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January 25, 2024

Board of Directors
Indianapolis Marion County Building Authority
Marion County, Indiana

We have reviewed the audit report of the Indianapolis Marion County Building Authority, which was opined upon by FORVIS, LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Indianapolis Marion County Building Authority as of June 30, 2023, 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.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner




Indianapolis-Marion County Building Authority

**(A Component Unit of the Consolidated City of
Indianapolis-Marion County)**

Independent Auditor's Report and Financial Statements

June 30, 2023 and 2022



Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
June 30, 2023 and 2022

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Independent Auditor's Report

Board of Directors and Board of Trustees
Indianapolis-Marion County Building Authority
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Indianapolis-Marion County Building Authority (Authority), a component unit of the Consolidated City of Indianapolis-Marion County, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Indianapolis-Marion County Building Authority as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of statement of net position information and the schedule of revenues, expenses, and changes in net position information 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 basic financial statements. The 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 GAAS. In our opinion, the schedule of statement of net position information and the schedule of revenues, expenses and changes in net position information are 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 14, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

FORVIS,LLP

Indianapolis, Indiana
November 14, 2023

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Management's Discussion and Analysis
(Unaudited)

Introduction

The following management's discussion and analysis provides an overview of the financial position and activities of the Indianapolis-Marion County Building Authority for the year ended June 30, 2023, with selected comparative information for the years ended June 30, 2022 and 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

By agreement with the Board of Directors and Board of Trustees, the Indianapolis-Marion County Building Authority (Authority) exists for the primary purpose to finance, acquire, construct, improve, renovate, equip, operate, maintain and manage land, governmental buildings and communication systems for governmental entities within Marion County.

Overview of the Financial Statements

The Authority's financial report includes three financial statements: the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

The statements of net position present information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference in these financial statement elements being reported as net position as of June 30, 2023, 2022 and 2021. Following the statements of net position are the statements of revenues, expenses and changes in net position, which provide the Authority's results of operations. The statements of cash flows provide details on the Authority's sources and uses of cash.

Financial Highlights

The Authority experienced an increase in net position of \$1,877,345 for fiscal year 2023, as compared to an increase in net position of \$2,416,537 for fiscal year 2022. The completion of the new Courthouse and Adult Detention Center at the Community Justice Campus (CJC) initiated a greater depth of campus facility management by the Authority early in 2022. Prior to this, the Central Utility Plant was the primary facility at the CJC the Authority was operating beginning April 2021.

This recent CJC transition included the reimbursement of operations start-up costs and certain furniture, fixtures and equipment which were significant and are reflected in the Authority's financial statements that follow. In addition to the CJC transition, the Authority is heavily involved with the development of certain projects (designated Indy 3.0) for the City and County. The Authority's purchases of furnishings, equipment and capital items associated with these projects are reimbursed by the City and County.

Condensed Statements of Net Position

	2023	2022	2021
Assets and Deferred Outflows of Resources			
Current assets	\$ 53,136,711	\$ 13,566,832	\$ 12,282,052
Capital assets, net	152,347	210,383	268,418
Financing receivable, long-term	-	-	483,000
Deferred outflows of resources - pension	<u>2,882,177</u>	<u>1,627,737</u>	<u>974,555</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 56,171,235</u>	<u>\$ 15,404,952</u>	<u>\$ 14,008,025</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities	\$ 43,263,270	\$ 5,771,628	\$ 5,840,873
Long-term liabilities	3,731,299	985,570	2,994,576
Deferred inflows of resources - pension	<u>176,617</u>	<u>1,525,050</u>	<u>466,409</u>
Total Liabilities and Deferred Inflows of Resources	<u>47,171,186</u>	<u>8,282,248</u>	<u>9,301,858</u>
Net Position			
Net investment in capital assets	152,347	210,383	268,418
Restricted for City-County Building Plaza	-	-	419,558
Unrestricted	<u>8,847,702</u>	<u>6,912,321</u>	<u>4,018,191</u>
Total net position	<u>9,000,049</u>	<u>7,122,704</u>	<u>4,706,167</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 56,171,235</u>	<u>\$ 15,404,952</u>	<u>\$ 14,008,025</u>

The statements of net position indicate an increase in current assets of approximately \$40 million from June 30, 2022 to June 30, 2023. The increase in fiscal year 2023 is primarily due to an increase in cash as a result of approximately \$37 million received as advance payments from the City of Indianapolis and Marion County, Indiana for future expenditures to be incurred for CJC facilities as well as additional capital projects related to Indy 3.0.

Total assets and deferred outflows of resources increased approximately \$41 million between June 30, 2022 to June 30, 2023. The increase for fiscal year 2023 is due to the above-mentioned change in current assets along with an increase of approximately \$1 million related to deferred outflows of resources for the Authority's pension plan.

Current liabilities increased by approximately \$37 million between June 30, 2022 to June 30, 2023. The increase in fiscal year 2023 was due to the \$37 million noted above that was received in advance for future CJC and Indy 3.0 expenditures. Long-term liabilities increased by approximately \$3 million as a result of an increase in the actuarially determined net pension liability from June 30, 2022 to June 30, 2023.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 29,341,846	\$ 26,331,306	\$ 17,124,526
Operating expenses	27,583,916	23,685,379	16,008,664
Total nonoperating revenues (expenses), net	<u>119,415</u>	<u>(229,390)</u>	<u>(206,074)</u>
Increase in Net Position	<u>\$ 1,877,345</u>	<u>\$ 2,416,537</u>	<u>\$ 909,788</u>

Operating revenues increased approximately \$3 million from fiscal year 2022 to fiscal year 2023 due to an increase in the normal course of business along with an increase from operating revenues earned by the Authority in conjunction with activities performed for the CJC which became fully operational during the end of fiscal year 2022.

Operating expenses increased by approximately \$4 million from fiscal year 2022 to fiscal year 2023 consistent with the increase in operating revenue discussed above.

