

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS AUDIT REPORT
OF

ALLEN COUNTY FORT WAYNE
CAPITAL IMPROVEMENTS BOARD OF MANAGERS
A COMPONENT UNIT OF THE CITY OF FORT WAYNE
ALLEN COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
08/31/2020

*Reissued on September 29, 2021,
to correct the Financial Statements
and Notes to Financial Statements.*

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Basic Financial Statements and Accompanying Notes:	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities.....	7
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	8
Reconciliation of Governmental Fund Balance to the Governmental Activities Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund.....	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	9
Statement of Net Position - Proprietary Fund	10
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund.....	12
Notes to Financial Statements.....	13-28
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability and Related Ratios	30
Schedule of Employer Contributions	31
Other Reports.....	32

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Melissa Cecil Christina Williams (Vacant)	01-01-19 to 07-28-19 07-29-19 to 10-08-21 10-09-21 to 12-31-21
Executive Director	Barton Shaw	01-01-19 to 12-31-21
Controller	Rebecca S. Zulager	01-01-19 to 12-30-21
Treasurer	Yogesh S. Parikh	01-01-19 to 12-31-21
President of the Board of Managers	James E. Cook	01-01-19 to 12-31-21



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS
BOARD OF MANAGERS, ALLEN COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Allen County Fort Wayne Capital Improvements Board of Managers (CIB), a component unit of the City of Fort Wayne, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the CIB's basic financial statements as listed in the Table of Contents.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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. 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 auditor's 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 auditor considers internal control relevant to the CIB'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 CIB'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 opinions.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the CIB as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter


As discussed in Note 1 to the financial statements, the financial statements have been restated to correct a fund's classification from an enterprise fund (proprietary) to a governmental fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of Net Pension Liability and Related Ratios and Schedule of Employer Contributions, as listed in the Table of Contents, 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.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information


Paul D. Joyce, CPA
State Examiner

September 23, 2021

BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of the CIB. The financial statements and notes are presented as intended by the CIB, a component unit of the City of Fort Wayne.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 10,509	\$ 5,913,655	\$ 5,924,164
Accounts receivable	-	100,436	100,436
Room tax receivable	-	583,205	583,205
Royalties receivable	-	117,656	117,656
Prepaid items	-	22,638	22,638
Restricted assets:			
Due from Fort Wayne Redevelopment Commission	-	1,532,419	1,532,419
Food and beverage tax reserve cash and cash equivalents	13,304,045	-	13,304,045
Food and beverage tax receivable	5,721,451	-	5,721,451
Capital assets:			
Land	-	975,000	975,000
Other capital assets (net of accumulated depreciation)	-	33,458,805	33,458,805
Total assets	19,036,005	42,703,814	61,739,819
Deferred outflows of resources	-	97,464	97,464
<u>Liabilities</u>			
Accounts payable and other accrued expenses	-	223,376	223,376
Due to Visit Fort Wayne	-	218,702	218,702
Rental deposits	-	90,859	90,859
Noncurrent liabilities:			
Due within one year:			
Capital lease payable	-	1,557,500	1,557,500
Bond payable	30,000	-	30,000
Noncurrent liabilities:			
Due in more than one year:			
Capital lease payable	-	13,047,500	13,047,500
Bond Payable (net of unamortized premium)	8,047,355	-	8,047,355
Net pension liability	-	757,851	757,851
Total liabilities	8,077,355	15,895,788	23,973,143
Deferred inflows of resources	-	134,379	134,379
<u>Net position</u>			
Net investment in capital assets	-	19,828,805	19,828,805
Restricted for debt service	-	1,532,419	1,532,419
Restricted for food and beverage tax reserve	10,958,650	-	10,958,650
Unrestricted	-	5,409,887	5,409,887
Total net position	\$ 10,958,650	\$ 26,771,111	\$ 37,729,761

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF ACTIVITIES
For the Year ended December 31, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:						
Capital Improvement/economic development	\$ 14,136,073	\$ -	\$ -	\$ (14,136,073)	\$ -	\$ (14,136,073)
Interest on long-term debt	81,022	-	-	(81,022)	-	(81,022)
Total governmental activities	<u>\$ 14,217,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(14,217,095)</u>	<u>-</u>	<u>(14,217,095)</u>
Business-type activities:						
Grand Wayne Center	<u>\$ 6,676,689</u>	<u>\$ 1,920,445</u>	<u>\$ 1,467,387</u>	-	(3,288,857)	(3,288,857)
General revenues:						
Food and beverage taxes				5,721,452	-	5,721,452
Indiana room tax				-	4,673,471	4,673,471
PSCDA and other				-	400,000	400,000
Interest and investment revenue				279,642	130,089	409,731
Other				-	(250,000)	(250,000)
Total general revenues				<u>6,001,094</u>	<u>4,953,560</u>	<u>10,954,654</u>
Change in net position				(8,216,001)	1,664,703	(6,551,298)
Net position - beginning				-	44,281,059	44,281,059
Prior period adjustment - See Note 1				19,174,651	(19,174,651)	-
Net position - ending				<u>\$ 10,958,650</u>	<u>\$ 26,771,111</u>	<u>\$ 37,729,761</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
 BALANCE SHEET -
 GOVERNMENTAL FUND
 December 31, 2019

