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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

April 27, 2018

Indiana White River State Park Development Commission  
801 W. Washington Street  
Indianapolis, IN 46204

We have reviewed the audit report prepared by Katz Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Ports of Indiana, as of June 30, 2017, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner



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

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

June 30, 2017

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

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*Independent Auditors' Report*

To the Commissioners  
Indiana White River State Park Development Commission

**Report on the Financial Statements**

We have audited the accompanying financial statements of Indiana White River State Park Development Commission, a component unit of the State of Indiana, which comprise the statement of net position as of June 30, 2017, 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.

***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 of America; 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 of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Uniform Compliance Guidelines for Audit of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts. Those standards and guidelines 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Indiana White River State Park Development Commission at June 30, 2017, 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 of America.

### **Other Matters**

#### ***Restatement of Net Position***

As described in Note 13 to the financial statements, the Victory Field baseball facility was deeded to White River State Park Development Commission during the year ended June 30, 2016, but not included in the assets of White River State Park Development Commission as of June 30, 2016 on the previously issued financial statements. Net position as of June 30, 2016, has been restated to reflect the Victory Field baseball facility in assets as of June 30, 2016.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the schedules of the commission's proportionate share of the net pension liability and commission contributions and the related notes on pages 28 through 30 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of Indiana White River State Park Development Commission. The accompanying supplementary schedules of operating expenses and IMAX operations on pages 31 and 32 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017, on our consideration of Indiana White River State Park Development Commission'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 Indiana White River State Park Development Commission's internal control over financial reporting and compliance.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
November 7, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

# INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2017

As management of Indiana White River State Park Development Commission (Commission), we offer readers of the Commission's basic financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2017.

### FINANCIAL HIGHLIGHTS

- ♦ The Commission's assets exceeded its liabilities at the close of the most recent fiscal year by \$119 million (net position). Of this amount, \$3.9 million (unrestricted) may be used to meet any of the Commission's ongoing obligations. There is \$464 thousand restricted for major repairs to the NCAA and NFSHSA buildings and \$341 thousand restricted for scholarships and various other improvement projects.
- ♦ The Commission's current assets increased by \$218 thousand and total liabilities increased \$174 thousand during the current fiscal year. Cash and investments increased \$174 thousand.
- ♦ The Commission's total net position decreased by \$1.4 million during the current fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

The *statement of net position* presents information on all of the Commission's assets, deferred outflows, liabilities, deferred inflows, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

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

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

These financial statements can be found on pages 9 through 11 of this report.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12-27 of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

In addition to the basic financial statements, this report also presents schedules of operating expenses on page 31 and schedules of IMAX operations on page 32. These supplementary schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

### FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$119 million at the close of the most recent fiscal year.

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

	June 30, 2017	June 30, 2016 (Restated)
Current and other assets	\$ 5,337	\$ 5,144
Capital assets	<u>115,051</u>	<u>116,578</u>
Total Assets	<u>120,388</u>	<u>121,722</u>
Deferred outflows of resources	<u>224</u>	<u>119</u>
Current liabilities	<u>515</u>	<u>449</u>
Long-term liabilities	<u>677</u>	<u>569</u>
Total Liabilities	<u>1,192</u>	<u>1,018</u>
Deferred inflows of resources	<u>23</u>	<u>23</u>
Net Position:		
Net investment in capital assets	114,729	116,213
Restricted	805	794
Unrestricted	<u>3,863</u>	<u>3,793</u>
Total Net Position	<u>\$119,397</u>	<u>\$120,800</u>

Capital assets decreased as a result of \$1.8 million in depreciation expense.

The Victory Field baseball facility was deeded to the Commission during the fiscal year ended June 30, 2016, but not included in the assets of the Commission as of June 30, 2016 on the previously issued financial statements. Net position as of June 30, 2016, has been restated to record the Victory Field baseball facility as follows:

Net position at June 30, 2016, as previously reported	\$106,680,327
Increase in net position related to transfer of Victory Field baseball facility	<u>14,119,784</u>
Net position at June 30, 2016, as restated	<u>\$120,800,111</u>

**FINANCIAL ANALYSIS (CONTINUED)**

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

	Years Ended	
	June 30, 2017	June 30, 2016 (Restated)
Operating Revenues:		
Indiana State appropriations	\$ 743	\$ 763
IMAX Theater	1,514	1,521
Parking	1,878	1,474
Concert events	232	436
Miscellaneous	115	104
Total Operating Revenues	<u>4,482</u>	<u>4,298</u>
Operating Expenses Before Depreciation:		
IMAX Theater	1,498	1,504
Parking	699	477
Other operating expenses	1,913	1,647
Total Operating Expenses Before Depreciation	<u>4,110</u>	<u>3,628</u>
Income from Operations Before Depreciation	<u>372</u>	<u>670</u>
Depreciation	<u>(1,786)</u>	<u>(1,371)</u>
Loss from Operations	<u>(1,414)</u>	<u>(701)</u>
Nonoperating Revenues:		
Interest income	<u>11</u>	<u>4</u>
Total Nonoperating Revenues	<u>11</u>	<u>4</u>
Decrease in Net Position	(1,403)	(697)
Net Position:		
Beginning of Year - Restated	<u>120,800</u>	<u>121,497</u>
End of Year	<u>\$119,397</u>	<u>\$120,800</u>