Condensed Statements of Cash Flows

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net cash provided by operating activities	\$ 29,345	\$ 3,110,332	\$ 737,235
Net cash provided by (used in) noncapital financing activities	(435,205)	176,676	13,092
Net cash provided by (used in) capital and related financing activities	38,580,368	(378,845)	(261,599)
Net cash provided by investing activities	<u>101,531</u>	<u>1,633</u>	<u>2,343</u>
Increase in Cash	<u>\$ 38,276,039</u>	<u>\$ 2,909,796</u>	<u>\$ 491,071</u>

The condensed statements of cash flows show an increase in cash of approximately \$38 million in fiscal year 2023. The increase in fiscal year 2023 is primarily due to approximately \$37 million received as advance payments from the City of Indianapolis and Marion County, Indiana for future expenditures to be incurred for CJC facilities as well as additional capital projects related to Indy 3.0.

Capital Assets and Debt Administration

Capital Assets

The Authority holds certain equipment used for maintenance of the facilities operated under contractual relationships. Buildings and facilities for which the Authority contractually maintains and operates are not recorded within the financial statements of the Authority as they do not in-substance own the facilities. Additional information related to the Authority's capital assets can be seen within Note 3 of the financial statements.

Long-Term Debt

The Authority had one bond issuance recorded related to the financing of certain portions of the Arrestee Processing Center in Indianapolis, which was paid in full during 2023. The Authority was obligated to operate, maintain and insure this facility in association with the bonds outstanding for this property. Under the applicable agreements, the Authority was obligated to transfer full ownership of this property to the Consolidated City of Indianapolis-Marion County, upon liquidation of the related bonded indebtedness. Additional information related to the Authority's long-term debt can be seen within Note 5 of the financial statements.

Economic Factors That Will Affect the Future

Throughout 2021, 2022 and 2023, the Authority continued to expand operations, including managing the Community Justice Campus developed in Indianapolis, which substantially began operating during 2022. This has resulted in a significant increase in annual revenues and expenditures and significantly increased full time employees to provide the necessary services to the constituents of the Authority. The Authority continues to refine procedures to efficiently and effectively provide the necessary services throughout the City of Indianapolis and Marion County.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, your inquiries should be directed to Indianapolis Marion County Building Authority, 200 E. Washington Street, Suite 311, Indianapolis, Indiana 46204.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Unrestricted Assets		
Cash and cash equivalents	\$ 11,543,512	\$ 8,892,449
Amounts receivable for alterations and improvements	3,498,930	1,839,887
Grants and capital advance receivable	392,592	531,948
Materials and supplies	965,426	664,340
Prepaid insurance and service contracts	144,309	188,242
Total unrestricted current assets	16,544,769	12,116,866
Restricted Assets		
Restricted cash equivalents for debt service	-	966,966
Restricted cash for the Community Justice Campus (CJC) and Indy 3.0 expenditures	36,591,942	-
Current portion of financing receivable	-	483,000
Total restricted current assets	36,591,942	1,449,966
Noncurrent Assets - Capital assets, net of accumulated depreciation	152,347	210,383
Deferred Outflows of Resources - Pension	2,882,177	1,627,737
Total assets and deferred outflows of resources	\$ 56,171,235	\$ 15,404,952
 Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Payable From Unrestricted Assets		
Accounts payable	\$ 8,182,699	\$ 3,345,626
Accrued liabilities	966,353	1,487,385
Total current liabilities - unrestricted	9,149,052	4,833,011
Payable From Restricted Assets		
Interest payable	-	20,363
Unearned revenue for CJC and Indy 3.0 expenditures	34,114,218	-
Unearned revenue on financing receivable	-	10,726
Current portion of long-term debt	-	907,528
Total current liabilities - restricted	34,114,218	938,617
Long-Term Liabilities - Net pension liability	3,731,299	985,570
Deferred Inflows of Resources - Pension	176,617	1,525,050
Net Position		
Net investment in capital assets	152,347	210,383
Unrestricted	8,847,702	6,912,321
Total net position	9,000,049	7,122,704
Total liabilities, deferred inflows of resources and net position	\$ 56,171,235	\$ 15,404,952

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Management and maintenance fees	\$ 27,687,333	\$ 21,608,762
Contractual payments	50,000	50,000
Other income	1,604,513	4,672,544
Total operating revenues	29,341,846	26,331,306
Operating Expenses		
Air conditioning and heating repairs and maintenance	3,131,410	2,383,854
Building Authority office	1,345,243	1,293,714
Custodial	2,313,548	2,107,611
Electrical system - repairs and maintenance	1,397,310	887,059
Elevators	725,189	350,931
General building expense	4,699,324	6,467,485
Insurance	2,663,045	2,322,321
Plumbing - repairs and maintenance	173,370	195,898
Professional services	290,424	391,721
Painting and decorating	150,161	161,630
Structural maintenance	968,937	664,099
Utilities	5,501,577	4,599,507
Payroll taxes and retirement plan benefits	1,507,807	461,984
Depreciation	58,036	58,035
Nonrecurring repairs and replacements	765,389	292,586
Miscellaneous	1,893,146	1,046,944
Total operating expenses	27,583,916	23,685,379
Operating Income	1,757,930	2,645,927
Nonoperating Revenues (Expenses)		
Investment income	112,257	54,317
Interest expense	(17,835)	(55,856)
CCB Plaza construction costs	-	(378,845)
CJC and Indy 3.0 furnishings and capital reimbursement	19,728,436	51,405,734
CJC and Indy 3.0 furnishings and capital costs	(19,728,436)	(51,405,734)
Reimbursement of tenant alterations	2,813,752	606,343
Tenant alteration costs	(2,788,759)	(455,349)
Total nonoperating revenues (expenses), net	119,415	(229,390)
Increase in Net Position	1,877,345	2,416,537
Net Position, Beginning of Year	7,122,704	4,706,167
Net Position, End of Year	\$ 9,000,049	\$ 7,122,704

