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March 18, 2009

Board of Directors  
Indianapolis-Marion County Building Authority  
311 City-County Building, 200 East Washington Street  
Indianapolis, Indiana 46204

We have reviewed the audit report prepared by BKD, LLP, Independent Public Accountants, for the period July 1, 2007 to June 30, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Indianapolis-Marion County Building Authority, as of June 30, 2008 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report and the related management letter are filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

TAA:dsk

# **Indianapolis-Marion County Building Authority**

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

**Financial Statements**

June 30, 2008 and 2007

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**June 30, 2008 and 2007**

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## Independent Accountants' Report on Financial Statements and Supplementary Information

To the Board of Directors  
Indianapolis-Marion County Building Authority

We have audited the accompanying special-purpose 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, 2008 and 2007, as listed in the table of contents. These special-purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the notes to the financial statements, the Authority prepares its financial statements on the basis of its interpretation of the statute under which it was created and provisions of trust indentures and loan agreements executed for the benefit of holders of Authority bonds and notes, which is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities and accumulated net revenues of the Indianapolis-Marion County Building Authority as of June 30, 2008 and 2007, and its net revenues and changes in operating and debt service funds for the years then ended, on the basis of accounting described in the notes to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2008, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audits of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the governing body of the Authority, the City of Indianapolis and Marion County, management of the Authority, and bondholders and is not intended to be and should not be used by anyone other than these specified parties.

*BKD LLP*

November 21, 2008

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Statements of Assets, Liabilities and Accumulated Net Revenues**  
**June 30, 2008 and 2007**

**All Properties**

**Assets**

	<u>2008</u>	<u>2007</u>
<b>Operating Funds</b>		
Current accounts		
Cash and cash equivalents - general	\$ 2,196,190	\$ 4,385,047
Cash - payroll	33,909	30,969
Office imprest funds	1,600	1,600
Investments	<u>2,857,640</u>	<u>1,260,110</u>
	5,089,339	5,677,726
Amounts receivable for tenant alterations and improvements - completed and in process	266,193	261,193
Accounts receivable	16,203	27,450
Materials and supplies	317,638	279,578
Prepaid insurance and service contracts	<u>32,902</u>	<u>33,886</u>
	<u>5,722,275</u>	<u>6,279,833</u>
Replacement fund (for nonrecurring general maintenance, improvements or replacements)		
Cash and cash equivalents	1,873,585	2,036,353
Investments	<u>945,320</u>	<u>844,910</u>
	<u>2,818,905</u>	<u>2,881,263</u>
Subtotal	<u>8,541,180</u>	<u>9,161,096</u>
<b>Debt Service Funds</b>		
Cash and cash equivalents	695,527	939,027
Investments	<u>1,349,064</u>	<u>3,550,167</u>
	2,044,591	4,489,194
Unamortized bond issue costs	<u>392,443</u>	<u>435,260</u>
Subtotal	<u>2,437,034</u>	<u>4,924,454</u>
<b>Building, Site and Project Costs</b>		
Land and land improvements	1,954,844	1,954,844
Buildings	104,662,840	104,662,840
Furnishings and equipment	<u>32,785,949</u>	<u>32,785,949</u>
Subtotal	<u>139,403,633</u>	<u>139,403,633</u>
Total assets	<u>\$ 150,381,847</u>	<u>\$ 153,489,183</u>

## Liabilities and Accumulated Net Revenues

	<u>2008</u>	<u>2007</u>
<b>Operating Liabilities</b>		
Accounts payable	\$ 985,568	\$ 1,111,133
Accrued salaries and wages	65,285	51,957
Accrued vacation	184,481	183,161
Accrued contribution to Indiana Public Employees Retirement Fund	48,048	31,671
Net pension obligation	127,171	-
Amounts withheld from employee wages	52,933	48,873
Deferred maintenance fees	623,537	838,050
Deferred credit - additional rentals applicable to the succeeding year	1,569,061	2,247,231
Subtotal	<u>3,656,084</u>	<u>4,512,076</u>
<b>Bond and Note Indebtedness</b>		
Accrued interest payable	445,554	880,592
Deferred credit - fixed rentals applicable to the succeeding year	1,797,500	3,739,500
Serial bonds and notes payable	23,295,593	29,306,296
Subtotal	<u>25,538,647</u>	<u>33,926,388</u>
<b>Accumulated Net Revenues</b>		
Operating	63,872,525	63,606,712
Capital and debt service	57,314,591	51,444,007
Subtotal	<u>121,187,116</u>	<u>115,050,719</u>
Total liabilities and accumulated net revenues	<u><u>\$ 150,381,847</u></u>	<u><u>\$ 153,489,183</u></u>

