STATE OF INDIANA

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November 15, 2013

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, Certified Public Accountants, for the period of July 1, 2012 to June 30, 2013. Per the auditors' opinion, the audit was conducted in accordance with auditing standards generally accepted in the United States and the financial statements included in the report present fairly, in all material respects, the financial position of the Indiana Stadium and Convention Building Authority at June 30, 2013, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

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)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2013 and 2012

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

CONTENTS

Independent Auditors' Report

Board Members
Indiana Stadium and Convention Building Authority
State of Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Stadium and Convention Building Authority (the Building Authority), an enterprise fund of the State of Indiana, which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Katz, Sapper & Miller, LLP
Certified Public Accountants
800 East 96th Street, Suite 500
Indianapolis, IN 46240
Tel 317.580.2000
Web ksmcpa.com
An Affiliate of
KSM Business Services, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Indiana Stadium and Convention Building Authority as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2013, 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 *Government Auditing Standards* in considering the Building Authority's internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 16, 2013

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2013

As management of 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, 2013, 2012 and 2011.

ORGANIZATIONAL STRUCTURE AND BACKGROUND

Organizational Structure: Effective May 15, 2005, 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 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.

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. The CIB continues 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, was approximately $998.8 million. This included approximately $723.8 million for Lucas Oil Stadium and approximately $275 million for the Convention Center Expansion.

At the end of the 2013 and 2012 fiscal years, total expenditures against the budget totaled approximately $1.006 billion. There were no contractual commitments at June 30, 2013 and 2012. 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.

FINANCIAL ANALYSIS

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

	2013	2012	2011
Current assets	$ 47,462	$ 49,013	$ 61,562
Noncurrent assets	953,731	954,099	953,337
Total assets	1,001,193	1,003,112	1,014,899
Deferred outflows of resources	155,370	252,800	105,594
Current liabilities	9,438	9,293	14,901
Noncurrent liabilities	1,132,506	1,230,588	1,083,372
Total liabilities	1,141,944	1,239,881	1,098,273
Restricted	14,619	16,031	22,220
Total net position	$ 14,619	$ 16,031	$ 22,220

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 accounts 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.

FINANCIAL ANALYSIS (CONTINUED)

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

	2013	2012	2011
Operating Revenues			
Lease revenue	$45,529	$42,404	$ 26,808
Contributions and grant revenue	-	1,779	4,124
Build America Bonds rebate	4,262	4,422	4,422
Investment income, net	54	43	91
Other revenues	152	18	-
	49,997	48,666	35,445
Operating Expenses			
Interest expense	50,161	50,951	49,500
Contribution expense	-	1,779	14,589
Other expenses	1,248	2,125	284
	51,409	54,855	64,373
Change in Net Position	(1,412)	(6,189)	(28,928)
Net Position, Beginning of Year	16,031	22,220	51,148
Net Position, End of Year	$14,619	$16,031	$ 22,220

Lease revenue consists of real estate lease revenue earned from the CIB for the property of Lucas Oil Stadium and the Convention Center Expansion. In 2011, the Convention Center Expansion direct-financing lease commenced. The Building Authority recorded a contribution expense for the amount of the Convention Center Expansion assets that were funded by outside grants and contributions in 2011 and 2012. 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 loan proceeds was capitalized and netted with construction in progress, along with interest expense on debt and other construction costs until the facilities were placed in service.

CAPITAL ASSET AND DEBT ADMINISTRATION

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

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

	2013	2012	2011
Direct-financing leases			
Lucas Oil Stadium	$648,835	$648,835	$648,835
Convention Center Expansion	305,556	305,264	305,502
	$954,391	$954,099	$954,337

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,

	2013	2012	2011
Lucas Oil Stadium	$648,835	$648,835	$648,835
Convention Center Expansion	328,126	328,117	329,108
	$976,961	$976,952	$977,943

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, One North Capitol, Suite 900, Indianapolis, Indiana 46204.