	Food and Beverage Tax
<u>Assets</u>	
Cash and cash equivalents	\$ 10,509
Cash and cash equivalents - restricted	13,304,045
Food and beverage tax receivable	5,721,451
Total assets	\$ 19,036,005
<u>Fund balances</u>	
Restricted	19,025,496
Assigned	10,509
Total fund balances	19,036,005
Total fund balances	\$ 19,036,005
 RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO THE GOVERNMENTAL ACTIVITIES NET POSITION	
Fund Balance	19,036,005
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Long term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds payable (net of unamortized premium)	8,077,355
Net position of governmental activities	\$ 10,958,650

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
For The Years Ended December 31, 2019

	Food and Beverage Tax
Revenues:	
Intergovernmental	\$ 5,721,452
Other	<u>279,642</u>
Total revenues	<u>6,001,094</u>
Expenditures:	
Current:	
Economic Development	13,983,779
Debt Service:	
Principal	5,000
Interest	<u>81,022</u>
Total expenditures	<u>14,069,801</u>
Deficiency of revenues under expenditures	(8,068,707)
Other financing sources (uses):	
Bond proceeds	7,955,000
Bond premium	127,355
Bond issuance costs	<u>(152,294)</u>
Total other financing sources (uses)	<u>7,930,061</u>
Net change in fund balances	(138,646)
Fund balance - beginning	<u>19,174,651</u>
Fund balance - ending	<u>\$ 19,036,005</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Net change in fund balance - total governmental fund (Statement of Revenues, Expenditures and Changes in Fund Balances)	(138,646)
---	-----------

Amounts reported for governmental activities in the Statement of Activities are different because:

The issuance of long-term debt provides current financial resources to governmental funds, but increases the long-term liabilities on the Statement of Net Position. Repayment of principal for long-term debt consumes the current financial resources of governmental funds, but reduces long-term liabilities in the Statement of Net Position. This is the amount by which issuance proceeds exceeds issuance repayments.	(7,950,000)
---	-------------

Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	<u>(127,355)</u>
--	------------------

Change in net position of governmental activities (Statement of Activities)	<u>\$ (8,216,001)</u>
---	-----------------------

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF NET POSITION -
PROPRIETARY FUND
December 31, 2019

	Grand Wayne Center
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 5,913,655
Accounts receivable	100,436
Room tax receivable	583,205
Royalties receivable	117,656
Prepaid items	22,638
Total current assets	6,737,590
Noncurrent assets:	
Restricted assets:	
Due from Fort Wayne Redevelopment Commission	1,532,419
Capital assets:	
Land	975,000
Other capital assets (net of accumulated depreciation)	33,458,805
Total capital assets	34,433,805
Total noncurrent assets	35,966,224
Total assets	42,703,814
Deferred outflows of resources	97,464
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and other accrued expenses	223,376
Capital lease payable, current portion	1,557,500
Due to Visit Fort Wayne	218,702
Rental deposits	90,859
Total current liabilities	2,090,437
Noncurrent liabilities:	
Capital lease payable	13,047,500
Net pension liability	757,851
Total noncurrent liabilities	13,805,351
Total liabilities	15,895,788
Deferred inflows of resources	134,379
<u>Net position</u>	
Net investment in capital assets	19,828,805
Restricted for debt service	1,532,419
Unrestricted	5,409,887
Total net position	\$ 26,771,111

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND
For the Year Ended December 31, 2019

	Grand Wayne Center
Operating revenues:	
Rental income	\$ 1,140,291
Royalties	707,322
Other	<u>72,832</u>
Total operating revenues	<u>1,920,445</u>
Operating expenses:	
Salaries and wages	1,666,159
Employee pensions and benefits	604,784
Materials and supplies	207,401
Utilities and telephone	527,599
Advertising and promotion	354,645
Repairs and maintenance	417,545
Professional services	172,922
Insurance expense	83,553
Depreciation	1,300,465
Miscellaneous expenses	<u>151,116</u>
Total operating expenses	<u>5,486,189</u>
Operating income (loss)	<u>(3,565,744)</u>
Nonoperating revenues (expenses):	
Interest and investment revenue	130,089
Indiana room tax	4,673,471
PSCDA and other revenue	400,000
Grants to other organization	(250,000)
Interest expense	<u>(690,500)</u>
Total nonoperating revenues (expenses)	<u>4,263,060</u>
Income (loss) before transfers	697,316
City of Fort Wayne Funding	
Tax increment financing	1,434,575
Other	32,812
Redevelopment Commission	<u>(500,000)</u>
Change in net position	1,664,703
Fund Balance - beginning	<u>25,106,408</u>
Fund Balance - ending	<u>\$ 26,771,111</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For The Year Ended December 31, 2019