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Statements of Net Revenues and Changes in**  
**Operating and Debt Service Funds**  
**Years Ended June 30, 2008 and 2007**

**All Properties**

	2008			
	Accumulated Net Revenues	Operating Funds		Capital and Debt Service Funds
		Current Accounts	Replacement Fund	
<b>Revenues</b>				
Rental income - fixed	\$ 7,479,000	\$ -	\$ -	\$ 7,479,000
Rental income - additional	8,947,559	8,535,759	411,800	-
Income from investments	324,116	129,638	94,917	99,561
Maintenance fees	1,899,342	1,899,342	-	-
Miscellaneous	69,082	69,082	-	-
	<u>18,719,099</u>	<u>10,633,821</u>	<u>506,717</u>	<u>7,578,561</u>
<b>Operating Expenses</b>	<u>10,616,606</u>	<u>10,601,256</u>	<u>-</u>	<u>15,350</u>
<b>Net Revenues Before Other Expenses</b>	<u>8,102,493</u>	<u>32,565</u>	<u>506,717</u>	<u>7,563,211</u>
<b>Other Expenses</b>				
Interest expense	1,649,268	-	7,635	1,641,633
Amortization of bond issue costs	50,994	-	-	50,994
Nonrecurring repairs	265,834	80,036	185,798	-
	<u>1,966,096</u>	<u>80,036</u>	<u>193,433</u>	<u>1,692,627</u>
<b>Net Revenues (Expenses)</b>	6,136,397	(47,471)	313,284	5,870,584
<b>Balances, July 1</b>	115,050,719	61,376,965	2,229,747	51,444,007
<b>Add (deduct)</b>				
Transfer of excess funds from PSCS	-	(100,000)	100,000	-
Transfer of excess funds from prior year	-	(24,069)	24,069	-
<b>Balances, June 30</b>	<u>\$ 121,187,116</u>	<u>\$ 61,205,425</u>	<u>\$ 2,667,100</u>	<u>\$ 57,314,591</u>

2007

Accumulated Net Revenues	Operating Funds		Capital and Debt Service Funds
	Current Accounts	Replacement Fund	
\$ 7,477,000	\$ -	\$ -	\$ 7,477,000
8,491,305	8,079,505	411,800	-
397,374	153,237	128,217	115,920
1,400,950	1,400,950	-	-
68,612	68,612	-	-
<u>17,835,241</u>	<u>9,702,304</u>	<u>540,017</u>	<u>7,592,920</u>
9,873,260	9,841,132	-	32,128
<u>7,961,981</u>	<u>(138,828)</u>	<u>540,017</u>	<u>7,560,792</u>
2,015,051	-	17,758	1,997,293
63,648	-	-	63,648
492,967	275,255	217,712	-
<u>2,571,666</u>	<u>275,255</u>	<u>235,470</u>	<u>2,060,941</u>
5,390,315	(414,083)	304,547	5,499,851
109,660,404	61,922,408	1,793,840	45,944,156
-	-	-	-
-	(131,360)	131,360	-
<u>\$ 115,050,719</u>	<u>\$ 61,376,965</u>	<u>\$ 2,229,747</u>	<u>\$ 51,444,007</u>

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

**Note 1: Nature of Operations 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.

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.

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*.

***Basis of Accounting***

The accounts of the Authority are maintained on the accrual basis in accordance with resolutions of the Authority and the Authority's interpretation of applicable statutes and the above-mentioned trust indentures and loan agreements. These practices differ from accounting principles generally accepted in the United States of America in that: (1) the leases with the participating governments are treated as operating leases rather than as direct financing leases; (2) depreciation is not provided; (3) costs of subsequent building improvements, equipment additions, and major items of repairs and replacements ordinarily capitalized are expensed; and (4) no statement of cash flows is presented.

Additionally, the Authority has not adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which establishes financial reporting standards for state and local governments. Accordingly, the Authority does not provide financial statements in the formats prescribed by this standard, nor does it provide a management's discussion and analysis as required supplementary information.