BASIC FINANCIAL STATEMENTS

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY

STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current Assets		
Cash	$ 398	$ 7,171
Build America Bonds rebate receivable	1,682,381	1,842,696
Investments	45,119,867	47,162,913
Direct - financing leases, current portion	660,000	-
Total Current Assets	47,462,646	49,012,780
Noncurrent Assets		
Direct-financing leases, less current portion	953,730,840	954,098,830
Total Noncurrent Assets	953,730,840	954,098,830
Total Assets	$1,001,193,486	$1,003,111,610
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	$ 155,370,143	$ 252,800,533
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	$ 67,454	$ 381,653
Interest payable	8,710,416	8,911,494
Current maturities of notes payable	660,000	-
Total Current Liabilities	9,437,870	9,293,147
Noncurrent Liabilities		
Purchase agreement obligation	835,000	835,000
Notes payable, less current maturities	976,301,417	976,952,224
Derivative instrument liability	155,370,143	252,800,533
Total Noncurrent Liabilities	1,132,506,560	1,230,587,757
Total Liabilities	1,141,944,430	1,239,880,904
NET POSITION		
Externally restricted for Stadium and Convention Center Expansion Projects	14,619,199	16,031,239
Total Net Position	$ 14,619,199	$ 16,031,239

See accompanying notes.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Lease revenue	$45,528,377	$42,403,460
Contribution and grant revenue	-	1,779,257
Build America Bond rebate	4,262,155	4,422,470
Investment income, net	54,009	43,267
Other revenues	152,274	17,649
Total Operating Revenues	49,996,815	48,666,103
OPERATING EXPENSES		
Interest expense	50,160,573	50,951,260
Contribution expense	-	1,779,257
Professional fees	870,652	1,033,929
Personnel related expenses	181,330	306,103
Insurance expense	128,927	597,704
Parking expense	52,500	126,000
Other expense	14,873	61,121
Total Operating Expenses	51,408,855	54,855,374
DECREASE IN NET POSITION	(1,412,040)	(6,189,271)
NET POSITION		
Beginning of Year	16,031,239	22,220,510
End of Year	$14,619,199	$16,031,239

See accompanying notes.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	2013	2012
OPERATING ACTIVITIES		
Contribution and grant revenue received	$ -	$ 2,416,698
Lease payments received	45,674,064	45,157,892
Other payments received	152,274	17,649
Payments for administrative and general	(1,562,481)	(2,080,651)
Net Cash Provided by Operating Activities	44,263,857	45,511,588
INVESTING ACTIVITIES		
Purchase of investments	(50,307,099)	(53,070,697)
Sales of investments	52,350,146	63,943,374
Interest received on investments	54,009	43,266
Net Cash Provided by Investing Activities	2,097,056	10,915,943
CAPITAL AND FINANCING ACTIVITIES		
Principal payments to reduce indebtedness	-	(1,000,000)
Construction payments	(416,313)	(9,676,662)
Insurance proceeds and other refunds received	4,282	1,012,722
Build American Bond rebate received	4,422,470	4,422,470
Interest payments	(50,378,125)	(51,225,489)
Net Cash Used by Capital and Financing Activities	(46,367,686)	(56,466,959)
NET DECREASE IN CASH	(6,773)	(39,428)
CASH		
Beginning of Year	7,171	46,599
End of Year	$ 398	$ 7,171
RECONCILIATION OF DECREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Decrease in net position	$ (1,412,040)	$ (6,189,271)
Adjustments to reconcile decrease in net position to net cash provided by operating activities:		
Build America Bonds rebate	(4,262,155)	(4,422,470)
Interest income	(54,009)	(43,267)
Interest expense	50,160,573	50,951,260
Contribution expense	-	1,779,257
Changes in certain assets and liabilities:		
Contributions and grants receivable	-	637,441
Direct-financing lease and other	145,687	2,754,432
Accounts payable and accrued expenses	(314,199)	44,206
Net Cash Provided by Operating Activities	$ 44,263,857	$ 45,511,588

See accompanying notes.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements 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. The CIB continues 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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Building Authority follows GASB pronouncements as codified under GASB Statement No. 62.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position: Net position is 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. At June 30, 2013 and 2012, related debt exceeded capital assets as there were unspent related debt proceeds. The portion of the debt attributable to the unspent proceeds is included in the restricted net position component.