	Grand Wayne Center
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,145,514
Receipts from royalties	703,016
Payments to suppliers and contractors	(1,999,376)
Payments to employees	(2,270,943)
Other receipts	66,358
	(2,355,431)
Net cash used by operating activities	(2,355,431)
Cash flows from noncapital financing activities:	
Indiana room tax receipts	5,190,997
PSCDA tax receipts	400,000
Visit Fort Wayne distribution	64,622
Payments from Fort Wayne Redevelopment Commission	(500,000)
Grants to other organizations	(250,000)
	4,905,619
Net cash provided by noncapital financing activities	4,905,619
Cash flows from capital and related financing activities:	
Net activity with Fort Wayne Redevelopment Commission for capital debt	(55,124)
City of Fort Wayne funding	1,467,387
Acquisition and construction of capital assets	(491,334)
Principal paid on capital debt	(1,500,000)
Interest paid on capital debt	(690,500)
	(1,269,571)
Net cash used by capital and related financing activities	(1,269,571)
Cash flows from investing activities:	
Interest received	130,089
	130,089
Net cash provided by investing activities	130,089
Net increase in cash and cash equivalents	1,410,706
Cash and cash equivalents, January 1	4,502,949
Cash and cash equivalents, December 31	\$ 5,913,655
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (3,565,744)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,300,465
(Increase) decrease in assets:	
Deferred outflows - pension related	26,222
Accounts receivable	(17,170)
Royalties receivable	(4,306)
Prepaid items	(6,474)
Increase (decrease) in liabilities:	
Accounts payable and other accrued expenses	(75,074)
Rental deposits payable	22,393
Net Pension Liability	(19,733)
Deferred Inflows - pension related	(16,010)
	1,210,313
Total adjustments	1,210,313
Net cash used by operating activities	\$ (2,355,431)

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Reporting Entity: The Allen County Fort Wayne Capital Improvements Board of Managers (CIB) was created and is in existence pursuant to the laws of the State of Indiana. The statutory provisions under which the CIB operates and conducts its business specifically state the nature and type of transactions that can be entered into by the CIB. The CIB operates the Grand Wayne Center convention facility. It is also authorized to enter into capital improvement projects funded by supplemental food and beverage tax revenues.

The CIB is a component unit of the City of Fort Wayne and is included as such in the City's Comprehensive Annual Financial Report. A seven-member board governs the CIB. The City and County each appoint three members, and the appointed members elect the seventh member. The CIB's overall budget for funds is subject to approval by the City and County Councils. Any resolutions for the sale of revenue bonds are subject to review by the Mayor. All sales of general obligation bonds are subject to the approval by the City Council.

The accompanying financial statements present the activities of the CIB. There are no significant component units which require inclusion.

Government-Wide and Fund Financial Statements: Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on activities of the CIB. The effect of interfund activity has been removed from these statements except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CIB considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Tax and interest revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are charges to customers for sales and services. Operating expenses for proprietary fund include the cost of sales and services and administrative costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The CIB reports the following major governmental fund:

- The Food and Beverage Tax fund is a special revenue fund. Pursuant to IC 6-9-33, Allen County levies a one percent Supplemental Food and Beverage Tax on all food and beverage sales in the county and remits funds to the CIB

The CIB reports the following major proprietary fund:

- The Grand Wayne Center is an enterprise fund responsible for operation of the convention facility.

Restricted Asset Spending Policy: Restricted assets are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. When both restricted and unrestricted resources are available for use, the CIB's policy is to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflow of resources at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management: The CIB is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

The CIB receives both Food and Beverage Tax and Innkeeper's Tax both of which are a type of sales taxes imposed in Allen County, Indiana (the "County"). The Food and Beverage Tax is imposed on certain transactions in which food or beverage is furnished, prepared or sold as set forth in IC 6-9-33-4. The Innkeeper's Tax is based upon the gross retail income received by the merchant from transactions.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2019, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2019. Management has performed their analysis through September of 2021, the date the financial statements were available to be issued.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

- In 2018, the CIB paid \$200,000 as an option to acquire property. In July 2021, the CIB agreed to buy the property for \$6,000,000 subject environmental inspections.
- In December 2020, the CIB agreed to pledge \$65,765,000 of food and beverage tax revenues pursuant to Resolution 2018-8 adopted by the CIB on November 6, 2018, as reaffirmed by Resolution 2020-6 adopted on October 21, 2020.