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

***Cash Equivalents***

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2008, cash equivalents consisted of overnight repurchase agreements. At June 30, 2007, cash equivalents consisted of overnight repurchase agreements and CDs.

***Investments***

Investments are stated at fair value.

***Depreciation, Improvements, Additions, and Major Repairs and Replacements***

No provision for depreciation has been included in the accompanying special-purpose financial statements. Annual fixed rentals and income on interim investment thereof are retained for subsequent retirement of debt related to building and site costs.

The costs of subsequent improvements, equipment additions, and major items of repairs and replacements are expensed. Funds to pay such costs are provided from additional rentals of the current year and/or from additional rentals retained as a reserve for such costs.

***Interest Capitalization***

Interest cost is capitalized on all projects acquired with tax exempt borrowings from the date of the borrowing until the project is substantially completed and ready for its intended use. The amount capitalized is reduced by interest earned on investments acquired with the proceeds of the borrowing.

***Materials and Supplies***

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

***Compensated Absences***

Substantially all employees receive compensation for vacations and sick leave. Vacation earned is based on length of service. Vacation leave which has been earned but not paid has been accrued. Employees receive sick pay starting on the third consecutive day of illness. Sick leave pay will continue through the seventh calendar day of illness or until the weekly indemnity benefit of the group insurance plan begins payment. Compensation for sick pay is not accrued because benefits are not provided through paid time off or by cash payments at termination or retirement.

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

***Building, Site and Project Costs***

Building, site and project costs include, in addition to direct construction costs: (1) expenses incurred in connection with execution of the leases and with the bonds and notes; and (2) expenses incurred during the construction period, including interest on the bonds and notes (less income from investments), general and administrative expense, and maintenance and operation expense.

***Bond Issue Costs***

Bond issue costs are deferred and amortized over the life of the respective bond issue using the interest method or straight-line method which approximates the former.

***Deferred Income***

Maintenance fees and rental payments received in advance of the period to which they relate are recorded as deferred income.

***Original Issue Discount and Premium***

Original issue discount and premium on bonds is accreted over the life of the bond to which it relates using the interest method or straight-line method which approximates the former.

***Reclassifications***

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. These reclassifications had no effect on net revenues (expenses).

**Note 2: Deposits, Investments and Investment Income**

Cash and investments included in the statements of assets, liabilities and accumulated net revenues consist of the following:

	<u>2008</u>	<u>2007</u>
Current accounts	\$ 5,089,339	\$ 5,677,726
Replacement funds	2,818,905	2,881,263
Total operating funds	<u>7,908,244</u>	<u>8,558,989</u>
Debt service funds	<u>2,044,591</u>	<u>4,489,194</u>
	<u>\$ 9,952,835</u>	<u>\$ 13,048,183</u>

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

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

	<b>2008</b>	<b>2007</b>
Cash deposits	\$ 1,454,624	\$ 4,090,851
Repurchase agreements	3,344,587	1,023,173
Certificates of deposit	-	3,425,559
Money market mutual funds	5,152,024	4,507,000
	\$ 9,951,235	\$ 13,046,583

***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.

The Authority's cash deposits are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits in excess of the \$100,000 FDIC limits are insured by the Indiana Public Deposits Insurance Fund (Fund). The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

***Investments***

Indiana statutes 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, certificates of deposit and open-end money market mutual funds.

At June 30, 2008 and 2007, the Authority had the following investment securities, all of which mature within one year:

	<b>2008</b>	<b>2007</b>
Repurchase agreements	\$ 3,344,587	\$ 1,023,173
Money market mutual funds	5,152,024	4,507,000
	\$ 8,496,611	\$ 5,530,173

***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 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, Section 5-13-9-5.6. 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.

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

**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 Code Section 5-13-9-2.5 requires that if the Authority invest in money market mutual funds that the underlying securities be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service. At June 30, 2008 and 2007, 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 are in the possession of an outside party. At June 30, 2008 and 2007, all of the Authority's investments in overnight repurchase agreements (which are secured by U. S. Government and U. S. Government agency obligations) were exposed to custodial credit risk. These investments were uninsured and the collateral was held by the pledging financial institution's trust department or agent in the Authority's name. The Authority's investment in money market mutual funds was not subject to custodial credit risk at June 30, 2008 and 2007, 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. At June 30, 2008 and 2007, the Authority's investments in overnight repurchase agreements of JP Morgan constituted 39% and 19%, respectively, of its total investments.