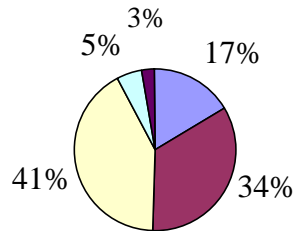
In fiscal year 2017, parking revenue increased by \$404 thousand mainly due to changes in parking ticket pricing.

The Commission's net position decreased \$1.4 million during the fiscal year ending June 30, 2017. The decrease in net position includes \$1.8 million in depreciation expense, of which \$742 thousand relates to Victory Field Baseball Facility.

**FINANCIAL ANALYSIS (CONTINUED)**

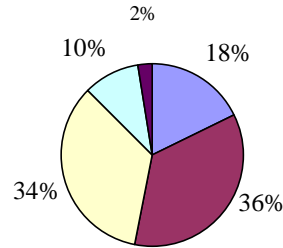
**REVENUES BY SOURCE**

**2017**



- State appropriations
- IMAX theater
- Parking
- Concert events
- Miscellaneous

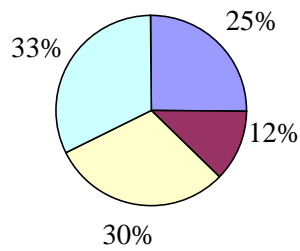
**2016**



- State appropriations
- IMAX theater
- Parking
- Concert events
- Miscellaneous

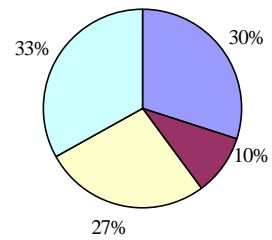
**EXPENSES BY TYPE**

**2017**



- IMAX theater
- Parking
- Depreciation
- Other operating expenses

**2016**



- IMAX theater
- Parking
- Depreciation
- Other operating expenses

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets:** The Commission's net investment in capital assets as of June 30, 2017 and 2016, totaled \$114.7 million and \$116.2 million, respectively (net of accumulated depreciation and related debt obligations). This investment in capital assets includes land, buildings, improvements, and office furniture and fixtures. The total decrease in the Commission's investment in capital assets for the current fiscal year was \$1.5 million, due to depreciation exceeding additions.

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

	June 30, 2017	June 30, 2016 (Restated)
Land	\$ 56,230	\$ 56,282
Sculpture	268	268
Land improvements	25,003	25,003
Buildings	32,445	34,057
Furnishings and equipment	<u>1,105</u>	<u>968</u>
Total	<u>\$115,051</u>	<u>\$116,578</u>

**Debt:** The Commission's long-term debt and capital lease obligations as of June 30, 2017 and 2016, totaled \$322,725 and \$354,821, respectively.

Additional information on the Commission's capital assets and debt can be found in Note 5 and Note 8 to the financial statements on page 16 and page 23, respectively.

## REQUESTS FOR INFORMATION

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

## **FINANCIAL STATEMENTS**

# INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

## STATEMENT OF NET POSITION

June 30, 2017

### CURRENT ASSETS

Cash and short-term investments	\$ 4,795,770
Certificates of deposit	150,000
Accounts receivable	158,935
Inventory	16,681
Prepaid expenses	90,559
Total Current Assets	<u>5,211,945</u>

### NONCURRENT ASSETS

Certificates of deposit	125,000
Capital assets, net of depreciation	115,051,218
Total Noncurrent Assets	<u>115,176,218</u>

### TOTAL ASSETS

120,388,163

### DEFERRED OUTFLOWS OF RESOURCES

223,753

### CURRENT LIABILITIES

Accounts payable - WRSP	245,009
Accounts payable - IMAX	144,856
Accrued payroll and payroll withholdings	81,768
Current maturities of long-term debt	33,594
Current maturities of capital lease obligations	10,094
Total Current Liabilities	<u>515,321</u>

### LONG-TERM LIABILITIES

Net pension liability	397,568
Long-term debt, less current maturities	279,037
Total Long-term Liabilities	<u>676,605</u>

Total Liabilities

1,191,926

### DEFERRED INFLOWS OF RESOURCES

23,104

### NET POSITION

Net investment in capital assets	114,728,493
Restricted	805,076
Unrestricted	3,863,317
	<u>3,863,317</u>

### TOTAL NET POSITION

\$ 119,396,886

See accompanying notes.

**INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2017**

**OPERATING REVENUES**

Indiana State appropriation	\$ 743,322
IMAX Theater	1,514,346
Parking	1,877,641
Concert events	231,954
Miscellaneous	115,015
Total Operating Revenues	4,482,278

**OPERATING EXPENSES**

IMAX Theater	1,498,133
Park administration	1,399,972
Marketing	154,489
Sculpture	13,000
Parking	699,234
Depreciation	1,786,242
Other expenses	345,420
Total Operating Expenses	5,896,490

Loss from Operations (1,414,212)

**NONOPERATING REVENUES**

Interest income	10,987
Total Nonoperating Revenues	10,987

**DECREASE IN NET POSITION** (1,403,225)

**NET POSITION**

Beginning of Year, as restated	120,800,111
End of Year	\$ 119,396,886

*See accompanying notes.*

**INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION**

**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from State of Indiana	\$ 743,322
Receipts from IMAX Theater	1,504,014
Receipts from parking	1,900,893
Receipts from events	229,973
Receipts from other sources	117,071
Payments for operating expenses	<u>(3,945,293)</u>
Net Cash Provided by Operating Activities	<u>549,980</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Sales of certificates of deposits	150,000
Purchases of certificates of deposits	(150,000)
Interest received	<u>10,987</u>
Net Cash Provided by Investing Activities	<u>10,987</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets, net of reimbursements	(344,538)
Principal payments on long-term debt	(29,162)
Payments on capital lease obligations	<u>(13,028)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(386,728)</u>

**NET INCREASE IN CASH AND SHORT-TERM INVESTMENTS**

174,239

**CASH AND SHORT-TERM INVESTMENTS**

Beginning of Year	<u>4,621,531</u>
End of Year	<u><u>\$ 4,795,770</u></u>

**RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Loss from operations	\$ (1,414,212)
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	1,786,242
Loss on disposal of capital assets	85,096
Non cash pension expense	51,136
(Increase) decrease in certain assets:	
Accounts receivable	12,995
Inventory	(2,232)
Prepaid expenses	(29,863)
Increase in accounts payable and accrued expenses	<u>60,818</u>
Net Cash Provided by Operating Activities	<u><u>\$ 549,980</u></u>

*See accompanying notes.*

# INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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.

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

The Commission prepares its financial statements in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission applies all applicable GASB pronouncements.

**Net Position** represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Commission reports three categories of net position as follows:

- Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition or improvement of those assets.
- Restricted net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations that either expire by the passage of time or by actions of the Commission.
- Unrestricted net position consist of all other net position that does not meet the definition of the above two components and is available for general use by the Commission.

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term investments are recorded at fair value based on quoted market prices of the investment or similar investments. Changes in the fair value of investments, including interest, dividends, and realized and unrealized gains and losses, are included in the statement of revenues, expenses and changes in net position. Investments traded on a national exchange are valued at their last reported sales price on the primary exchange on which they are traded. Investments traded in the over-the-counter market, and listed investments for which no sale was reported on that date, are valued at the last reported bid price.

Any cash or certificates of deposits in excess of the FDIC limits noted above are insured by the Indiana Public Deposits Insurance Fund (Fund). The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

**Certificate of Deposits Valuation:** The Commission's certificates of deposits are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

**Capital Assets** are recorded at cost, except for donated assets which are recorded at their estimated fair value on the date donated. Certain properties owned by the Commission have been prepared for their intended use and are then leased to other parties. Expenditures for capital assets and items which substantially increase the useful lives of existing capital assets, with a cost greater than \$1,500 and with a useful life greater than one year, are capitalized at cost. The Commission provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over estimated useful lives as follows:

Buildings and improvements	10-40 years
Furnishings and equipment (including exhibits)	5-15 years

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

**Retirement Plan:** The employees of the Commission participate in the Indiana Public Retirement System (INPRS). See Note 6.

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

**Indiana State Appropriations** are recognized as revenue when allotted by the State.

**Subsequent Events:** The Commission has evaluated the financial statements for subsequent events occurring through November 7, 2017, the date the financial statements were available to be issued.

**NOTE 2 - CASH AND SHORT-TERM INVESTMENTS**

State statutes authorize the Commission to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Cash and short-term investments consist of the following at June 30, 2017:

Cash	\$1,261,690
Other short-term investments:	
Fidelity Institutional Money Market Government Portfolio – Class III	<u>3,534,080</u>
	<u>\$4,795,770</u>

**Credit Risk**

The quality rating of investments described by nationally recognized statistical rating organizations at June 30, 2017 are as follows:

Investment Type	S&P	Moody’s	Fitch	Fair Value
Fidelity Institutional Money Market Government Portfolio – Class III	AAAm	Aaa-mf	unrated	<u>\$3,534,080</u>

**NOTE 3 - CERTIFICATES OF DEPOSIT**

The Commission purchased fixed income securities that consisted of certificates of deposit with maturity dates ranging from January 2018 to May 2019.