Restatement of Net Position: Net position has been restated to reclassify the Food and Beverage Tax Fund in accordance with GASB 34 Basic Financial Statements-and Management’s Discussions and Analysis-for State and Local Governments. In prior reporting periods, the Food and Beverage Tax Fund had been considered an enterprise fund. For the year-end December 31, 2019, the Food and Beverage Tax Fund is considered a special revenue fund.

Governmental Activities Net Position - December 31, 2018 (as reported)	\$	-
Add: Food and Beverage Tax fund		19,174,651
Governmental Activities Net Position - December 31, 2018 (as restated)	\$	19,174,651
Business-Type Activities Net Position - December 31, 2018 (as reported)	\$	44,281,059
Deduct: Food and Beverage Tax Fund		(19,174,651)
Business-Type Activities Net Position - December 31, 2018 (as restated)	\$	25,106,408

Assets, Liabilities and Net Position:

Deposits and Investments: The CIB’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2019, the bank balances held in financial institutions were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

State statute (IC 5-13-9) authorizes the CIB 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.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

Restricted Assets: Certain assets are classified as restricted assets on the Statement of Net Position because their use is limited by enabling legislation for debt service or economic development projects. The balances of restricted asset accounts are as follows:

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

	Governmental Activities	Business Type Activities	Total
Enterprise Fund: Grand Wayne Center Due from Fort Wayne Redevelopment Commission	\$ -	\$ 1,532,419	\$ 1,532,419
Governmental fund : Food and beverage tax			
Food and beverage tax reserve cash and cash equivalents	13,304,045	-	13,304,045
Food and beverage tax receivable	5,721,451	-	5,721,451
Total	\$ 19,025,496	\$ 1,532,419	\$ 20,557,915

Receivables and Allowance for Uncollectible Accounts: Receivables are recognized when earned. The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. Periodically, management reviews taxes and accounts receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the collection policy. Management estimated that no material allowance was necessary at December 31, 2019.

Food and Beverage Tax Receivable: Receivable is calculated by the Allen County Auditor based on total Food and Beverage tax received by the county for the year. Allocations for the tax collected are made to Fort Wayne War Memorial Coliseum and Allen County Fort Wayne Capital Investment Board in February of the year following the collection. The Coliseum will receive funds to pay debt payments and Allen County Fort Wayne Capital Investment Board will receive the remainder.

Room Tax Receivable: Room Tax is collected by the Allen County Auditor and remitted to the Grand Wayne Center. Funds received are for the prior month Room Tax earned.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods. They are recorded as prepaid items and expensed over the period benefitted.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Other Capital Assets:			
Buildings and improvements	\$ 5,000	Straight-line	5 to 50 years
Furniture, fixtures and equipment	5,000	Straight-line	3 to 15 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Inflows/Outflows of Resources: Deferred inflows of resources represent an acquisition of net position that applies to future periods. Deferred outflows of resources represent a consumption of net position that applies to future periods. The CIB's activities are related to recognition of changes in its defined benefit plan's net pension liability.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Compensated Absences: CIB's compensated absences liability is reported in Accounts Payable and Other Accrued Expenses. Management has determined the amounts to be immaterial for disclosure. The following represent CIB policies:

- Paid Time Off (PTO) – CIB employees earn PTO at the rate of 10 days per year. Unused PTO may be accumulated to a maximum of 90 days. Accumulated hours in excess of 90 days (720 hours) will be paid to employees on the first payroll of the following calendar year.
- Vacation Leave – CIB employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Employees may elect to carry up to 5 vacation days to the next year. Any carry over in excess of the 5 vacation days will be forfeited by the employee.
- Vacation leave is accrued when incurred.

Long-Term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Related policies include the following:

- Bonds payable are recorded at the principal amount outstanding, net of any applicable premium or discount.
- Original issue discounts and premiums on bonds are amortized as a component of interest expense using the effective interest method over the lives of the bonds to which they relate.
- Bond issue costs are expensed in the period of the debt transaction.
- Capital leases are recorded at the present value of minimum lease payments.
- City Funding - The CIB typically uses transfers to and from the City of Fort Wayne to fund ongoing debt service subsidies that the City of Fort Wayne agreed to fund for renovation and expansion of the Grand Wayne Center.