**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, 2008 and 2007, consisted of:

	2008	2007
Interest and dividend income	\$ 324,116	\$ 397,374

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

**Note 3: Retirement Plan**

***Plan Description***

The Authority contributes to the Public Employees' Retirement Fund of Indiana (PERF), established in accordance with Indiana statutes (I.C.5-10.3-2-1). PERF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. The Authority to establish or amend benefit provisions rests with the Indiana General Assembly. However, obligations to contribute to the plan are determined by the board of PERF in accordance with actuarial methods. PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing to: Indiana Public Employees' Retirement Fund, Harrison Bldg., Suite 800, 143 West Market Street, Indianapolis, Indiana, 46204, or by calling 317-233-4162. Substantially all of the Authority's full-time employees are covered by the plan.

Retirement benefits vest after 10 years of service. Normal retirement is defined as the earliest of: (1) age 65 with 10 years of creditable service; (2) age 60 with 15 years of creditable service; or (3) the sum of age and creditable service equal to 85, but not earlier than age 55. A reduced benefit will be received if an employee takes early retirement between the ages 50 and 65 and has had 15 or more years of creditable service. Employees may either elect to receive a lump-sum distribution of their annuity savings account balance upon retirement or receive an annuity amount as a monthly supplement to the retirement benefits described above. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and county ordinance.

***Funding Policy***

The Authority contributes an actuarially determined percentage (5% and 4.75% for calendar years 2008 and 2007, respectively) of employee payroll to the plan. Required contributions are communicated to the Authority annually by the PERF board and are effective January 1 of each year. This component represents the employer contribution required under the plan. Employees are required to contribute 3% of their annual salary to an annuity savings account, as prescribed by Indiana statutes. Effective September 1, 2003, Authority employees can now make additional voluntary contributions on a pretax basis to PERF in accordance with Internal Revenue Service approval. Accumulated employee contributions and allocated interest income are maintained by PERF in a separate system-wide fund for all members. An employee who leaves employment before qualifying for benefits receives a refund of his or her savings account.

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

***Annual Pension Cost and Net Pension Obligation***

Required contributions are determined as part of annual July 1 actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions used for the actuarial valuation included: (a) 7.25% investment rate of return (net of administrative expenses), (b) 5% (all inflation) projected salary increases and (c) 1% per year cost-of-living adjustments. The actuarial value of the plan's assets is determined by taking the previous year's actuarial value, adding contributions, subtracting pension payments and plan expenses and adding expected earnings at the valuation rate of interest, based on a midyear weighted average fund. The result is multiplied by 75% and added to 25% of the cost value of the plan assets as of the valuation date. Effective July 1, 1997, the plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over 30 years.

The Authority's annual pension cost and net pension obligation were as follows:

Annual required contribution	\$	109,656
Interest on net pension obligation		8,519
Adjustment to annual required contribution		<u>(9,708)</u>
Annual pension cost		108,467
Contributions made		<u>98,798</u>
Increase in net pension obligation		9,669
Net pension obligation, June 30, 2006		<u>117,502</u>
Net pension obligation, June 30, 2007 (Accrued June 30, 2008)	\$	<u><u>127,171</u></u>

Due to immateriality, the Authority did not accrue its net pension obligation as of June 30, 2007.

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

**Schedule of Funding Progress**

The schedule of funding progress is as follows (dollar amounts in thousands):

Actuarial Valuation Date, July 1	Actuarial Value of Assets	Actuarial Liability AAL Entry Age	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess/ Unfunded AAL as a Percentage of Covered Payroll
2007	\$ 4,071	\$ 3,648	\$ 423	112%	2,327	18%
2006	3,591	3,304	287	89%	2,357	12%
2005	3,221	3,615	(394)	89%	2,642	15%

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liability for benefits.

**Three-Year Trend Information**

Following is three-year trend information for the plan (dollar amounts in thousands):

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension (Asset) Obligation
2007	\$ 108.2	91%	\$ 127.1
2006	139.8	58%	117.5
2005	108.2	69%	58.9

Due to the timing of the plan's annual actuarial valuation, details regarding the plan's funding progress and three-year trend information for the year ended June 30, 2008, is not available.