At June 30, 2017, the Commission had the following certificates of deposit:

Investment Type	<u>Investment Maturities in (years)</u>		
	Fair Value	Less than 1	1 - 5
Certificates of deposit	<u>\$275,000</u>	<u>\$150,000</u>	<u>\$125,000</u>
	<u>\$275,000</u>	<u>\$150,000</u>	<u>\$125,000</u>

**NOTE 4 - FAIR VALUE MEASUREMENTS**

The Commission has categorized its assets that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

#### NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Commission has the ability to access.

**Level 2** – Inputs to the valuation methodology may include: quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset, the Commission makes estimates and assumptions related to the pricing of the asset including assumptions regarding risk. Also included in Level 3 are assets measured using a practical expedient that can never be redeemed at the practical expedient.

Following is a description of the valuation methodologies used by the Commission for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2017.

**Money Market Fund Shares:** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

**Certificates of Deposit:** Determined by discounting the related cash flows on current yields of similar investments with comparable durations considering the credit-worthiness of the issuer.

For those assets measured at fair value, management determines the fair value measurement policies and procedures in consultation with the Commissioners. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Commission's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the reporting date.

#### NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, within each level of the fair value hierarchy, of the Commission's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2017:

	Level 1	Level 2	Total
<b>Assets</b>			
Cash and Short-term Investments:			
Money market fund shares	\$3,534,080		\$3,534,080
Investments:			
Certificates of deposit	<u>                    </u>	<u>\$275,000</u>	<u>275,000</u>
Total Assets at Fair Value	<u>\$3,534,080</u>	<u>\$275,000</u>	<u>\$3,809,080</u>

At June 30, 2017, the Commission had no other assets and no liabilities that are measured at fair value on a recurring basis.

#### NOTE 5 - CAPITAL ASSETS

The Commission's capital assets activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016 (Restated)	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 56,281,804	\$ 32,955	\$ 85,096	\$ 56,229,663
Sculpture	268,278			268,278
Land improvements	<u>25,002,960</u>	<u>                    </u>	<u>                    </u>	<u>25,002,960</u>
Total capital assets, not being depreciated	<u>81,553,042</u>	<u>-</u>	<u>-</u>	<u>81,500,901</u>
Capital assets, being depreciated:				
Buildings and improvements	50,184,676	17,850		50,202,526
Hall of Champions exhibits	1,447,969			1,447,969
IMAX projector	669,296			669,296
Furnishings and equipment	<u>1,325,168</u>	<u>293,946</u>	<u>                    </u>	<u>1,619,114</u>
Total capital assets, being depreciated	<u>53,627,109</u>	<u>311,796</u>	<u>-</u>	<u>53,938,905</u>
Less accumulated depreciation for:				
Buildings and improvements	16,127,804	1,629,596		17,757,400
Hall of Champions exhibits	1,447,969			1,447,969
IMAX projector	222,758	47,794		270,552
Furnishings and equipment	<u>803,815</u>	<u>108,852</u>	<u>                    </u>	<u>912,667</u>
Total accumulated depreciation	<u>18,602,346</u>	<u>1,786,242</u>	<u>-</u>	<u>20,388,588</u>
Total capital assets being depreciated, net	<u>35,024,763</u>	<u>(1,474,446)</u>	<u>                    </u>	<u>33,550,317</u>
Total Capital Assets, Net	<u>\$ 116,577,805</u>	<u>\$(1,474,446)</u>	<u>\$ -</u>	<u>\$ 115,051,218</u>

## **NOTE 6 - BENEFIT PLANS**

### ***Plan Description***

The Commission contributed to the Public Employees' Retirement Fund (PERF), which is administered by INPRS as a cost-sharing, multiple-employer defined benefit plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. There are two tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3 and IC 5-10.5. There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement. The PERF ASA Only Plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement.

Members are required to participate in the ASA. The ASA consists of the member's contributions, set by statute at 3% of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10% of their compensation into their annuity savings accounts. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Investments in the members' ASA are individually directed and controlled by plan participants who direct the investment of their account balances among eight investment options, with varying degrees of risk and return potential. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. Members may make changes to their investment directions daily and investments are reported at fair value.

### ***Retirement Benefits – Defined Benefit Pension***

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's ASA. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight years for certain elected officials. Members are immediately vested in their ASA. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. For PERF members who serve as an elected official, the highest one year (total of four consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

## **NOTE 6 - BENEFIT PLANS (CONTINUED)**

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2016; however, eligible members received a one-time check (a.k.a. 13th check) in September of 2015. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2014, and who was entitled to receive a monthly benefit on July 1, 2015.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.inprs.in.gov/>. Detailed information about the Plan's fiduciary net position is included in the INPRS financial report.

