil 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 at a bank. The carrying amount and bank balance of cash was $46,599 and $15,276 at June 30, 2011 and 2010, respectively. All account balances at the bank were insured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2011 and 2010.

Investments: Investments are recorded at fair value based on quoted market prices of the investment or similar investments. For investments at June 30, 2011 and 2010, 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 during the construction period and included as construction in progress.

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, 2010, capital assets consisted of construction in progress relating to the Convention Center Expansion Project.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and Grants: The Building Authority received contributions as specified in the original development agreement for the Stadium Project as well as contributions and grants for additional Stadium and Convention Center amenities not included in the original project budget. Contributions are recognized in the period received. Grants are recognized in the period when related costs are incurred.

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

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through October 19, 2011, the date the financial statements were available to be issued. See Note 6.

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 or U.S. Government Agency securities, bank 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 ("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 IFA Lease Appropriation Bonds, Series 2005A, 2007A and 2008A (Stadium Project), and Series 2008A, 2009A and 2009B (Convention Center Project).

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 Indentures.

(Continued)

NOTE 2 - INVESTMENTS (Continued)

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. IFA has legal responsibility, as the issuer under the Trust Indentures, for monitoring of the Trust Indentures' 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 Indentures, 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 Indentures' policies:

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

- United States Government Securities fully and unconditionally guaranteed
- Unites 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)
  - 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
  - Maritime Administration
  - Including any securities with full faith and credit of the U.S. Government
- United States Agency Obligations which are not fully guaranteed
  - 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

(Continued)

NOTE 2 - INVESTMENTS (Continued)

- 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
- 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 IFA or the Trustee to put the securities back

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 Indentures state that moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer, 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, 2011 and 2010, the Building Authority had the following investments, all maturing in less than one year:

	2011 Fair Value	2010 Fair Value
Money Market Funds	$ 58,035,592	$ 71,033,719
Certificates of Deposit	-	6,252,405
Federal Agency Obligations	-	37,385,127
	$ 58,035,592	$ 114,671,251

Credit Risk: Credit quality guidance is included in the Trust Indentures. Credit ratings for the Building Authority's investments at June 30, 2011 are as follows:

Investment Type	S&P	Fitch	Moody's	Fair Value
Money Market Funds	AAAm	AAAmmf	Aaa-mf	$ 58,035,592

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 Indentures placed no limit on the amount that IFA may invest in any one issuer.

(Continued)

NOTE 2 - INVESTMENTS (Continued)

The following table shows investment in issuers that represent 5% or more of the total investments at June 30, 2011 and 2010.

	2011 Fair Value	2010 Fair Value
Dreyfus Cash Management Fund	$ 58,035,176	$ 65,146,893
Dreyfus Inst'l Res Money Fund	416	5,886,825
Federal Home Loan Banks Debentures	-	34,793,069
	$ 58,035,592	$ 105,826,787

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, 2011 and 2010 was $0.

NOTE 3 - CAPITAL ASSETS

All construction costs associated with the Lucas Oil Stadium and Convention Center Expansion Projects have been capitalized during the construction period. Now that Lucas Oil Stadium and the Convention Center Expansion are substantially complete, the properties are leased and reported as investment in direct-financing leases by the Building Authority. Capital assets consisting of construction in progress include the following:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Construction in Progress:				
Stadium Project	$ -	$ 7,567,294	$ (7,567,294)	$ -
Convention Center Expansion Project	276,489,511	43,601,629	(320,091,140)	-
Total capital assets, not being depreciated	276,489,511	51,168,923	(327,658,434)	-
Total Capital Assets	$ 276,489,511	$ 51,168,923	$ (327,658,434)	$ -

Contractual commitments at June 30, 2011 and 2010 were approximately $6.5 million and $27.1 million, respectively, and will be funded by current assets and future funding.

(Continued)

NOTE 4 - LEASES

In accordance with the plan of finance, the Building Authority is leasing the Lucas Oil Stadium and Convention Center Expansion Projects to the IOMB through December 31, 2041 under separate lease agreements. The IOMB is, in turn, subleasing 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.

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 IFA. During construction of the Projects, the CIB was obligated under each respective sublease to make certain initial rent payments.