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

**Note 4: Bond and Note Indebtedness**

	2008	2007
Jail Building Bonds of 1997		
Serial bonds, maturing January 1, 2009 to January 1, 2017 in payments ranging from \$535,000 in fiscal year 2009 to \$990,000 in fiscal year 2017. Interest at 7.20 to 7.50% due semiannually on January 1 and July 1	\$ 6,710,000	\$ 7,210,000
Unamortized discount	(57,588)	(64,363)
	6,652,412	7,145,637
Belmont Garage Bonds of 1991		
Serial bonds, maturing February 1, 2008 at \$805,000. Interest at 6.125% due February 1	-	805,000
Unamortized discount	-	(1,895)
	-	803,105
Public Safety Communications System Bonds of 1990		
Serial bonds, maturing February 1, 2008 at \$2,830,000. Interest at 6.90% due February 1	-	2,830,000
Unamortized discount	-	(3,840)
	-	2,826,160
Juvenile Justice Complex Bonds of 1988		
Serial bonds, maturing December 30, 2008 to December 30, 2012 in payments ranging from \$1,080,000 in fiscal year 2009 to \$1,465,000 in fiscal year 2013. Interest at 8.00% due semiannually on June 30 and December 30	6,325,000	7,325,000
Arrestee Processing Center Bonds of 2003		
Serial bonds, maturing January 1, 2009 to January 1, 2023 in payments ranging from \$515,000 in fiscal year 2009 to \$905,000 in fiscal year 2023. Interest at 3.00 to 5.00%, due semiannually on June 30 and December 30	10,255,000	10,755,000
Unamortized premium	63,181	67,514
	10,318,181	10,822,514
City-County Building (Cooling Tower Project)		
Note payable, bank due July 1, 2008; payable \$195,649 (including interest at 2.64%) each January 1 and July 1	-	383,880
	\$ 23,295,593	\$ 29,306,296

The various serial bonds of the Authority are subject to optional redemption prior to maturity in whole or in part on interest payment dates at 100% of the principal amount, plus accrued interest.

The Jail Building Bonds of 1997 maturing on January 1, 2017, are subject to redemption from mandatory sinking fund payments beginning in 2012.

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**June 30, 2008 and 2007**

The Arrestee Processing Center Bonds of 2003 maturing on January 1, 2016, January 1, 2020 and January 1, 2023, are subject to redemption from mandatory sinking fund payments beginning in 2014, 2018 and 2021, respectively.

Debt service requirements to maturity for all Authority indebtedness at June 30, 2008 follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,130,000	\$ 1,411,104	\$ 3,541,104
2010	2,265,000	1,263,934	3,528,934
2011	2,430,000	1,100,034	3,530,034
2012	2,625,000	925,338	3,550,338
2013	2,795,000	797,226	3,592,226
Thereafter	<u>11,045,000</u>	<u>2,698,526</u>	<u>13,743,526</u>
	<u>\$ 23,290,000</u>	<u>\$ 8,196,162</u>	<u>\$ 31,486,162</u>

**Note 5: Revenues**

The Authority leases various facilities under its control to the City of Indianapolis and Marion County for semiannual fixed rentals to cover principal and interest payments on related debt and additional semiannual rentals to cover the cost of operation and maintenance of the facilities. All of the leases provide for annual adjustments to the additional rentals based upon operating expense budgets for the facilities. They also contain lease renewal and purchase options. If these options are not exercised, the leases provide for transfer, upon the expiration of the lease, of ownership of the properties to the lessees free and clear of all obligations of the lease. The governing Indiana statute with respect to each of the Authority's leases provides that the government lessee(s) shall be obligated to levy annually a tax sufficient to produce each year the necessary funds to pay the lease rentals to the Authority.

All of the assets classified under building, site and project costs in the statements of assets, liabilities and accumulated net revenues are held by the Authority for the purpose of rental or related use.

Future fixed rentals on all of the Authority's leases to be received in each of the next five years and thereafter are as follows:

2009	\$ 3,588,000
2010	3,588,000
2011	3,610,500
2012	3,625,000
2013	3,626,000
Thereafter	<u>12,929,000</u>
	<u>\$ 30,966,500</u>

**Indianapolis-Marion County Building Authority**  
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**Notes to Financial Statements**  
**June 30, 2008 and 2007**

Additional rentals aggregated \$9,301,959 and \$8,518,755 for the years ended June 30, 2008 and 2007, respectively. The Authority's Board of Directors will, from time to time, authorize the use of surplus funds from the operations of certain buildings to be used as a credit against future additional rentals.