## NOTE 6 - BENEFIT PLANS (CONTINUED)

### **Significant Actuarial Assumptions**

The total pension liability is determined by INPRS actuaries as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date:	June 30, 2016
Liability valuation date:	June 30, 2015 – Member census data as of June 30, 2015 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to the June 30, 2016 measurement date.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Computed April 2015 and reflects the experience period from July 1, 2011 to June 30, 2014
Investment rate of return:	6.75%
COLA:	1.0%
Future salary increases, including inflation:	2.50% - 4.25%
Inflation:	2.25%
Mortality:	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006

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

	<b>Target Asset Allocation</b>	<b>Geometric Basis Long-Term Expected Real Rate of Return</b>
Public equity	22.0%	5.7%
Private equity	10.0%	6.2%
Fixed income – ex inflation-linked	24.0%	2.7%
Fixed income – inflation-linked	7.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.0%	2.7%
Absolute return	10.0%	4.0%
Risk parity	12.0%	5.0%

**NOTE 6 - BENEFIT PLANS (CONTINUED)**

Total pension liability for the Plan was calculated using the discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75%). Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the Plan.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
<u>\$571,001</u>	<u>\$397,568</u>	<u>\$253,418</u>

***Investment Valuation and Benefit Payment Policies***

The pooled and non-pooled investments are reported at fair value by INPRS.

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

***Funding Policy***

The State is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During fiscal year ended June 30, 2016, all participating employers were required to contribute 11.2% of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 11.19% was required from employers during the period of July 1 – December 31, 2015, and an average contribution rate of 11.2% was required for the period of January 1 – June 30, 2016. For the PERF ASA Only Plan, all participating employers were also required to contribute 11.2% of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3% and not be greater than the normal cost of the fund which was 4.6% for the fiscal year ended June 30, 2016, and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

**NOTE 6 - BENEFIT PLANS (CONTINUED)**

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute 3% of covered payroll to their ASA, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective July 1, 2014, the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10% of their compensation into their ASA.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2017, the Commission reported a liability of \$397,568 for its proportionate share of the net pension liability. The Commission's proportionate share of the net pension liability was based on the Commission's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2016 measurement date was .00876%.

For the year ended June 30, 2017, the Commission recognized pension expense of \$102,319, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$75,135. At June 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,907	\$ 734
Net difference between projected and actual earnings on pension plan investments	87,443	22,370
Change of assumptions	17,541	
Changes in proportion and differences between Commission contributions and proportionate share of contributions	<u>58,679</u>	<u>          </u>
Total that will be recognized in pension expense based on table below	172,570	23,104
Pension contributions subsequent to measurement date	<u>51,183</u>	<u>          </u>
Total	<u>\$223,753</u>	<u>\$23,104</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2018	\$ 60,216
2019	49,015
2020	29,655
2021	<u>10,580</u>
	<u>\$149,466</u>

**NOTE 7 - DEFERRED COMPENSATION**

The Commission participates in the State of Indiana Public Employees' Deferred Compensation Plan established in accordance with Internal Revenue Code Section 457. The Plan, available to all State employees and employees of certain quasi-agencies and political subdivisions within the State, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of participants of the Plan and their beneficiaries as required by Section 457(g) of the Internal Revenue Code.

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

**NOTE 8 - DEBT AND CREDIT ARRANGEMENTS**

At June 30, 2017, long-term debt and capital lease obligations were comprised of the following:

Note payable to seller in monthly installments of \$3,886, including interest computed at 6%, through maturity in February 2026. Secured by related equipment recorded at cost of \$400,000 and accumulated depreciation of \$60,000 at year end.	\$312,631
Capital lease obligation to seller payable in monthly installments of \$667, including interest imputed at 3.39%, through maturity in March 2018. Secured by related equipment recorded at cost of \$22,851 and accumulated depreciation of \$11,425 at year end.	5,915
Capital lease obligation to seller payable in monthly installments of \$472, including interest imputed at 3.30%, through maturity in April 2018. Secured by related equipment recorded at cost of \$15,899 and accumulated depreciation of \$7,650 at year end.	<u>4,179</u>
Total Debt and Capital Lease Obligations	<u>\$322,725</u>

Changes in long-term liabilities were as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year	Amounts Due Thereafter
Note payable	\$ 341,793		\$ 29,162	\$ 312,631	\$ 33,594	\$ 279,037
Capital lease obligations	<u>23,122</u>		<u>13,028</u>	<u>10,094</u>	<u>10,094</u>	
	<u>\$ 364,915</u>	<u>\$ -</u>	<u>\$ 42,190</u>	<u>\$ 322,725</u>	<u>\$ 43,688</u>	<u>\$ 279,037</u>

**NOTE 8 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)**

At June 30, 2017, the future minimum long-term debt and capital lease payments in each of the next five years were as follows:

Payable In Year Ending June 30,	Capital Lease		Note Payable	
	Payments	Interest	Principal	Interest
2018	\$ 10,250	\$ 156	\$ 33,594	\$ 17,691
2019			30,722	15,906
2020			32,617	14,012
2021			34,629	12,000
2022			36,765	9,864
2023-2026			144,304	15,728
Total	<u>\$ 10,250</u>	<u>\$ 156</u>	<u>\$ 312,631</u>	<u>\$ 85,201</u>