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash receipts from customers and users	\$ 27,969,965	\$ 26,822,019
Cash payments to vendors for goods and services	(18,916,882)	(15,762,790)
Cash payments for employees services	(9,023,738)	(7,948,897)
Net cash provided by operating activities	29,345	3,110,332
Cash Flows From Noncapital Financing Activities		
Reimbursement of tenant alterations	2,813,752	606,343
Tenant alteration costs	(2,788,759)	(455,349)
Financing agreement payments received	483,000	966,000
Interest paid on long-term debt	(38,198)	(75,318)
Principal payments on long-term debt	(905,000)	(865,000)
Net cash provided by (used in) noncapital financing activities	(435,205)	176,676
Cash Flows From Capital and Related Financing Activities		
Expenditures for CCB Plaza construction costs	-	(378,845)
Advance payments for CJC and Indy 3.0 expenditures	37,277,296	-
Reimbursement received for CJC and Indy 3.0 furnishings and capital	19,320,949	52,052,705
Expenditures for CJC and Indy 3.0 furnishings and capital	(18,017,877)	(52,052,705)
Net cash provided by (used in) capital and related financing activities	38,580,368	(378,845)
Cash Flows From Investing Activity		
Interest received on cash and cash equivalents	101,531	1,633
Net Increase in Cash and Cash Equivalents	38,276,039	2,909,796
Cash and Cash Equivalents, Beginning of Year	9,859,415	6,949,619
Cash and Cash Equivalents, End of Year	\$ 48,135,454	\$ 9,859,415
Cash and Cash Equivalents, End of Year, Consist of:		
Unrestricted cash and cash equivalents	\$ 11,543,512	\$ 8,892,449
Restricted cash equivalents for CJC and Indy 3.0 expenditures	36,591,942	-
Restricted cash equivalents for debt service	-	966,966
Total cash and cash equivalents at year end	\$ 48,135,454	\$ 9,859,415

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Gain From Operations to Net Cash Provided by Operating Activities		
Operating income	\$ 1,757,930	\$ 2,645,927
Items not requiring (providing) cash		
Depreciation of capital assets	58,036	58,035
Accretion	(2,528)	(4,332)
Changes in operating assets and liabilities:		
Accounts and grants receivable	(1,112,200)	859,750
Material, supplies and other assets	(257,153)	(364,705)
Deferred outflows of resources - pension	(1,254,440)	(653,182)
Deferred inflows of resources - pension	(1,348,433)	1,058,641
Accrued liabilities	(521,032)	824,185
Accounts payable	(36,564)	(227,567)
Net pension liability	2,745,729	(1,086,420)
Net cash provided by operating activities	\$ 29,345	\$ 3,110,332

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Organization

Indianapolis-Marion County Building Authority (Authority) is a body corporate and politic created April 7, 1953, by concurrent resolution of the Board of Commissioners of Marion County, the County Council of Marion County and the Common Council of the City of Indianapolis, pursuant to chapter 54 of the 1953 Act of the Indiana General Assembly. The original Act has been amended and codified and is now Indiana Code 36-9-13 et. seq. The purpose of the Authority is to finance, acquire, construct, improve, renovate, equip, operate, maintain and manage land, governmental buildings and communication systems for governmental entities within Marion County. The Authority has no stockholders or equity holders, and all bond and note loan proceeds, rentals and other revenues must be disbursed for specific purposes in accordance with provisions of Indiana Code 36-9-13 et. seq. and several trust indentures and loan agreements executed for the security of the holders of the bonds and notes.

The Authority is an independent joint building authority under the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Accordingly, for financial reporting purposes, the Authority is considered to be a component unit of the Consolidated City of Indianapolis-Marion County.

A five-member Board of Trustees appoints the five members of the Board of Directors, the governing body of the Authority. Two of the trustees are appointed by the City-County Council of the Consolidated City of Indianapolis-Marion County; one is appointed by the Mayor of the City of Indianapolis in his capacity as the municipal executive of Indianapolis and two are appointed by the Mayor of Indianapolis in his capacity as the county executive of Marion County.

Basis of Accounting and Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific, investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses.

The financial statements consist of a single-purpose business-type activity and the Authority follows standards set by GASB. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2023 and 2022

Use of Estimates

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, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2023 and 2022, cash equivalents consisted of money market mutual funds.

Materials and Supplies

The stockroom inventory of materials and supplies is carried at cost, determined on a first-in, first-out (FIFO) basis, not to exceed market value, based on a physical inventory at each year-end date.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets acquired by the Authority for which ownership transfers to the owner of the facility or property are not capitalized on the financial statements of the Authority but are expensed as the financial benefit of those assets lies with the owner and user of the facility. The Authority's capital assets include equipment used by the Authority for maintenance of facilities under contractual relationships. The estimated useful life used by the Authority for vehicles, groundskeeping equipment, shop equipment and office equipment/furniture is 7 years.

Capital Asset Impairment

The Authority evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. No asset impairments were recognized during the years ended June 30, 2023 or 2022.

Compensated Absences

Substantially all employees receive compensation for paid time off (PTO). PTO earned is based on length of service. Vacation leave which has been earned but not paid has been accrued.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2023 and 2022

Cost-Sharing Defined-Benefit Pension Plan

The Authority participates in a cost-sharing multiple-employer defined-benefit pension plan (Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Management Fee and Maintenance Fee Income

The Authority is authorized to enter into management contracts with eligible governmental entities. As of June 30, 2023, the Authority has entered into management contracts which expire on various dates through 2054. The contracts provide for the construction, operation and/or maintenance of various facilities for use by departments and other entities of the City of Indianapolis (City) and Marion County (County). The City and the County advance funds to the Authority for construction of the facilities and, with respect to all of the properties, designates the Authority as its manager and agent for the purpose of maintaining and managing the facilities. The Authority manages and maintains various facilities that are owned and/or under the control of the City and County and receives payments based on approved budgets and charged to cover the cost of operation and maintenance of the facilities. Agreements between the Authority and the City or County provide for annual adjustments based upon operating expense budgets for the facilities and contain periodic renewals.

Unearned Revenue

Maintenance fees and rental payments received in advance of the period to which they relate, as well as funds received in advance for furnishes and capital costs for City or County properties, are recorded as unearned revenue.

Original Issue Discounts and Premiums

Original issue discounts and premiums on bonds are accreted over the life of the bonds to which they relate using the interest method or straight-line method, which approximates the former.