- The Restricted Net Position component represents position with constraints placed on 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 Position 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. All account balances at the bank were insured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2013 and 2012.

Investments: Investments are recorded at fair value based on the published net asset value (NAV) of the shares held by the Building Authority at the reporting date. For investments at June 30, 2013 and 2012, 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 position.

Capital Assets: Capital assets are recorded at historical cost. Cost includes interest expense, net of interest income, incurred during construction until the asset was placed in service.

Direct-Financing Leases: Direct-financing leases are accounted for by the Building Authority, as lessor, as the sum of minimum lease payments and indirect costs. Direct costs 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.

Lease and Other Program Revenue Recognition: Lease rental income is recognized over the lease term using the interest rate method that mirrors the underlying long-term debt. 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 16, 2013, the date the financial statements were available to be issued. See Note 9.

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.

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 Statement No. 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

NOTE 2 – INVESTMENTS (CONTINUED)

- 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 Standard & Poor's (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
- 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, 2013 and 2012, the Building Authority had the following investments, all maturing in less than one year:

	2013 Fair Value	2012 Fair Value
Money market funds	$45,119,867	$47,162,913

NOTE 2 – INVESTMENTS (CONTINUED)

Credit Risk: Credit quality guidance is included in the Trust Indentures. Credit ratings for the Building Authority's investments at June 30, 2013 are as follows:

Investment Type	S&P	Fitch	Moody's	Fair Value
Money Market Funds	AAAm	AAAmmf	Aaa-mf	$45,119,867

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.

The following table shows investment by issuer at June 30, 2013 and 2012:

	2013 Fair Value	2012 Fair Value
Dreyfus Cash Management Fund	$11,941,945	$13,122,857
Dreyfus Inst'l Res Money Fund	424	424
Goldman Financial Square Money Market Fund	7,907,916	3,919,857
JP Morgan Prime Money Market Fund	25,269,582	30,119,775
	$45,119,867	$47,162,913

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, 2013 and 2012 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 complete, the properties are leased and reported as investment in direct-financing leases by the Building Authority. Lease terms are reflective of related debt service.

	2013	2012
Investment in direct-financing leases:		
Lucas Oil Stadium	$648,835,000	$648,835,000
Convention Center Expansion	305,555,840	305,263,830
	$954,390,840	$954,098,830

NOTE 4 – LEASES

In accordance with the plan of finance, the Building Authority is leasing the Lucas Oil Stadium and Convention Center Expansion to the IOMB under separate lease agreements which have two-year initial terms with automatic two-year renewals through December 31, 2041. 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 Leases

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 at June 30, 2013 and 2012. 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 Fourth Supplemental Lease, the Lessee pays on a semiannual basis, in advance, the rental amounts set forth below:

Lucas Oil Stadium Period Available for Date Use and Occupancy	Date Payment Due	Rentals
July 1, 2013 to December 31, 2013	July 1, 2013	$16,815,457
January 1, 2014 to June 30, 2014	January 1, 2014	16,815,457
July 1, 2014 to December 31, 2014	July 1, 2014	18,036,830
January 1, 2015 to June 30, 2015	January 1, 2015	18,036,830

During each fiscal year which the Stadium is 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.

NOTE 4 – LEASES (CONTINUED)

Convention Center Expansion Leases

In January 2011, the Convention Center Expansion was substantially completed, at which time, a direct-financing lease commenced. The Building Authority reported a direct-financing lease of $305,555,840 and $305,263,830 at June 30, 2013 and 2012, 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 Second Supplemental Lease, the Lessee pays 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, 2013 to December 31, 2013	July 1, 2013	$7,705,181
January 1, 2014 to June 30, 2014	January 1, 2014	7,705,181
July 1, 2014 to December 31, 2014	July 1, 2014	7,901,594
January 1, 2015 to June 30, 2015	January 1, 2015	7,901,594

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

NOTE 5 – LONG-TERM DEBT ACTIVITY

At June 30, 2013, the debt service requirements for notes payable were as follows:

Year Ending	Total Principal	Total Interest	Total Net Debt Service
June 30, 2014	$ 660,000	$ 46,782,976	$ 47,442,976
June 30, 2015	1,325,000	48,177,555	49,502,555
June 30, 2016	1,900,000	48,851,281	50,751,281
June 30, 2017	2,250,000	49,025,064	51,275,064
June 30, 2018	5,540,000	49,867,853	55,407,853
June 30, 2019 – June 30, 2023	52,865,000	245,456,322	298,321,322
June 30, 2024 – June 30, 2028	80,685,000	228,138,634	308,823,634
June 30, 2029 – June 30, 2033	312,045,000	179,079,662	491,124,662
June 30, 2034 – June 30, 2038	420,365,000	84,862,047	505,227,047
June 30, 2039	99,430,000	4,058,488	103,488,488
	$977,065,000	$984,299,882	$1,961,364,882
Discount	(103,583)		
	$976,961,417		

NOTE 5 – LONG-TERM DEBT ACTIVITY (CONTINUED)

The following is a summary of long-term debt outstanding at June 30, 2013:

	Future Interest Rates Range	Maturity Range	Annual Principal Payment Range	Amount
Stadium	4.276%-5.436%	2013-2037	$660,000 - $70,550,000	$648,835,000
Convention Center Expansion	4.00%-6.596%	2013-2039	$225,000 - $99,430,000	$328,126,417

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	$ 835,000	$ -	$ -	$ 835,000	$ 835,000
Notes Payable	976,952,224	9,193	-	976,961,417	976,301,417
Derivative Instrument	252,800,533	-	(97,430,390)	155,370,143	155,370,143
	$1,230,587,757	$9,193	$(97,430,390)	$1,133,166,560	$1,132,506,560

NOTE 6 – FINANCING OF STADIUM AND CONVENTION CENTER EXPANSION

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. A similar but separate financing program was adopted for the Convention Center Expansion, 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. 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 Bank DP matures in March 2014 and the US Bank DP was to mature in March 2013 but was subsequently renewed with a new maturity date in September 2015. In September 2011, SBPA provided by Barclays Bank PLC on two subseries of bonds were replaced by publicly issued floating rate notes (FRN's) with a maturity in September 2014.

NOTE 6 – FINANCING OF STADIUM AND CONVENTION CENTER EXPANSION (CONTINUED)

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

Hedged, Tax-exempt Variable Rate Debt: 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 Standby Purchase Agreements (the SBPAs), Direct Purchases (the DPs), and Floating Rate Notes (the FRNs) in an aggregate amount of $614,706,290, expiring in December 31, 2013 through September 15, 2015. 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 2013 was .48%.

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 2013 was .13%. Going forward, the budgeted interest rate on the unhedged portion of the 2008A Bonds is 4.00%.

Partially Hedged, Tax-exempt Variable Rate Debt: An interest rate swap with a notional amount of $98,114,750 commenced for the Convention Center Expansion 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 through 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 2013 was .14%. Going forward, the budgeted interest rate on the unhedged portion of the 2008A Bonds is 4.00%.

NOTE 6 – FINANCING OF STADIUM AND CONVENTION CENTER EXPANSION (CONTINUED)

Interest Rate Swap Agreements:

Objective of the Interest Rate Swap Agreements: 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, 2013 and 2012, were as follows:

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	6/30/2013 Fair Values	Swap Termination Date
2005A/2007A Stadium	$611,525,000	8/15/2008	4.231%	SIFMA	$(125,437,312)	2/1/2037
2008A Stadium	29,185,000	8/15/2008	3.796%	SIFMA	(4,033,079)	2/1/2035
2008A Convention Center	98,114,750	12/1/2010	4.556%	SIFMA	(25,899,752)	2/1/2039
	$738,824,750				$(155,370,143)	

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	6/30/2012 Fair Values	Swap Termination Date
2005A/2007A Stadium	$611,525,000	8/15/2008	4.231%	SIFMA	$(203,723,538)	2/1/2037
2008A Stadium	29,185,000	8/15/2008	3.796%	SIFMA	(7,470,063)	2/1/2035
2008A Convention Center	98,114,750	12/1/2010	4.556%	SIFMA	(41,606,932)	2/1/2039
	$738,824,750				$(252,800,533)	

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.