**NOTE 9 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES**

**Central Indianapolis Waterfront Project**

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

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

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

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

**NCAA National Headquarters and Hall of Champions**

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

## **NOTE 9 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)**

Effective in December 1998, the Commission executed a lease with the NCAA for certain real estate, including the aforementioned facilities that would soon be located thereon. The lease term expires on August 31, 2060, with three ten-year renewal options. The annual rent is \$1. Under the lease, the Commission is responsible for providing sufficient parking facilities for NCAA employees and visitors. Additionally, the Commission is responsible for replacement of mechanical, electrical, plumbing and HVAC systems providing service to the facilities, maintenance of the exterior of the facilities, and maintenance of the landscaping and other infrastructure improvements surrounding the leased premises.

On March 19, 2010, an amendment to the lease was made to approve the expansion of the NCAA National Headquarters building, which was completed during fiscal year 2012.

### **National Federation of State High School Associations**

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

### **Indiana State Museum**

During its 1997 session, the Indiana General Assembly authorized the construction of the new Indiana State Museum at the Park. The museum complex is owned by the Indiana Department of Administration (IDOA). Funding for the building came primarily from bonds and the Indiana State Museum Foundation raised private-sector funding for the exhibit programs. The Indiana State Museum, a showplace for Indiana's cultural and natural history, opened in 2002 and features a three level, 65,000 square foot exhibit area. Approximately another 238,000 square feet contains office and storage areas and the IMAX Theater facility.

As required by a court-ordered settlement, the original façade of School 5 was reconstructed by the Indiana Finance Commission and incorporated into the Indiana State Museum.

### **IMAX Theater**

In May 1994, the Commission negotiated an agreement with IMAX Corporation of Toronto, Canada for the lease of an IMAX projection and sound system in the Park. In September 2015, The Commission entered into a new agreement with IMAX Corporation. The Commission pays monthly rentals of \$4,167. The lease term is for a period of ten years, with an option of two renewals for an additional five-year period, each. The IMAX Theater opened to the public on December 19, 1996. Including the two five-year period renewals, this agreement will expire September 2035.

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

## **NOTE 9 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)**

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

In March of 1995, the Commission entered into a 25-year land lease agreement with the Indiana Finance Authority (IFA), which allows the IFA to lease a portion of the Park from the Commission for \$1 per year. In return, the IFA agreed to provide up to \$20,000,000 in infrastructure improvements to the Park.

With the exception of the renovations to the Old Washington Street Bridge, the improvements will remain the property of the IFA until such time as the lease is terminated or expires and are being subleased back to the Commission for \$1 per year. During 2016, this agreement was transferred from IFA to IDOA.

### **Military Park**

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

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

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

### **Indianapolis Zoological Society, Inc.**

The Commission and the Indianapolis Zoological Society, Inc. (Society) have entered into an agreement providing for the lease of approximately 65 acres of land from the Commission to the Society for the development and operation of a zoological park. The lease term expires on December 31, 2085. The lease can be terminated earlier by either party beginning in 2033, subject to a three-year notification. The annual basic rent is \$1. Upon termination of the lease, either possession of the property reverts to the Commission or the Society may continue to lease the property on a month-to-month basis for \$10,000 per month. In June 1999, the Society opened the White River Gardens (Gardens). The Gardens were constructed on approximately 3 acres of the 65 acres leased to the Society.

### **Eiteljorg Museum of the American Indians and Western Art, Inc.**

The Commission and the Eiteljorg Museum of the American Indians and Western Art, Inc. (Museum) have entered into an agreement providing for the lease of approximately seven acres of land to the Museum for the development and operation of a museum of American Indian artifacts and western art in the Park. The lease term expires on December 31, 2087. The Commission reacquired approximately three acres of this property in December 1985. The lease can be terminated early by either party beginning in 2049, subject to a three-year notification. The annual basic rent is \$1.

## **NOTE 9 - PARK INFRASTRUCTURE IMPROVEMENTS AND LEASES (CONTINUED)**

### **Victory Field Baseball Facility**

In 1994, the Commission entered into an agreement to lease (Ground Lease) certain real estate to the Capital Improvement Board of Managers of Marion County, Indiana (CIB). The CIB constructed Victory Field, a professional baseball facility, on this land. The initial lease period of the Ground Lease commenced on December 1, 1994, and expired on March 31, 2016.

Under the Ground Lease and a related agreement, the CIB agreed to provide for the construction of the baseball facility and to sublease the facility to the Indianapolis Indians, Inc., a minor league baseball franchise. Victory Field was completed in 1996. To fund a portion of the cost of Victory Field, the Marion County Convention and Recreational Facilities Commission (Facilities Commission) issued its Excise Taxes Lease Rental Revenue Bonds, Series 1995A. Such bonds were payable primarily from rental payments to be made by the CIB under a separate financing lease, dated June 1, 1995, referred to as the Second Amendment to Master Lease Agreement, between the CIB and the Facilities Commission. This lease ended on March 31, 2016, and at that time, the bonds were paid in full.