Deferred Outflows of Resources

The Authority reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statement of net position.

Deferred Inflows of Resources

The Authority reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statement of net position.

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Net Position

Net position of the Authority is classified in three components on its statement of net position.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Authority, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Note 2: Deposits, Investments and Investment Income

The carrying amount of deposits and investments, by type of holding, are:

	2023	2022
Cash deposits	\$ 48,135,454	\$ 8,892,449
Money market mutual funds	-	966,966
Total deposits and investments	\$ 48,135,454	\$ 9,859,415

The above amounts are reflected as cash and cash equivalents in the statements of net position as follows:

	2023	2022
Unrestricted cash and cash equivalents	\$ 11,543,512	\$ 8,892,449
Restricted cash equivalents for debt service	-	966,966
Restricted cash for CJC and Indy 3.0 expenditures	36,591,942	-
Total cash and cash equivalents	\$ 48,135,454	\$ 9,859,415

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of Indiana statutes.

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The Authority’s cash deposits are insured up to \$250,000 per each Federal Deposit Insurance Corporation (FDIC) insured institution. Any cash deposits in excess of the \$250,000 FDIC limits are partially or fully collateralized by the depository institution and insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Investments

Indiana statutes generally authorize the Authority to invest in United States obligations and issues of federal agencies, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, municipal securities of Indiana issuers that have not defaulted during the previous 20 years, certificates of deposit and open-end money market mutual funds.

At June 30, 2023 and 2022, the Authority had the following investment securities, all of which mature within one year:

	2023	2022
Money market mutual funds	\$ -	\$ 966,966

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority is limited to investing in municipal securities of Indiana issuers that have not defaulted during the previous 20 years and other securities with a stated maturity of not more than two years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code. The Authority’s investment policy for interest rate risk requires compliance with the provisions of Indiana statutes. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s investment policy for credit risk requires compliance with the provisions of Indiana statutes. Further, Indiana statutes require that if the Authority invests in money market mutual funds, the underlying securities must be rated AAA by Standard and Poor’s or Aaa by Moody’s Investor’s Service. At June 30, 2022, the Authority’s investments in money market mutual funds were rated AAA by Standard & Poor’s.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral that is in the possession of an outside party. The Authority’s investment in money market mutual funds was not subject to custodial credit risk at June 30, 2023 and 2022, as their existence is not evidenced by securities that exist in physical book entry form. The Authority’s investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested in any one issuer.

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Foreign Currency Risk - This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Authority's investment policy prohibits investments in foreign investments.

Investment Income

Investment income for the years ended June 30, 2023 and 2022 consisted of:

	2023	2022
Interest and dividend income	\$ 101,531	\$ 1,633
Interest recognized on unearned financing receivable	10,726	52,684
	\$ 112,257	\$ 54,317

Note 3: Capital Assets

Capital assets activity for the years ended June 30, 2023 and 2022 was:

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Vehicles and groundskeeping equipment	\$ 406,247	\$ -	\$ -	\$ -	\$ 406,247
Less: Accumulated depreciation for vehicles and groundskeeping equipment	195,864	58,036	-	-	253,900
	\$ 210,383	\$ (58,036)	\$ -	\$ -	\$ 152,347
	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Vehicles and groundskeeping equipment	\$ 406,247	\$ -	\$ -	\$ -	\$ 406,247
Less: Accumulated depreciation for vehicles and groundskeeping equipment	137,829	58,035	-	-	195,864
	\$ 268,418	\$ (58,035)	\$ -	\$ -	\$ 210,383

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Note 4: Retirement Plan

Plan Description

The Authority contributes to the Public Employees' Retirement Fund of Indiana (PERF), a cost-sharing, multiple-employer defined-benefit retirement plan established in accordance with IC 5-10.3. PERF is administered by the Indiana Public Retirement System (INPRS) and is governed by the INPRS Board of Trustees (INPRS Board). PERF provides 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. All full-time Authority employees are eligible to participate in this plan. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for PERF. This report may be obtained by writing to Indiana Public Retirement System, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687.

There are two tiers to the PERF plan. The first is the Public Employee's Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Hybrid Members Defined Contribution Account (DC Account), formerly known as the Annuity Savings Account (ASA). The DC Account was originally available only to employees of the State of Indiana, but effective July 1, 2016, employees of political subdivisions may also be eligible to participate.

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 DC Account that supplements the defined-benefit at retirement.

Funding Policy

The funding policy of INPRS provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

The employer defined-benefit contribution rate is based on an actuarial valuation and is adopted, and may be amended, by the INPRS Board. For 2023 and 2022, the Authority contributed 11.20% of employee compensation to the plan. The DC account consists of the employee contribution, which is set by statute at 3% of compensation, as defined by Indiana statutes, plus the interest/earnings or losses credited to the employee's account. The employer may choose to make the contributions on behalf of its participating employees, which the Authority has elected not to do. In addition, under certain circumstances, employees may elect to make additional voluntary contributions of up to 10% of their compensation into their DC Account ASA. An employee's contribution and interest credits belong to the employee and do not belong to the state or the Authority.

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Retirement Benefits

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 employee's DC account. Retirement benefits vest after ten years of creditable service. The vesting period is eight years for certain elected officials. Employees are immediately vested in their respective annuity savings accounts. At retirement, an employee may choose to receive a lump-sum payment of the amount credited to the employee's DC account, receive the amount as an annuity or leave the contributions invested with INPRS.

Vested employees leaving a covered position, who wait 30 days after termination, may withdraw their DC account and will not forfeit creditable service or a full retirement benefit. However, if an employee 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 DC account. A nonvested employee who terminates employment prior to retirement may withdraw his/her DC account after 30 days, but by doing so, forfeits his/her creditable service. An employee who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

An employee who has reached: (1) age 65 and has at least ten years of creditable service; (2) age 60 and has at least 15 years of creditable service; or (3) at least age 55 and whose age plus number of years of creditable service is at least 85 is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.10% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the 20 calendar quarters of creditable service in which the employee's annual compensation was the highest. All 20 calendar quarters do not have 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. Employee contributions paid by the employer on behalf of the employee and severance pay up to \$2,000 are included as part of the employee's salary.