Stadium Project Leases

At June 30, 2011 and 2010, there were no remaining amounts due under the Stadium Real Estate Initial Term. In August 2008, the Stadium Project was completed, at which time, a direct-financing lease commenced. The Building Authority reported a direct-financing lease of $648,835,000 and $657,960,000 as of June 30, 2011 and 2010, respectively. Direct-financing lease payments are structured based on the related bond principal and interest schedules that are reflected in Note 5 of the financial statements for each bond issue. Under the Third Supplemental Lease, the Lessee shall pay on a semiannual basis, in advance, the rental amounts set forth below:

Stadium Period Available for Use and Occupancy	Date Payment Due	Rentals
July 1, 2011 to December 31, 2011	July 1, 2011	$ 18,077,337
January 1, 2012 to June 30, 2012	January 1, 2012	18,077,337
July 1, 2012 to December 31, 2012	July 1, 2012	17,750,001
January 1, 2013 to June 30, 2013	January 1, 2013	17,750,001

During each fiscal year which the Stadium 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 Stadium Facilities and all expenses incurred by the Building Authority and IFA in connection with the Stadium Facilities.

(Continued)

NOTE 4 – LEASES (Continued)

Convention Center Project Leases

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

Date Payment Due	Rentals
January 1, 2009	$ 4,500,000
July 1, 2009	1,800,000
January 1, 2010	3,000,000
July 1, 2010	2,350,000
January 1, 2011	1,850,000

At June 30, 2011, there were no remaining amounts due under the Convention Center Real Estate Initial Term. In January 2011, the Convention Center Expansion Project was substantially completed, at which time, a direct-financing lease commenced. The Building Authority reported a direct-financing lease of $305,502,105 as of June 30, 2011. Direct-financing lease payments are structured based on the related bond principal and interest schedules that are reflected in Note 5 of the financial statements for each bond issue. Under the First Supplemental Lease, the Lessee shall pay on a semiannual basis, in advance, the rental amounts set forth below:

Convention Center Expansion Period Available for Use and Occupancy	Date Payment Due	Rentals
July 1, 2011 to December 31, 2011	July 1, 2011	$ 4,501,609
January 1, 2012 to June 30, 2012	January 1, 2012	4,501,609
July 1, 2012 to December 31, 2012	July 1, 2012	5,087,031
January 1, 2013 to June 30, 2013	January 1, 2013	5,087,031

During each fiscal year in which the 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 Convention Center Facilities and all expenses incurred by the Building Authority and IFA in connection with the Convention Center Facilities.

(Continued)

NOTE 5 – LONG-TERM DEBT ACTIVITY

At June 30, 2011, the debt service requirements for notes payable were as follows:

Year Ending	Total Principal	Total Interest	Total Net Debt Service
June 30, 2012	$ 1,000,000	$ 51,834,901	$ 52,834,901
June 30, 2013	-	51,527,462	51,527,462
June 30, 2014	660,000	51,503,539	52,163,539
June 30, 2015	1,325,000	51,443,731	52,768,731
June 30, 2016	1,900,000	51,351,359	53,251,359
June 30, 2017 – June 30, 2021	36,490,000	252,713,116	289,203,116
June 30, 2022 – June 30, 2026	68,785,000	238,099,059	306,884,059
June 30, 2027 – June 30, 2031	211,755,000	208,102,555	419,857,555
June 30, 2032 – June 30, 2036	373,840,000	126,884,142	500,724,142
June 30, 2037 – June 30, 2039	282,310,000	26,229,389	308,539,389
	$ 978,065,000	$ 1,109,689,253	$ 2,087,754,253
Premium/(Discount)	(121,969)		
	$ 977,943,031		

The following is a summary of long-term debt outstanding at June 30, 2011:

	Interest Rates Range	Maturity Range	Annual Principal Payment Range	Amount
Stadium Project	4.20%-7.18%	2011-2037	$660,000 – $70,550,000	$648,835,000
Convention Center Expansion Project	3.00%-7.20%	2012-2039	$225,000 - $99,430,000	$329,108,031