Effective March 20, 1990, the Indiana General Assembly amended the Authority's enabling statute. The amendment authorized the Authority to enter into management contracts with eligible governmental entities. As of June 30, 2008, the Authority has entered into management contracts which expire on various dates through December 31, 2009. 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 and Marion 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 annual maintenance fees payable to the Authority for the cost of operating, maintaining and managing the facilities covered by management contracts vary each year based on operating expense budgets for the facilities. Maintenance fees aggregated \$1,899,342 and \$1,400,950 for the years ended June 30, 2008 and 2007, respectively.

**Note 6: Risk Management**

The Authority purchases commercial insurance policies for all risks of loss. Certain of these policies allow for deductibles which range from \$10,000 to \$100,000 per occurrence. Settled claims have not exceeded this commercial coverage in any of the past three years.

**Note 7: Agent for the City of Indianapolis**

During 2006, the Authority entered into an agreement with the City of Indianapolis (City) and The Indianapolis Local Public Improvement Bond Bank (Bond Bank) to undertake the construction, renovation and/or modification of various facilities as agent for the City. Pursuant to the terms and conditions of this agreement, the City is paying all costs and expenses associated with the projects from funds generated from the sale of \$16.55 million in revenue bonds by the Bond Bank. During 2007, the Authority entered into a supplemental agreement which amended and restated the original agreement to provide for the sale of additional bonds of \$3.45 million, bringing the total to \$20 million. The bond proceeds are advanced directly by the Bond Bank to vendors or contractors upon written request by the Authority. The Authority has not received any bond proceeds or incurred any expense in its capacity as agent for the City. The Authority is also authorized to receive a management fee in an amount equal to 1.5% of the construction cost of certain projects which shall not exceed \$100,000.

## **Supplementary Information**

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Schedule of Assets, Liabilities and Accumulated Net Revenues By Property**  
**June 30, 2008**

**Assets**

	Total	City-County Building and Parking Site	Arrestee Processing Center	Riverside Garage	Marion County Jail	Marion County Jail II
<b>Operating Funds</b>						
Cash and cash equivalents - general	\$ 2,196,190	\$ 1,520,162	\$ 71,457	\$ 5,138	\$ 27,268	\$ 74,809
Cash - payroll	33,909	33,909	-	-	-	-
Office imprest funds	1,600	1,600	-	-	-	-
Investments	2,857,640	452,646	-	253,142	153,011	-
	5,089,339	2,008,317	71,457	258,280	180,279	74,809
Amounts receivable for tenant alterations and improvements - completed and in process	266,193	266,193	-	-	-	-
Accounts receivable	16,203	-	-	-	-	-
Materials and supplies	317,638	317,638	-	-	-	-
Prepaid insurance and service contracts	32,902	15,902	1,994	795	3,538	-
	5,722,275	2,608,050	73,451	259,075	183,817	74,809
<b>Replacement fund (for nonrecurring general maintenance, improvements or replacements)</b>						
Cash and cash equivalents	1,873,585	1,857,277	-	13,850	2,458	-
Investments	945,320	384,268	-	252,107	308,945	-
	2,818,905	2,241,545	-	265,957	311,403	-
Subtotal	8,541,180	4,849,595	73,451	525,032	495,220	74,809
<b>Debt Service Funds</b>						
Cash and cash equivalents	695,527	-	-	-	-	-
Investments	1,349,064	-	718,265	-	-	630,799
	2,044,591	-	718,265	-	-	630,799
Unamortized bond issue costs	392,443	-	259,252	-	-	112,687
	2,437,034	-	977,517	-	-	743,486
<b>Building, Site and Project Costs</b>						
Land and land improvements	1,954,844	1,954,844	-	-	-	-
Buildings	104,662,840	29,679,916	7,038,708	4,855,879	19,233,254	17,501,491
Furnishings and equipment	32,785,949	800,367	5,014,276	175,199	313,752	-
	139,403,633	32,435,127	12,052,984	5,031,078	19,547,006	17,501,491
Total assets	\$ 150,381,847	\$ 37,284,722	\$ 13,103,952	\$ 5,556,110	\$ 20,042,226	\$ 18,319,786