An employee 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. An employee retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the employee's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. This amount is reduced five percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

The monthly pension benefits for employees in pay status may be increased periodically by a cost-of-living adjustment (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.

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Disability and Survivor Benefits

The PERF Hybrid Plan also provides disability and survivor benefits. An employee who has at least five years of creditable service and becomes disabled while in active service, on leave, receiving workers' compensation benefits or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the employee 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 an employee 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 employee 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 employee 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 an employee who was at least 65 years of age and had at least ten but not more than 14 years of creditable service.

The authority to establish or amend benefit provisions of PERF rests with the Indiana General Assembly.

Contributions

Employer contribution rates are adopted annually by the INPRS Board for PERF. The contributions are actuarially determined based on the funding policy, actuarial assumptions and actuarial methods established by the INPRS Board. Contributions determined by the actuarial valuation become effective either 12 or 18 months after the valuation date, depending on the applicable employer. In the case of the Authority, contribution rates and amounts determined by the June 30, 2022 actuarial valuation and adopted by the INPRS Board therefore become effective on January 1, 2023. The Authority's approved contribution rate from July 1, 2022 through June 30, 2023 was 11.20% and was unchanged from fiscal year 2022. For the years June 30, 2023 and 2022, contributions to the pension plan from the Authority were \$814,930 and \$762,573, respectively.

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

At June 30, 2023 and 2022, the Authority reported a liability of \$3,731,299 and \$985,570 for its proportionate share of the net pension liability. The 2023 net pension liability was measured as of June 30, 2022, and the 2022 net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those respective dates. Member census data as of the year preceding the measurement date was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. Wages reported by the Authority relative to the collective wages of the plan served as the basis to determine the Authority's proportionate share. This basis of allocation is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2023 (June 30, 2022 measurement date), the Authority's proportion was 0.11831%, which was an increase of 0.04341% from its proportion of 0.07490% as of June 30, 2022 (June 30, 2021 measurement date).

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of \$957,786 and \$81,612, respectively. At year end, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,460	\$ 14,191
Changes of assumptions	505,386	159,637
Net differences between projected and actual earnings on pension plan investments	460,482	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	1,020,919	2,789
Authority's contributions subsequent to the measurement date	814,930	-
Total	\$ 2,882,177	\$ 176,617

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	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,709	\$ 19,679
Changes of assumptions	495,748	221,378
Net differences between projected and actual earnings on pension plan investments	-	1,279,672
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	335,707	4,321
Authority's contributions subsequent to the measurement date	762,573	-
Total	\$ 1,627,737	\$ 1,525,050

At June 30, 2023 and 2022, the Authority reported \$814,930 and \$762,573, as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred inflows and outflows of resources at June 30, 2023, related to pensions will be recognized in pension expense as follows:

2024		\$ 593,571
2025		655,245
2026		154,713
2027		487,101
		\$ 1,890,630

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.0%
Salary increases	2.65% - 8.65% average, including inflation
Ad hoc cost of living adjustments	varies
Long-term expected rate of return	6.25%, net of pension plan investment expense

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.0%
Salary increases	2.65% - 8.65% average, including inflation
Ad hoc cost of living adjustments	varies
Long-term expected rate of return	6.25%, net of pension plan investment expense

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Mortality rates for the June 30, 2022 and 2021 valuations were based on the Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period June 30, 2014 through June 30, 2019.

The long-term expected rate of return on pension plan investments was 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	20%	3.6%
Private equity	15%	7.7%
Fixed income - ex-inflation linked	20%	1.4%
Fixed income - inflation linked	15%	-0.3%
Commodities	10%	0.9%
Real estate	10%	3.7%
Absolute return	5%	2.1%
Risk parity	20%	3.8%
Leverage offset	-15%	-1.7%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for the years ended June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The Authority's proportionate share of the net pension liability at June 30, 2023 has been calculated using a discount rate of 6.25%. The following presents the Authority's proportionate share of the June 30, 2023 net pension liability (asset) calculated using a discount rate of 1% higher and 1% lower than the current rate.

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Authority's proportionate share of the net pension liability	\$ 6,303,529	\$ 3,731,299	\$ 1,585,871

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERF financial report.

Note 5: Bond and Note Indebtedness

	2023	2022
Arrestee Processing Center Bonds of 2003:		
Bonds, maturing January 15, 2023. Interest at 4.50% due semiannually on July 1 and January 1	\$ -	\$ 905,000
Unamortized premium	-	2,528
	\$ -	\$ 907,528

The Arrestee Processing Center Bonds of 2003 matured on January 15, 2023 and were subject to redemption from mandatory sinking fund payments through 2022. Debt service requirements at June 30, 2022 totaled \$945,725 (\$905,000 principal and \$40,725 interest).

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Note 6: Financing Agreement

Pursuant to a Master Lease Agreement dated December 31, 1996, with amendments and addendums through July 31, 2003, the Authority had leased the Arrestee Processing Center (APC) to the County. Under the lease agreement, the County had the option to purchase the leased facility at a price equal to the amount required to provide for payment or redemption of all related outstanding bonds of the Authority, otherwise, ownership of the APC automatically transferred to the County upon full redemption of the underlying bonds. The County was obligated to pay the expenses of the Authority and to insure and maintain the leased facilities. This lease provided for fixed annual rentals, payable in semiannual installments of \$483,000. The County's required payment obligations were payable from and secured by a pledge of certain taxes to be received annually by the County. The final payment of \$483,000 was paid by the County during 2023.