Changes in long-term liabilities were as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year	Amount Due After One Year
Purchase Agreement Obligation	$ -	$ 1,670,000	$ -	$ 1,670,000	$ 835,000
Notes Payable	987,058,286	9,745	(9,125,000)	977,943,031	976,943,031
Derivative Instrument	116,570,593	-	(10,976,602)	105,593,991	105,593,991
	$1,103,628,879	$ 1,679,745	$ (20,101,602)	$1,085,207,022	$1,083,372,022

(Continued)

NOTE 6 - FINANCING OF STADIUM AND CONVENTION CENTER PROJECTS

IFA adopted a financing program for Lucas Oil Stadium whereby it issued three separate series of bonds; the first being the Series 2005A Bonds, the second being the Series 2007A Bonds, and the third being the Series 2008A Bonds. The Building Authority received loans from IFA in connection with the issuance of \$400 million, \$212 million and \$55 million in Lease Appropriation Bonds, Series 2005A, 2007A and 2008A, respectively, for purposes of financing the costs of the Stadium Project. A similar but separate financing program was adopted for the Convention Center Expansion Project, which includes IFA's \$120 million, \$18 million and \$192 million in Lease Appropriation Bonds, Series 2008A, 2009A and 2009B, respectively. The Building Authority also received loans from IFA for these issues.

In October 2009, IFA altered the liquidity facilities in connection with the variable rate bonds issued for Lucas Oil Stadium and the Convention Center Expansion Project. Following a mandatory tender of the bonds, the prior Standby Bond Purchase Agreements (the "SBPA") syndicates were replaced by individual SBPAs between a bank and IFA for certain sub-series of bonds. The banks include JPMorgan Chase Bank, Barclays Bank PLC, The Bank of New York Mellon, and The Bank of Nova Scotia. IFA is using self-liquidity on the remaining sub-series of bonds. In March 2011, the SBPAs provided by The Bank of New York Mellon and The Bank of Nova Scotia on two sub-series of bonds were replaced with a Direct Purchase (DP) by Wells Fargo Bank and US Bank. The Wells Fargo DP matures March 2014 and the US Bank DP term ends March 2013.

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

<u>Hedged, tax-exempt variable rate debt</u>: An interest rate swap with a notional amount of \$611,525,000 commenced for the Stadium Lease Appropriation Bonds, Series 2005A and 2007A on August 15, 2008, with IFA receiving the SIFMA Index and paying the swap counterparties a fixed rate of 4.231%. The purchase price of tendered but not remarketed 2005 and 2007 Bonds is payable from SBPAs in an aggregate amount of \$416,530,948, expiring October 7, 2011 – December 1, 2013. A portion of the Series 2005A Bonds in the amount of \$200,000,000 were directly purchased by two separate banking institutions and are not subject to redemption by the bondholder until March 2013 and 2014. 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 2005A and 2007A Bonds are subject to optional redemption by IFA, in whole or in part, in authorized denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date. The average interest rate on the 2005A and 2007A Bonds for fiscal year 2011 was 0.28%.

NOTE 6 - FINANCING OF STADIUM AND CONVENTION CENTER PROJECTS (Continued)

Partially hedged, tax-exempt variable rate debt: An interest rate swap with an original notional amount of $46,875,000 commenced for the Stadium Lease Appropriation Bonds, Series 2008A Bonds, on August 15, 2008, with IFA receiving the SIFMA Index and paying the swap counterparties a fixed rate of 3.796%. The purchase price of tendered but not remarketed 2008A Bonds is payable from a SBPA in the amount of $37,763,853, which expires February 1, 2035. The 2008A 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 2008A Bonds are subject to optional redemption by IFA, in whole or in part, in authorized denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date. The average interest rate on the 2008A Bonds for fiscal year 2011 was 0.22%. Going forward, the budgeted interest rate on the unhedged portion of the 2008A Bonds is 6.00%.

Partially hedged, tax-exempt variable rate debt: An interest rate swap with a notional amount of $98,114,750 commencing for the Convention Center Lease Appropriation Bonds, Series 2008A Bonds, on December 1, 2010, with IFA receiving the SIFMA Index and paying the swap counterparties a fixed rate of 4.556%. The purchase price of tendered but not remarketed 2008A Bonds is payable from SBPAs in the amount of $121,459,728, expiring December 1, 2013 – February 1, 2039. The 2008A 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 2008A Bonds are subject to optional redemption by IFA, in whole or in part, in authorized denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date. The average interest rate on the 2008A Bonds for fiscal year 2011 was 0.21%. Going forward, the budgeted interest rate on the unhedged portion of the 2008A Bonds is 6.00%.