NOTE 7 – PENSION PLAN

Plan Description

The Building Authority is a participating employer in the Indiana Public Retirement System (INPRS). INPRS resulted from legislation passed in 2010 that merged the Public Employers' Retirement Fund (PERF) and the Teacher's Retirement Fund (TRF), with the merger of the funds being effective July 1, 2011. The Building Authority contributes to the INPRS, an agent multiple-employer public employee retirement system, which acts as a common investment and administrative agent for units of state and local government in Indiana. INPRS is governed by state statutes I.C.S. 5-10.2 and 5-10.3. As such, it is INPRS's responsibility to administer the law in accordance with the expressed intent of the Indiana General Assembly. INPRS is a qualified plan under the Internal Revenue Code Section 401(a) and is tax exempt.

INPRS is a contributory defined benefit plan that covers substantially all of the Building Authority's employees. INPRS retirement benefits vest after 10 years of service. Senate Bill 74 enabled INPRS participants to be eligible for early retirement with 100% of the defined benefit pension if certain conditions were met. A participant may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the participant's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions is met, a participant may retire with 100% of the pension benefit at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years and months of INPRS-covered employment. The average annual salary used for calculating the pension benefit is an average of the participant's highest five years of employment earning within the 10 years preceding retirement.

Participants who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit that is reduced by various percentages according to the participant's age.

In addition, the participants are required to contribute to an annuity savings account. Legislation permits an INPRS employer to make the participant's contributions on behalf of the participants. Participants may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or, they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described above. The participant's balance in the annuity savings account may be withdrawn at any time with interest should a participant terminate employment.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to INPRS, One North Capitol, Suite 001, Indianapolis, Indiana 46204.

Funding Policy

The Building Authority is required to contribute to the Plan at an actuarially determined rate. The current rate is 9.7% (8.6% in prior year) of annual covered payroll. The Building Authority contributed 3% of the participant's annual salary to the annuity savings account. The contribution requirements of participants are determined by State statute.

NOTE 7 – PENSION PLAN (CONTINUED)

Annual Pension Cost

For the 2013 plan year, the Building Authority's annual contribution was $3,769; information regarding the 2013 required contribution is not yet available. For the 2012 plan year, the Building Authority's annual contribution of $10,933 was less than the required contribution of $20,878. The INPRS funding policy provides for actuarially determined periodic contributions at rates that change so that sufficient assets will be available to pay benefits when due. The required contributions were determined as part of the June 30, 2012 actuarial valuation using the entry age normal cost method. The asset valuation method is 4-year smoothing of gains/losses on market value with a 20% corridor. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 6.75% and 7% in 2013 and 2012, respectively per year, compounded annually; (b) projected salary increases based on INPRS experience from 2005 to 2010; and (c) assumed annual postretirement benefit increases of 1.0%. INPRS uses the method of establishing a new gain or loss base each year to amortize the unfunded liability over a 30-year open period.

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.

NOTE 9 – SUBSEQUENT EVENT

On September 13, 2013, IFA executed an Amended and Restated Indenture for the Stadium and Convention Center Bonds incorporating a new variable rate mode. On October 1, 2013, IFA executed a direct purchase variable rate product to replace the Variable Rate Demand Obligations (VRDO's) backed by JPMorgan Standby Bond Purchase Agreements (SBPA) for the 2005A-1 Stadium bonds and 2008A-1 Convention Center bonds. Also on October 1, 2013, IFA executed a substitute SBPA provided by The Bank of New York Mellon on the 2007A-1 Stadium Bonds and an Amended and Restated SBPA with JPMorgan on the 2007A-2 and 2007A-3 Stadium Bonds to provide liquidity for the currently outstanding VRDO's.

OTHER REPORT

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

Board Members
Indiana Stadium and Convention Building Authority
State of Indiana

We have audited, in accordance with the 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, the financial statements of Indiana Stadium and Convention Building Authority (the Building Authority), an enterprise fund of the State of Indiana, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Building Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Building Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Building Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 16, 2013