Net Pension Liability: The CIB has recorded a net pension liability reflecting their proportionate share of the difference between the total pension liabilities and the fiduciary net positions of the Indiana Public Retirement System (INPRS) PERF Plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS PERF Plan and additions to/deductions from the INPRS PERF Plan fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position: Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the statements of net position. Net position is reported as:

- Unrestricted which may be designated for specific purposes at the option of the Board.
- Restricted when there are legal limitations imposed on their use by laws or regulations of other governments or external restrictions by creditors or grantors.
- Net Investment in Capital Assets which consists of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, notes or other borrowings, and payables that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances:

The CIB adopted the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB 54). The intention of GASB 54 is to provide more structured classification of fund balance reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. The classifications are as follows:

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

- Nonspendable fund balances are those assets that are not likely to convert to a spendable form because of their form (I.E. inventory supplies) or because legal or contractual requirements dictate the assets remain intact (I.E. endowment principal amounts).
- Restricted fund balances are those fund balances that are subject to externally enforceable legal restrictions or imposed by law through constitutional provisions or enabling legislation. These restrictions are typically imposed by outside parties, such as creditors through debt covenants or when the authorization to raise revenues is conditioned upon those revenues being used for a particular purpose, often through enabling legislation. A significant portion of the Food and Beverage tax fund is reported due to enabling legislation at the State level.
- Committed fund balances are those portions of the fund balance that are constrained by limitations placed upon them by the highest level of decision making, normally the governing body. These constraints remain binding unless removed by action of the same body and typically must occur before the close of reporting period.
- Assigned fund balances include those portions of the fund balance that reflect the governments "intended" use of resources that can be established by the highest level of decision making or by some other body who has been delegated authority for such decisions. In addition, no formal action is required to designate assigned portions of the fund balance. A portion of the of the Food and Beverage tax fund for purposes supporting similar objectives.
- Unassigned fund balances would not apply as the CIB does not have a General Fund.

Tax Revenues: The following discloses significant tax revenues:

- Innkeepers Tax Revenue - The Indiana Innkeepers (Room) Tax is levied on every person engaged in the business of renting lodgings for periods of less than 30 days. The County distributes 100% of this tax revenue to the CIB to be used for daily operations of the Grand Wayne Center and the Convention and Tourism Bureau (Visit Fort Wayne).
- Supplemental Food and Beverage Tax Revenue – Pursuant to IC 6-9-33, Allen County levies a one percent Supplemental Food and Beverage Tax on all food and beverage sales in the county. Tax collections are used to first fund annual debt service requirements on debt obligations for the Allen County War Memorial Coliseum (Series 2011B and 2016 Refunding Bonds). Any tax collections in excess of these debt service requirements are distributed to the CIB by February 1 of the following year. After holding the funds for at least twelve months, the CIB may use them to undertake capital improvement projects throughout the county.

At December 31, 2019, CIB contributed Supplemental Food and Beverage Tax Revenue to the following capital improvement/economic development projects.

Capital Improvement/Economic Development	Amount
Skyline Garage (see pledge payable note)	\$ 650,000
Electric Works Economic Development	2,000,000
Fox & Main Hotel	2,580,000
FW Redevelopment Comm - Garage Project	8,373,015
 Total	 \$ 13,603,015

These contributions are shown as Economic Development Expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 2 - DETAILED NOTES

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The CIB does not have a deposit policy for custodial credit risk.

At December 31, 2019, the CIB had deposit balances in the amount of \$19,228,209.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Capital Assets: Capital asset activity for the years ended December 31, 2019 was as follows:

Grand Wayne Center	Beginning Balance	Additions	Reductions	Ending Balance
<u>2019</u>				
Capital assets, not being depreciated:				
Land	\$ 975,000	\$ -	\$ -	\$ 975,000
Capital assets, being depreciated:				
Buildings and improvements	50,445,901	305,224	-	50,751,125
Furniture, fixtures and equipment	4,496,413	186,203	93	4,682,523
Totals	54,942,314	491,427	93	55,433,648
Less accumulated depreciation for:				
Buildings and improvements	(16,673,768)	(1,111,895)	-	(17,785,663)
Furniture, fixtures and equipment	(4,000,610)	(188,570)	-	(4,189,180)
Totals	(20,674,378)	(1,300,465)	-	(21,974,843)
Total capital assets, being depreciated, net	34,267,936	(809,038)	93	33,458,805
Total capital assets, net	\$ 35,242,936	\$ (809,038)	\$ 93	\$ 34,433,805

Depreciation expense of \$1,300,465 was charged to functions/programs of the Grand Wayne Center for 2019.

Changes in Long-Term Liabilities: Long-term debt and other long-term liability activity for the year ended December 31, 2019, was as follows:

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>2019</u>					
Governmental Activities:					
Revenue bonds payable	-	7,955,000	5,000	7,950,000	30,000
Business-Type Activities:					
Capital lease payable	\$ 16,105,000	\$ -	\$ 1,500,000	\$ 14,605,000	\$ 1,557,500
Net pension liability	<u>777,584</u>	<u>131,710</u>	<u>151,443</u>	<u>757,851</u>	<u>-</u>
Total long-term liabilities	<u>\$ 16,882,584</u>	<u>\$ 8,086,710</u>	<u>\$ 1,656,443</u>	<u>\$ 23,312,851</u>	<u>\$ 1,587,500</u>

Revenue Bonds Payable: On July 30, 2019 the CIB issued Revenue Bonds Series 2019A (Parking Garage Project) to provide a portion of a \$10,464,713 grant to the Fort Wayne Redevelopment Commission (Commission) pursuant to a grant agreement dated as of July 1, 2019 between the CIB and the Commission, to fund a debt service reserve and to pay issuance costs. The grant was used by the Commission to finance the construction of one or more additional floors on the southern half of the Civic Center Parking Garage (Garage) and to make any other improvements to the Garage. The \$10,464,713 grant will be funded with the \$7,955,000 of bond proceeds and \$2,509,713 of equity from the CIB.