Note 7: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Authority for the years ended June 30, 2023 and 2022:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt (bonds payable)	\$ 905,000	\$ -	\$ (905,000)	\$ -	\$ -
Unamortized premium on bonds payable	2,528	-	(2,528)	-	-
Unearned revenue on financing receivable	10,726	-	(10,726)	-	-
Net pension liability	985,570	3,508,302	(762,573)	3,731,299	-
	<u>\$ 1,903,824</u>	<u>\$ 3,508,302</u>	<u>\$ (1,680,827)</u>	<u>\$ 3,731,299</u>	<u>\$ -</u>
	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt (bonds payable)	\$ 1,770,000	\$ -	\$ (865,000)	\$ 905,000	\$ 905,000
Unamortized premium on bonds payable	6,860	-	(4,332)	2,528	2,528
Unearned revenue on financing receivable	63,410	-	(52,684)	10,726	10,726
Net pension liability	2,071,990	-	(1,086,420)	985,570	-
	<u>\$ 3,912,260</u>	<u>\$ -</u>	<u>\$ (2,008,436)</u>	<u>\$ 1,903,824</u>	<u>\$ 918,254</u>

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Note 8: Risk Management

The Authority is exposed to various risks of loss from torts; thereof, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The Authority purchases commercial insurance policies for all risks of loss. Certain of these policies allow for deductibles, which range from \$10,000 to \$50,000 per occurrence. Settled claims have not exceeded this commercial coverage in any of the past three years.

Note 9: Conduit Debt Obligations

In March 2010, the Authority issued \$106,250,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2010 B-1, and \$359,330,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2010 B-2 (collectively, the Series 2010B Bonds) for the purpose of financing the acquisition, construction and equipping of certain hospital and healthcare facilities for Health and Hospital Corporation of Marion County, Indiana (Corporation). In April 2013, the Authority issued an additional \$42,460,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2013 A (the Series 2013A Bonds). In April 2023, the Authority issued an additional \$32,765,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Refunding Bonds, Series 2023 (the Series 2023 Bonds) for the purpose of refunding the Series 2013A Bonds. The Series 2010B and 2023 Bonds are special limited obligations of the Authority, payable solely from, and secured by, a pledge of lease rental revenues to be received by the Authority from the Corporation in accordance with a Master Lease agreement, Amendment and Addendums between the two entities, dated March 1, 2010; December 31, 2012; and April 1, 2023. The lease rentals are payable from ad valorem property taxes to be levied on all taxable property within Marion County, Indiana, to the extent other revenues of the Corporation are not sufficient to fund such payments. The Series 2010B Bonds and Series 2023 Bonds do not constitute a debt or pledge of the faith and credit of the Authority and are therefore not reported in the Authority's financial statements. At June 30, 2023, approximately \$392 million in bonds remain outstanding.

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In April 2019, the Authority issued \$610,645,000 in Indianapolis-Marion County Building Authority Community Justice Campus Bonds, Series 2019A for the purpose of financing the acquisition, construction and equipping of certain courthouse and jail facilities for City of Indianapolis, Indiana (City) and the County of Marion, Indiana (County). Also, in April 2019, the Authority issued \$13,745,000 in Indianapolis-Marion County Building Authority Community Justice Campus Bonds, Series 2019B for the purpose of financing the acquisition and construction of an assessment and intervention center for the City and County. The Series 2019A and 2019B Bonds are collectively referred to as the 2019 Bonds. In June 2023, the Authority issued \$92,665,000 in Indianapolis-Marion County Building Authority Lease Rental Revenue Bonds, Series 2023A for the purpose of financing the acquisition, construction, and equipping, and operating certain government buildings and systems and referred to as Circle City Forward Phase II Project. The Series 2019 and 2023A Bonds are special limited obligations of the Authority, payable solely from, and secured by, a pledge of lease rental revenues to be received by the Authority from the City and County in accordance with a Master Lease agreement, between the Authority and the City and County, dated April 1, 2019 and June 1, 2023, respectively. The lease rentals are payable from ad valorem property taxes to be levied on all taxable property within Marion County, Indiana, to the extent other revenues of the City and County are not sufficient to fund such payments. The Series 2019 and 2023 Bonds do not constitute a debt or pledge of the faith and credit of the Authority and are therefore not reported in the Authority's financial statements. At June 30, 2023, approximately \$708 million in bonds remain outstanding.

Note 10: Disclosures About Fair Value of Assets and Liabilities

The Authority categorizes its fair value measurements (investments) within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2023 and 2022:

- Money market mutual funds of \$966,966 as of June 30, 2022, are valued using quoted market prices (Level 1 inputs).

Note 11: Commitments and Contingencies

Litigation

The Authority is periodically involved in certain litigation which is considered by management to be incidental to the conduct of Authority operations. In the opinion of management, the ultimate outcome of these matters, in the aggregate, is not currently expected to have a material adverse effect upon the financial position, changes in financial position and cash flows of the Authority.

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Note 12: Community Justice Campus

In addition to the bonds issued by the Authority in 2019 (as discussed in Note 9), the Authority is heavily involved with the development of the Community Justice Campus (CJC) for the City and County. During 2020, the Authority began performing certain functions related to the CJC as a result of a memorandum of understanding between the Authority and the City, including providing resources to manage the operations of components of CJC as they are opened. Additionally, during 2021 through 2023, the Authority purchased furnishings and equipment associated with certain facilities within the CJC which are being reimbursed by the City and County. Nonoperating revenue and expenses included within the statement of revenue, expenses and changes in net position for 2023 and 2022 for these furnishings was \$18,217,841 and \$51,405,734, respectively. A management and operating agreement was entered into between the Authority and the Consolidated City of Indianapolis and Marion County for operating and maintaining the CJC through 2054.

Note 13: Indy 3.0

In addition to the bonds issued by the Authority in 2023 (as discussed in Note 9), the Authority is heavily involved with the development of the certain projects associated with Indy 3.0 for the City and County. During 2023, the Authority purchased furnishings, equipment and capital items associated with certain facilities related to Indy 3.0 which are being reimbursed by the City and County. Nonoperating revenue and expenses included within the statement of revenue, expenses and changes in net position for 2023 for these expenditures was \$1,510,595.