Effective March 31, 2016, the CIB entered into a Quitclaim Deed with the Commission to transfer the assets related to Victory Field baseball facility for the consideration of \$10. On April 1, 2016, the Commission entered into an agreement to lease the Victory Field baseball facility to the CIB. The CIB is not obligated to pay rent to the Commission during the lease term. The lease term expires on March 31, 2036. Upon expiration or termination of the lease, any lease improvements or facility improvements shall become the property of the Commission.

## **NOTE 10 - RISK MANAGEMENT**

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

## **NOTE 11 - NET POSITION RESTRICTED**

In 2004, a donor pledged \$500,000 for use as IMAX scholarships for Indiana youth. During fiscal year 2017, \$7,612 of the funds were expensed for scholarships and administrative fees. As of June 30, 2017, the Commission had \$3,270 restricted for future scholarships. The Commission passed a resolution in December 2004 authorizing its Executive Director to offer scholarships up to \$50,000 annually for students throughout Indiana who attend schools in which 40% or more of the children are eligible for the free lunch program.

The Commission has funds restricted for certain improvements to the NCAA and NFSHSA buildings. As of June 30, 2017, the Commission had \$464,414 restricted for such building repairs.

The Commission also has funds restricted for various other improvement projects. As of June 30, 2017, the Commission had \$280,719 restricted for such projects.

During fiscal year 2010, the Commission received grants totaling \$150,000 from two donors for the Commission's Family Arts Series. These funds are restricted for expenses related to the Family Arts Series, such as artistic and administrative fees. As of June 30, 2017, the Commission had \$56,673 restricted for the Family Arts Series.

The Commission's policy is to apply externally restricted net position first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**NOTE 12 - OPERATING LEASES**

The Commission entered into an equipment operating lease in fiscal year 2017, which expires in July 2021. The Commission also entered into an office lease with the Indiana State Museum in fiscal year 2017, which expires in March 2022. The Commission has a rental agreement with IMAX, which expires in FY2026. The future minimum rental payments required by the long-term noncancellable operating leases are as follows:

<b>Payable in Fiscal Year</b>	<b>Rental Payments</b>
2018	\$ 61,463
2019	61,463
2020	61,463
2021	60,122
2022	57,500
Thereafter	<u>108,333</u>
	<u>\$410,344</u>

Total rent expense was \$53,841 for the year ended June 30, 2017.

**NOTE 13 - RESTATEMENT OF NET POSITION**

On March 31, 2016, the Victory Field baseball facility was deeded from the CIB to the Commission. During fiscal year 2017, management discovered that the Victory Field baseball facility was not included in the assets of the Commission as of June 30, 2016, on the previously issued financial statements, resulting in an understatement of capital assets and unrestricted net position of \$14,119,784. As a result, capital assets and net position as of June 30, 2016, were restated with an increase of \$14,119,784 in each, from the amounts previously reported.

**REQUIRED SUPPLEMENTARY INFORMATION**

**INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION**

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (UNAUDITED)**

**PUBLIC EMPLOYEES' RETIREMENT FUND  
Last 10 Fiscal Years\***

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Commission's proportion of the net pension liability	0.00876%	0.00594%	0.00627%	0.00590%
Commission's proportionate share of the net pension liability	\$ 397,568	\$ 241,930	\$ 164,772	\$ 202,080
Commission's covered-employee payroll	\$ 420,051	\$ 284,464	\$ 305,903	\$ 283,202
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.65%	85.05%	53.86%	71.36%
Plan fiduciary net position as a percentage of the total pension liability	75.35%	77.35%	84.30%	78.80%

\*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB Statement No. 68 purposes.

*See accompanying notes to required supplementary information.*

**INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION**

**SCHEDULE OF COMMISSION CONTRIBUTIONS (UNAUDITED)**

**PUBLIC EMPLOYEES' RETIREMENT FUND**

**Last 10 Fiscal Years\***

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually required contribution	\$ 47,046	\$ 31,860	\$ 34,261	\$ 27,301
Contributions in relation to the contractually required contribution	<u>\$ 47,046</u>	<u>\$ 31,860</u>	<u>\$ 34,261</u>	<u>\$ 27,471</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$ 420,051	\$ 284,464	\$ 305,903	\$ 283,202
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	9.7%

\*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB Statement No. 68 purposes.

*See accompanying notes to required supplementary information.*

**WHITE RIVER STATE PARK DEVELOPMENT COMMISSION  
(A Component Unit of the State of Indiana)**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
June 30, 2017**

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
(UNAUDITED)**

**Plan Amendments:** In 2016, there were no changes to the Plan that impacted the pension benefits during the fiscal year.

**Assumption Changes:** In 2016, there were no changes to the assumptions that impacted the Net Position Liability during the fiscal year.

**SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS (UNAUDITED)**

**Methods and Assumptions Used in Calculating Actuarially Determined Contributions:** The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution Rates:

Asset valuation date and method:	June 30, 2016 – 4-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Liability valuation date and method:	June 30, 2015 - Member census data as of June 30, 2015 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2015 to the June 30, 2016 measurement date.
Actuarial cost method:	Entry age normal - level percent of payroll
Actuarial amortization method and period:	Level dollar - 30 years, closed
Remaining amortization period (weighted):	26 years
Investment rate of return:	6.75%
COLA:	1.0%
Future salary increases, including inflation:	3.25% - 4.5%
Inflation:	3.0%

**Trends:** In 2016, there were no significant trends in contributions to the Plan.

## **OTHER SUPPLEMENTARY INFORMATION**

## INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION

### SCHEDULE OF OPERATING EXPENSES Year Ended June 30, 2017

IMAX Theater:	
Payroll, taxes and benefits	\$ 363,786
Marketing	119,658
IMAX projector	98,127
IMAX management	42,000
Film royalties and other expense	643,361
Cost of concessions sold	59,822
General administration	166,020
Theater maintenance	5,359
Total IMAX Theater Expenses	<u>1,498,133</u>
Park Administration:	
Park Property Maintenance:	
Property and maintenance	308,602
Utilities	200,000
Total Park Property Maintenance Expenses	<u>508,602</u>
Compensation	841,203
Professional services	28,559
Office expense	21,608
Total Park Administration Expenses	<u>1,399,972</u>
Marketing	154,489
Sculpture	13,000
Parking	699,234
Depreciation:	
IMAX Theater	54,180
Park	1,732,062
Total Depreciation	<u>1,786,242</u>
Other Expenses:	
Insurance	58,192
Accounting, auditing, and legal fees	118,822
Miscellaneous	168,406
Total Other Expenses	<u>345,420</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u><u>\$ 5,896,490</u></u></b>

**INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION**

**SCHEDULE OF IMAX OPERATIONS  
Year Ended June 30, 2017**

Revenue:	
Sales - admissions	\$ 1,111,432
Sponsorships	26,763
Sales - concessions	295,225
Theater rental	13,093
Other	67,833
Total Revenue	<u>1,514,346</u>
Expenses:	
Payroll, taxes and benefits	363,786
Marketing	119,658
IMAX Expense:	
Projector lease	59,933
Projector maintenance	38,194
Management fee and expenses	42,000
Film Expense:	
Royalties	605,944
Other film expense	37,417
Cost of concessions sold	59,822
General Administration:	
Office expense	24,475
Insurance	15,436
Ticket administration fee	46,506
Other	79,603
Theater maintenance	5,359
Total Expenses Before Depreciation	<u>1,498,133</u>
Depreciation	54,180
Total Expenses	<u>1,552,313</u>
<b>NET IMAX OPERATING LOSS</b>	<u><u>\$ (37,967)</u></u>

**OTHER INFORMATION**

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

*Year Ended June 30, 2017*

To the Commissioners  
Indiana White River State Park Development Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Indiana White River State Park Development Commission (the Commission), a component unit of the State of Indiana, which comprise the statement of net position as of June 30, 2017, 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 November 7, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 a 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. However, we identified a certain deficiency in internal control described in the accompanying schedule of findings, that we consider to be a material weaknesses.

## **Compliance and Other Matters**

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

## **Commission's Response to Findings**

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 results 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 communication is not suitable for any other purpose.

*Katy, Sapper & Miller, LLP*

Indianapolis, Indiana  
November 7, 2017

**INDIANA WHITE RIVER STATE PARK DEVELOPMENT COMMISSION**  
**SUMMARY OF FINDINGS AND VIEW OF RESPONSIBLE OFFICIALS (UNAUDITED)**  
**June 30, 2017**

**Material Weakness in Internal Control over Financial Reporting**

*Condition:* On March 31, 2016 the Victory Field baseball facility was deeded from the Capital Improvement Board of Managers of Marion County, Indiana to the Commission. During fiscal year 2017, management discovered that the Victory Field baseball facility was not included in the assets of the Commission as of June 30, 2016, on the previously issued financial statements.

*Criteria:* Internal controls over financial reporting should be in place to provide reasonable assurance that the financial statements are free from material misstatement, including completeness of capital assets.

*Cause:* Procedures were not in place to ensure the above transaction was properly reflected in the financial statements.

*Effect:* There was an understatement of capital assets and unrestricted net assets of \$14,119,784 as of June 30, 2016, on the previously issued financial statements. As a result, capital assets and net position as of June 30, 2016, were restated with an increase of \$14,119,784 in each, from the amounts previously reported.

*Recommendation:* Procedures should be implemented to ensure the completeness of capital assets.

*Views of Responsible Officials and Planned Corrective Actions:* Management agrees with the finding and has reviewed all other agreements related to Indiana White River State Park's land and infrastructure to ensure the Commission is properly reporting capital assets in the financial statements.