Purpose	Interest Rates	Balance at December 31, 2019	Current Portion	Premium	Net Non Current
Revenue Bond Series 2019A (Parking Garage Project)	3.0% to 4.0%	<u>\$ 7,950,000</u>	<u>\$ 30,000</u>	<u>\$ 127,355</u>	<u>\$ 8,047,355</u>

The bonds are publicly traded debt. The bonds are payable from the net income received from the operation of the Project and food and beverage tax revenues on parity with Ash Brokerage Project pledge. Additional security is provided through the funding of a debt service reserve.

Revenue bonds debt service requirements to maturity are as follows:

	Food and Beverage Tax	
	Principal	Interest
2020	\$ 30,000	\$ 246,019
2021	30,000	245,119
2022	30,000	244,219
2023	30,000	243,319
2024	30,000	242,419
2025-2029	960,000	1,156,670
2030-2034	1,345,000	957,595
2035-2039	1,560,000	734,645
2040-2044	1,820,000	483,920
2045-2049	<u>2,115,000</u>	<u>186,016</u>
Totals	<u>\$ 7,950,000</u>	<u>\$ 4,739,941</u>

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Capital Lease Payable: On May 1, 2003, the Fort Wayne Redevelopment Authority (Authority) issued Lease Rental Revenue Bonds in the amount of \$31,985,000, at fixed rates ranging from 2.5 percent to 5.0 percent, for the expansion of the Grand Wayne Center (Project). On May 22, 2012, the Authority refinanced the remaining balance of the 2003 bonds by issuing Lease Rental Revenue Refunding bonds in the amount of \$25,135,000, at fixed rates ranging from 3.0 percent to 5.0 percent. The bonds are secured by the net revenue of the Center and property. The Authority owns the existing and expanded facilities and leases them back to the Fort Wayne Redevelopment Commission (Commission), who leases them to the CIB until the bonds mature on February 1, 2028. Since ownership of the Project assets will ultimately revert to the CIB, these assets and the corresponding capital lease obligation have been recorded on the Statement of Net Position of the CIB (GWC fund).

The primary lease agreement between the Authority and the Commission is funded by the following revenue sources: Grand Wayne Center primary pledge payments, a portion of the City of Fort Wayne's share of the County Economic Development Income Tax (CEDIT), tax increment financing (TIF) revenue, and Professional Sports and Convention Development Area (PSCDA) revenue. TIF and PSCDA revenue sources are based on annual revenue generated through TIF and PSCDA districts, whereas the Grand Wayne Center and CEDIT are pledges. Actual revenue for TIF and PSCDA could change depending on actual results. The Commission may also levy a property tax on all property in the City of Fort Wayne Development district in an amount sufficient to meet its lease obligation.

Commitments at December 31, 2019, are as follows:

	Grand Wayne Center	City of Fort Wayne CEDIT	TIF	PSCDA
2020	\$ 825,000	\$ 435,000	\$ 1,434,575	\$ 175,000
2021	825,000	435,000	1,434,575	175,000
2022	825,000	435,000	1,434,575	175,000
2023	825,000	435,000	1,434,575	175,000
2024	825,000	435,000	1,434,575	175,000
2025	825,000	435,000	1,434,575	175,000
2026-2028	<u>2,475,000</u>	<u>1,305,000</u>	<u>4,303,725</u>	<u>525,000</u>
Total	<u>\$ 7,425,000</u>	<u>\$ 3,915,000</u>	<u>\$ 12,911,175</u>	<u>\$ 1,575,000</u>

The future payments on the CIB's lease obligation as of December 31, 2019, are as follows:

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Grand Wayne Center
2020	\$ 2,188,000
2021	2,186,000
2022	2,119,000
2023	2,051,500
2024	2,052,000
2025	2,049,500
2026-2028	5,128,500
Total minimum lease payments	17,774,500
Less amount representing interest	3,169,500
Present value of net minimum lease payments	\$ 14,605,000

Assets acquired through capital leases still in effect are as follows at December 31, 2019:

	Grand Wayne Center
Land	\$ 975,000
Buildings and improvements	50,751,125
Furniture, fixtures and equipment	4,682,523
Totals	56,408,648
Accumulated depreciation	(21,974,843)
Totals	\$ 34,433,805