Required Supplementary Information

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedules of Required Supplementary Information
Schedule of Authority's Proportionate Share of the Net Pension Liability
Indiana Public Employees' Retirement Fund of Indiana (PERF)
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.11831%	0.07490%	0.06860%	0.06075%	0.05653%	0.05726%	0.06043%	0.05765%	0.05649%	0.05785%
Authority's proportionate share of the net pension liability	\$ 3,731,299	\$ 985,570	\$ 2,071,990	\$ 2,007,826	\$ 1,920,350	\$ 2,554,680	\$ 2,742,582	\$ 2,348,025	\$ 1,484,521	\$ 1,981,408
Authority's covered payroll	\$ 6,808,684	\$ 4,129,747	\$ 3,703,664	\$ 3,165,062	\$ 2,884,234	\$ 2,808,098	\$ 2,896,284	\$ 2,757,303	\$ 2,757,770	\$ 2,777,339
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	55%	24%	56%	63%	67%	91%	95%	85%	54%	71%
Plan fiduciary net position as a percentage of the total pension liability	82%	93%	81%	80%	79%	77%	75%	77%	84%	79%

*The amounts presented for each fiscal year were determined as of the previous June 30 (measurement date).

Notes to Schedule:

Benefit changes: none

Changes in actuarial methods: none

Changes of assumptions: none

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedules of Required Supplementary Information
Schedule of Authority Contributions
Indiana Public Employees' Retirement Fund of Indiana (PERF)
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 814,930	\$ 762,573	\$ 462,531	\$ 414,231	\$ 354,487	\$ 320,895	\$ 314,507	\$ 324,384	\$ 302,614	\$ 275,556
Contributions in relation to the contractually required contribution	<u>814,930</u>	<u>762,573</u>	<u>462,531</u>	<u>414,231</u>	<u>354,487</u>	<u>320,895</u>	<u>314,507</u>	<u>324,384</u>	<u>302,614</u>	<u>275,556</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 7,274,159	\$ 6,808,684	\$ 4,129,747	\$ 3,703,664	\$ 3,165,062	\$ 2,884,234	\$ 2,808,098	\$ 2,896,284	\$ 2,757,303	\$ 2,757,770
Contributions as a percentage of covered payroll	11.20%	11.20%	11.20%	11.18%	11.20%	11.13%	11.20%	11.20%	10.97%	9.99%

*The amounts presented for each fiscal year were determined as of June 30.

Supplementary Information

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Statement of Net Position Information
June 30, 2023

	Total	City-County Building	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail	Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Development Properties	City Market	Assessment & Intervention Center	Central Utility Plant	Adult Detention Center	Courts
Current Assets															
Unrestricted Assets															
Cash and cash equivalents	\$ 11,543,512	\$ 3,449,675	\$ 147,291	\$ 499,439	\$ 961,532	\$ 131,092	\$ 288,581	\$ 419,609	\$ 418,187	\$ 54,270	\$ 82,683	\$ 227,441	\$ 2,019,930	\$ 2,112,446	\$ 731,336
Amounts receivable for alterations and improvements	3,498,930	3,333,502	13,901	-	-	13,145	-	-	-	110,057	-	-	28,325	-	-
Grants and capital advance receivable	392,592	392,592	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials and supplies	965,426	965,426	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid insurance and service contracts	144,309	40,765	541	3,859	3,220	-	4,261	4,667	5,743	477	-	2,049	4,488	31,363	42,876
Total unrestricted current assets	16,544,769	8,181,960	161,733	503,298	964,752	144,237	292,842	424,276	423,930	164,804	82,683	229,490	2,052,743	2,143,809	774,212
Restricted Assets															
Restricted cash for CJC and Indy 3.0 expenditures	36,591,942	36,070,866	521,076	-	-	-	-	-	-	-	-	-	-	-	-
Total restricted current assets	36,591,942	36,070,866	521,076	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent Assets															
Capital assets, net of accumulated depreciation	152,347	150,848	-	1,499	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	152,347	150,848	-	1,499	-	-	-	-	-	-	-	-	-	-	-
Deferred Outflows of Resources															
	2,882,177	2,882,177	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows	\$ 56,171,235	\$ 47,285,851	\$ 682,809	\$ 504,797	\$ 964,752	\$ 144,237	\$ 292,842	\$ 424,276	\$ 423,930	\$ 164,804	\$ 82,683	\$ 229,490	\$ 2,052,743	\$ 2,143,809	\$ 774,212

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Statement of Net Position Information (Continued)
June 30, 2023

	Total	City-County Building	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail	Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Properties	City Market	Assessment & Intervention Center	Central Utility Plant	Adult Detention Center	Courts
Current Liabilities															
Payable From Unrestricted Assets															
Accounts payable	\$ 8,182,699	\$ 7,085,953	\$ 7,824	\$ 39,802	\$ 28,076	\$ 6,461	\$ 28,419	\$ 84,473	\$ 68,200	\$ 9,486	\$ 1,160	\$ 16,579	\$ 129,542	\$ 378,354	\$ 298,370
Accrued liabilities	966,353	966,353	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities - unrestricted	9,149,052	8,052,306	7,824	39,802	28,076	6,461	28,419	84,473	68,200	9,486	1,160	16,579	129,542	378,354	298,370
Payable From Restricted Assets															
Unearned revenue for CIC and Indy 3.0 expenditures	34,114,218	33,593,142	521,076	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities - restricted	34,114,218	33,593,142	521,076	-	-	-	-	-	-	-	-	-	-	-	-
Long-Term Liabilities															
Net pension liability	3,731,299	3,731,299	-	-	-	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	3,731,299	3,731,299	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Inflows of Resources															
	176,617	176,617	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	47,171,186	45,553,364	528,900	39,802	28,076	6,461	28,419	84,473	68,200	9,486	1,160	16,579	129,542	378,354	298,370
Net Position															
Net investment in capital assets	152,347	150,848	-	1,499	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,847,702	1,581,639	153,909	463,496	936,676	137,776	264,423	339,803	355,730	155,318	81,523	212,911	1,923,201	1,765,455	475,842
Total net position	9,000,049	1,732,487	153,909	464,995	936,676	137,776	264,423	339,803	355,730	155,318	81,523	212,911	1,923,201	1,765,455	475,842
Total liabilities, deferred inflows of resources and net position	\$ 56,171,235	\$ 47,285,851	\$ 682,809	\$ 504,797	\$ 964,752	\$ 144,237	\$ 292,842	\$ 424,276	\$ 423,930	\$ 164,804	\$ 82,683	\$ 229,490	\$ 2,052,743	\$ 2,143,809	\$ 774,212