Interest Rate Swap Agreements:

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

Terms, fair values, and credit risk: The notional amounts of the swaps match the anticipated principal amounts of the associated debt. 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. The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2011 and 2010, were as follows:

NOTE 6 - FINANCING OF STADIUM AND CONVENTION CENTER PROJECTS (Continued)

Associated Bond Issue	**Notional Amounts**	**Effective Date**	**Fixed Rate Paid**	**Variable Rate Received**	**6/30/2011 Fair Values**	**Swap Termination Date**
2005/2007 Stadium Project	$611,525,000	8/15/2008	4.231%	SIFMA*	$ (84,918,103)	2/1/2037
2008 Stadium Project	29,185,000	8/15/2008	3.796%	SIFMA*	(2,267,097)	2/1/2035
2008 Convention Center	98,114,750	12/1/2010	4.556%	SIFMA*	(18,408,791)	2/1/2039
	$738,824,750				$(105,593,991)	

Associated Bond Issue	**Notional AmountsDate**	**Effective Paid**	**Fixed Rate Received**	**Variable Rate Fair Values**	**6/30/2010 Date**	**Swap Termination**
2005/2007 Stadium Project	$611,525,000	8/15/2008	4.231%	SIFMA*	$ (95,093,308)	2/1/2037
2008 Stadium Project	38,310,000	8/15/2008	3.796%	SIFMA*	(2,864,837)	2/1/2035
2008 Convention Center	98,114,750	12/1/2010	4.556%	SIFMA*	(18,612,448)	2/1/2039
	$ 747,949,750				$(116,570,593)	

The swap counterparties include JP Morgan Chase Bank, Goldman Sachs Bank USA, and The Bank of New York Mellon. They were rated by Moody's as being Aa1, Aa3, and Aaa, respectively.

Termination Risk: 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). If at the time of termination, the swap has a positive fair value, the swap providers would be liable to IFA for a payment equal to the swap's fair value.

On September 16, 2011, two series of Stadium bonds were converted to the index floating rate mode. On that date the stand-by bond purchase agreement, which was due to expire October 7, 2011, was terminated. The bonds will remain in the index floating-rate mode until the end of the initial mode in September 2014, which is three years after the conversion to the mode.

(Continued)

NOTE 7 - PENSION PLAN

The Building Authority has elected to participate 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 participant’s contributions on behalf of the participant. The Building Authority elected to pay its participants' 3% contributions. The employer rate of contributions was 7% and 6.5% during fiscal years 2011 and 2010, respectively. These accumulated participant 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.

Effective July 1, 2011, the PERF and the Teachers’ Retirement Fund (TRF) merged into the Indiana Public Retirement System (INPRS).

The following shows pension plan information relative to contributions for fiscal years 2011 and 2010:

Year	Employer Contributions	Participant Contributions	Total Contributions	Annual Covered Payroll	Percentage of Employer Contributions to Covered Payroll
2011	$ 12,789	$ 5,481	$ 18,270	$ 182,694	7.00%
2010	$ 13,157	$ 6,073	$ 19,230	$ 202,422	6.50%

(Continued)

NOTE 8 – CONTINGENCIES AND COMMITMENTS

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 management of 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.

Commitments: The Development Agreement provides in the definition of "Authority Provided Parking" that the Building Authority is to provide for the construction of approximately 2,600 parking spaces on the Project Site. It has been determined that approximately 1,000 of the 2,600 parking spaces cannot be constructed on the Project site at the present time. Therefore, an agreement has been made which commits the Building Authority to provide the Colts game day parking spaces through the term of the Stadium lease. The Authority is responsible for the costs associated with providing this parking. Parking costs are expensed as they are incurred by the Building Authority.

SUPPLEMENTAL INFORMATION

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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*

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

We have audited the 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, 2011 and 2010, and have issued our report thereon dated October 19, 2011. 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 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or, detected and corrected on a timely basis.

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Building Authority'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 Board Members and management of the Building Authority 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, Sapper & Miller, LLP

Indianapolis, Indiana
October 19, 2011