NOTE 3 - OTHER INFORMATION

Pension Plan - Cost Sharing Multiple-Employer Defined Benefit Pension Plan:

Plan Description: The CIB contributes to the Indiana Public Employees' Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan. PERF provides retirement, disability, and survivor benefits to plan members and beneficiaries. All full-time employees hired before December 31, 2014 or hired after December 31, 2014 and are a previous PERF member are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

(INPRS) Board, most requirements of the system and give the CIB authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account (ASA). The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report is available online at <http://www.inprs.in.gov/> or may be obtained by contacting:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Benefits Provided: The PERF retirement benefit consists of the sum of a defined pension benefit provided by the CIB contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation time 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.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and is entitled to 100 percent 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 percent of the pension benefit. A member who has reached 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 pension benefit, which remains the same for the member's lifetime.

The PERF plan also provides disability benefits to members. A member who has at least 5 years of creditable service and becomes disabled while in active service, on FMLA leave, receiving worker's compensation benefits, or receiving employer provided disability insurance benefits may retire for the duration of the disability if they have qualified for social security disability benefits and furnish proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. Also, under certain circumstances, upon the death in service of a member, a survivor benefit may be paid to a surviving spouse or surviving dependent children under the age of 18.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA), however, such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis. These increases can only be granted by the Indiana General Assembly.

Contributions: The contribution requirements of plan members are established and may be amended by the INPRS Board of Trustees. The required contributions are based on actuarial investigation and valuation in accordance with IC 5-10.2. 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. PERF members are required to contribute three percent

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

of their annual covered salary. The CIB elected to make this contribution on behalf of their members in 2019. For 2019, the CIB was required to contribute at an actuarially determined rate of 11.2 percent of annual covered payroll. The CIB's contributions to the plan for the year ending December 31, 2019 were \$141,231, equal to the required contributions for each year.

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2019 valuation of the Public Employee's Retirement Fund were adopted by the INPRS Board in April 2015. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	2.5% to 4.25%
Cost-of-living increases	2020-2021 - 13th Check Beginning Jan 1, 2022 - 0.4%

Actuarial assumptions include two mortality tables (healthy and disabled), rather than healthy only. Mortality rates (healthy) were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates (disabled) were based on the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The actuarial assumptions used are based on plan experience from July 1, 2010 through June 30, 2014 and were first used in the June 30, 2015 valuation. The actuarial cost method used for computing the total pension liability is the Entry Age Normal – Level Percent of Payroll method. Additionally, a load on final average salary of \$400 to reflect unused sick leave accumulated at termination of employment for active and inactive vested members was added.

The actuarial assumptions and methods used in the June 30, 2019 valuation of the Public Employees' Retirement Fund resulted in the following assumption changes:

Inflation Rate	Remained unchanged at 2.25% per year
Future Salary Increases	Remained unchanged at 2.5% to 4.25%
Retirement, termination, and disability assumptions	Updated based on recent experience
ASA annuitization assumption	60% of members to annuitize their ASA balance prior to January 1, 2020

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Mortality Assumption

The mortality table of healthy members assumes the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.

The mortality table of disabled members assumes the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report.

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecast 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.

The target allocation and best estimates of geometric real rates of return for each major asset class for 2019 are summarized below:

	Target Allocation <u>Percentage</u>	Long Term Expected Real Rate of Return <u>Percentage</u>
Public Equity	22.0%	4.9%
Private Equity	14.0%	7.0%
Fixed Income - Ex Inflation Linked	20.0%	2.5%
Fixed Income - Inflation Linked	7.0%	1.3%
Commodities	8.0%	2.0%
Real Estate	7.0%	6.7%
Absolute Return	10.0%	2.9%
Risk Parity	<u>12.0%</u>	5.3%
Total	<u>100.0%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers would be, at a minimum, made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board. Projected inflows from investment earnings were calculated using the long term assumed investment rate of 6.75 percent. Based on those assumptions, each defined benefit pension 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 each plan.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the CIB's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following represents the net pension liability of the CIB for 2019, calculated using the discount rate of 6.75 percent, as well as what their respective net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
CIB's proportionate share of the net pension liability	\$ 1,217,119	\$ 757,851	\$ 374,787

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2019, the CIB recorded a pension liability of \$757,851 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The CIB's proportion of the net pension liability was based on wages reported by employers relative to the collective wages of the plan. At June 30, 2019, the CIB's proportion was .0002293 percent, which was an increase of .0000004 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the CIB recognized pension expense of \$131,710. At June 30, 2019, the CIB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,068	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	35,822
Change of assumptions	169	82,384
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,837	16,173
Employer contributions subsequent to the measurement date	73,390	-
	\$ 97,464	\$ 134,379

An amount of \$73,390 for the CIB reported as deferred outflows of resources related to pensions resulting from the CIB's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability for the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Year Ended June 30:
2020	\$ (34,841)
2021	(61,777)
2022	(10,905)
2023	(2,782)
2024	-
Thereafter	-
Total	<u>\$ (110,305)</u>

Pension Plan Fiduciary Net Position: The pension plan’s fiduciary net position has been determined on the same basis of accounting used by the pension plan. Detailed information about the pension plan’s fiduciary net position is available in the separately issued INPRS financial report, which is available online at <http://www.inprs.in.gov> or may be obtained by contacting:

Indiana Public Retirement System
One North Capitol Avenue, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Benefit Payment Policies: 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 automatically distributed by the fund when certain criteria are met.