Indianapolis-Marion County Building Authority

(A Component Unit of the Consolidated City of Indianapolis-Marion County)

Schedule of Revenues, Expenses and Changes in Net Position Information

Year Ended June 30, 2023

	Total	City-County Building	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail	Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Development Properties	City Market	Assessment & Intervention Center	Central Utility Plant	Adult Detention Center	Courts
Operating Revenues															
Management and maintenance fees	\$ 27,687,333	\$ 7,000,094	\$ 115,125	\$ 1,062,543	\$ 1,463,316	\$ -	\$ 818,877	\$ 1,490,191	\$ 1,549,959	\$ 439,461	\$ 120,500	\$ 375,070	\$ 4,108,102	\$ 5,140,300	\$ 4,003,795
Contractual payments	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	1,604,513	1,604,513	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenues	29,341,846	8,654,607	115,125	1,062,543	1,463,316	-	818,877	1,490,191	1,549,959	439,461	120,500	375,070	4,108,102	5,140,300	4,003,795
Operating Expenses															
Air conditioning and heating repairs & maintenance	3,131,410	901,005	16,104	98,044	224,741	-	99,856	194,032	166,580	1,896	26,903	25,651	772,977	306,509	297,112
Building Authority office	1,345,243	547,183	9,622	63,936	73,862	-	56,910	82,132	70,386	21,964	4,342	16,118	50,935	203,233	144,620
Custodial	2,313,548	756,307	1,649	129,093	36,065	-	98,144	229,426	222,518	6,571	5,415	40,853	16,082	48,055	723,370
Electrical system - repairs and maintenance	1,397,310	203,511	15,600	75,945	68,352	-	35,251	88,586	118,479	10,846	5,274	67,791	178,169	374,897	154,609
Elevators	725,189	211,996	2,936	3,038	16,309	-	2,799	6,342	6,183	2,721	1,350	2,604	2,729	187,483	278,699
General building expense	4,699,324	3,058,193	13,104	89,145	87,817	(6,331)	47,850	75,115	79,350	47,931	12,977	20,784	634,473	371,919	166,997
Insurance	2,663,045	(230,972)	41,293	180,907	197,532	-	133,752	194,926	200,203	27,203	15,883	54,505	619,264	570,169	658,380
Plumbing - repairs and maintenance	173,370	(292,252)	6,396	10,656	19,946	-	17,373	18,144	23,654	5,102	7,683	7,096	41,363	157,913	150,296
Professional services	290,424	142,334	1,900	8,846	3,000	-	4,665	6,784	4,543	275	-	12,533	18,261	63,150	24,133
Painting and decorating	150,161	(286,940)	3,696	33,002	27,420	-	28,343	28,881	20,378	1,638	2,438	7,058	148	125,195	158,904
Structural maintenance	968,937	295,095	7,704	38,180	66,365	-	33,878	50,657	50,041	6,520	3,040	8,457	66,947	170,698	171,355
Utilities	5,501,577	1,484,061	33,417	226,374	533,166	-	138,402	365,257	428,472	-	-	17,142	491,622	1,333,692	449,972
Payroll taxes and retirement plan benefits	1,507,807	388,025	12,396	76,500	89,136	-	57,756	82,068	86,976	9,492	9,938	15,408	288,012	189,000	203,100
Depreciation	58,036	56,537	-	1,499	-	-	-	-	-	-	-	-	-	-	-
Nonrecurring repairs and replacements	765,389	169,457	521,075	40,787	-	-	15,443	18,027	-	-	-	-	-	-	-
Miscellaneous	1,893,146	602,110	2,154	20,871	18,322	-	77,585	27,528	77,165	379,003	604	3,478	273,713	38,429	372,184
Total operating expenses	27,583,916	8,005,650	689,046	1,096,823	1,462,033	(6,331)	848,007	1,468,505	1,554,928	521,162	95,847	299,478	3,454,695	4,140,342	3,953,731
Operating Income (Loss)	1,757,930	648,957	(573,921)	(34,280)	1,283	6,331	(29,130)	21,686	(4,969)	(81,701)	24,653	75,592	653,407	999,958	50,064
Nonoperating Revenues (Expenses)															
Investment income	112,257	19,136	36,741	9,988	13,026	442	5,861	16,493	9,043	785	742	-	-	-	-
Interest expense	(17,835)	-	(17,835)	-	-	-	-	-	-	-	-	-	-	-	-
CJC and Indy 3.0 furnishings and capital reimbursement	19,728,436	19,728,436	-	-	-	-	-	-	-	-	-	-	-	-	-
CJC and Indy 3.0 furnishings and capital costs	(19,728,436)	(19,728,436)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of tenant alterations	2,813,752	2,813,752	-	-	-	-	-	-	-	-	-	-	-	-	-
Tenant alteration costs	(2,788,759)	(2,788,759)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues, net	119,415	44,129	18,906	9,988	13,026	442	5,861	16,493	9,043	785	742	-	-	-	-
Increase (Decrease) in Net Position	1,877,345	693,086	(555,015)	(24,292)	14,309	6,773	(23,269)	38,179	4,074	(80,916)	25,395	75,592	653,407	999,958	50,064
Net Position, Beginning of Year	7,122,704	1,039,401	708,924	489,287	922,367	131,003	287,692	301,624	351,656	236,234	56,128	137,319	1,269,794	765,497	425,778
Net Position, End of Year	\$ 9,000,049	\$ 1,732,487	\$ 153,909	\$ 464,995	\$ 936,676	\$ 137,776	\$ 264,423	\$ 339,803	\$ 355,730	\$ 155,318	\$ 81,523	\$ 212,911	\$ 1,923,201	\$ 1,765,455	\$ 475,842

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*

Independent Auditor's Report

Board of Directors and Board of Trustees
Indianapolis-Marion County Building Authority
Indianapolis, Indiana

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, the financial statements of Indianapolis-Marion County Building Authority (Authority), which comprise the Authority's statement of net position as of June 30, 2023, 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 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Indianapolis, Indiana
November 14, 2023