Valuation of Pension Plan Investments: The pooled and non-pooled investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are reported at cost, which approximates fair value or, for fixed income instruments, valued using similar methodologies as other fixed income securities described below.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and securities pricing services.

Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs required to develop a fair value. Commingled funds are valued using the net asset value (NAV) of the entity.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment.

Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ from the fair value.

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

Pledges of Expected Future Food and Beverage Tax Revenues:

In 2016, the CIB approved a pledge for the sum of \$6,500,000, payable over a ten-year period with annual payments of \$650,000, from its expected future revenues in the Food and Beverage Tax Fund. The pledged revenue will be used to pay the debt service on Lease Rental Revenue Bonds issued by the Fort Wayne Redevelopment Authority for the Ash Brokerage Project. The funds will be paid to the Redevelopment Commission upon a written request.

The anticipated payments are as follows:

2020	\$	650,000
2021		650,000
2022		650,000
2023		650,000
2024		650,000
2025		650,000
2026		<u>325,000</u>
	\$	<u>4,225,000</u>

REQUIRED SUPPLEMENTARY INFORMATION

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND REALTED RATIOS
 Last 10 Years*

	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.02%	0.02%	0.03%	0.02%	0.02%	0.02%
Proportion share of the net pension liability (asset)	\$ 757,851	\$ 777,584	\$ 1,059,617	\$ 999,365	\$ 874,859	\$ 537,413
Covered employee payroll	\$ 1,194,781	\$ 1,168,073	\$ 1,178,373	\$ 1,055,432	\$ 1,029,068	\$ 998,256
Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	63.43%	66.57%	89.92%	94.69%	85.01%	53.84%
Plan fiduciary net position as percentage of the total pension liability	80.10%	78.90%	72.70%	71.20%	73.30%	81.01%

Notes to schedule:

* Information presented for the years that information is available

** The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability

- Asset valuation date – June 30, 2019
- Liability valuation date – June 30, 2018 – Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2018 and June 30, 2019 measurement date.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.75%
- COLA – In lieu of a 1% COLA occurring beginning on January 1, 2019, the COLA was replaced by a 13th check for 2019. The COLA assumption thereafter will be 0.4% beginning on January 1, 2022, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.75% - 4.25%
- Inflation – 2.25%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, CIB is presenting information for those years for which information is available.

Measurement date: Actuarial valuation reports from the prior fiscal year.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Last 10 Years*

Public Employees Retirement Fund - CIB

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 141,231	\$ 132,152	\$ 132,773	\$ 122,703	\$ 112,723	\$ 110,440
Contributions in relation to the contractually required contribution	\$ 141,231	\$ 132,152	\$ 132,773	\$ 122,703	\$ 112,723	\$ 110,440
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 1,260,988	\$ 1,179,931	\$ 1,185,476	\$ 1,095,563	\$ 1,006,459	\$ 986,072
Contributions as a percentage of covered-employee payroll	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%

Notes to schedule:

* Information presented for the years that information is available

** The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the CIB is presenting information for those years for which information is available.

- Valuation date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
- Actuarial cost method: Entry age normal (Level Percent of Payroll)
- Amortization method: Level dollar
- Remaining amortization period: 20 years, closed
- Asset valuation method: 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.
- Inflation: 2.25%
- Salary increases: 2.50% - 4.25% based on service
- Investment rate of return: 6.75%
- Mortality: Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/18 was 9.89%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/19 was 10.03%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/20 was 7.83%. In addition, SEA 373-2018 mandated that the cost of any expected postretirement benefit increases after 6/30/2018 be broken out into separate surcharges. The surcharges used in the fiscal year ended 6/30/20 are 0.43% for 7/1/19-12/31/19 and 0.44% for 1/1/20-6/30/20. However, the INPRS Board approved a State employer contribution rate of 11.2%, which includes both the base benefit and surcharge rates. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year. Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

ALLEN COUNTY FORT WAYNE CAPITAL IMPROVEMENTS BOARD OF MANAGERS
OTHER REPORTS

In addition to this report, other reports may have been issued for the CIB. All reports can be found on the Indiana State of Accounts' website: <http://www.in.gov/sboa>.