2008

Public Safety Training Academy	Juvenile Justice Complex	New Directions Academy	Marion County Sheriff's Roll Call Site	Public Safety Communications System	Belmont Garage	Public Safety Properties	Department of Metropolitan Development Properties	Duvall Work Release Center
\$ 10,348	\$ 2,131	\$ 500	\$ -	\$ 9,328	\$ 161,800	\$ 3,767	\$ 209,392	\$ 100,090
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
558,586	221,169	53,580	-	-	283,552	881,954	-	-
568,934	223,300	54,080	-	9,328	445,352	885,721	209,392	100,090
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	721	15,482	-
-	-	-	-	-	-	-	-	-
1,197	2,271	188	-	(2,722)	1,747	6,857	475	660
570,131	225,571	54,268	-	6,606	447,099	893,299	225,349	100,750
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
570,131	225,571	54,268	-	6,606	447,099	893,299	225,349	100,750
-	695,442	-	-	65	20	-	-	-
-	-	-	-	-	-	-	-	-
-	695,442	-	-	65	20	-	-	-
-	20,504	-	-	-	-	-	-	-
-	715,946	-	-	65	20	-	-	-
-	-	-	-	-	-	-	-	-
2,326,953	16,886,548	-	-	-	7,140,091	-	-	-
-	-	-	-	26,482,355	-	-	-	-
2,326,953	16,886,548	-	-	26,482,355	7,140,091	-	-	-
\$ 2,897,084	\$ 17,828,065	\$ 54,268	\$ -	\$ 26,489,026	\$ 7,587,210	\$ 893,299	\$ 225,349	\$ 100,750

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Schedule of Assets, Liabilities and Accumulated Net Revenues By Property**  
**June 30, 2008**

**Liabilities and Accumulated Net Revenues**

	Total	City-County Building and Parking Site	Arrestee Processing Center	Riverside Garage	Marion County Jail	Marion County Jail II
<b>Operating Liabilities</b>						
Accounts payable	\$ 985,568	\$ 539,521	\$ 14,926	\$ 17,546	\$ 121,703	\$ -
Accrued salaries and wages	65,285	65,285	-	-	-	-
Accrued vacation	184,481	184,481	-	-	-	-
Accrued contribution to Indiana Public Employees Retirement Fund	48,048	48,048	-	-	-	-
Net pension obligation	127,171	127,171	-	-	-	-
Amounts withheld from employee wages	52,933	52,933	-	-	-	-
Deferred maintenance fees	623,537	-	-	-	-	-
Deferred credit - additional rentals applicable to the succeeding year	1,569,061	869,561	-	193,100	-	-
	<u>3,656,084</u>	<u>1,887,000</u>	<u>14,926</u>	<u>210,646</u>	<u>121,703</u>	<u>-</u>
<b>Bond and Note Indebtedness</b>						
Accrued interest payable	445,554	-	216,844	-	-	228,710
Deferred credit - fixed rentals applicable to the succeeding year	1,797,500	-	483,000	-	-	520,500
Serial bonds and notes payable	23,295,593	-	10,318,181	-	-	6,652,412
	<u>25,538,647</u>	<u>-</u>	<u>11,018,025</u>	<u>-</u>	<u>-</u>	<u>7,401,622</u>
<b>Accumulated Net Revenues</b>						
Operating	63,872,525	35,397,722	58,511	5,345,464	19,920,523	83,173
Capital and debt service	57,314,591	-	2,012,490	-	-	10,834,991
	<u>121,187,116</u>	<u>35,397,722</u>	<u>2,071,001</u>	<u>5,345,464</u>	<u>19,920,523</u>	<u>10,918,164</u>
Total liabilities and accumulated net revenues	<u>\$ 150,381,847</u>	<u>\$ 37,284,722</u>	<u>\$ 13,103,952</u>	<u>\$ 5,556,110</u>	<u>\$ 20,042,226</u>	<u>\$ 18,319,786</u>

2008

Public Safety Training Academy	Juvenile Justice Complex	New Directions Academy	Marion County Sheriff's Roll Call Site	Public Safety Communications System	Belmont Garage	Public Safety Properties	Department of Metropolitan Development Properties	Duval Work Release Center
\$ 42,672	\$ 66,179	\$ 5,887	\$ -	\$ -	\$ 18,836	\$ 81,200	\$ 49,866	\$ 27,232
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	490,512	133,025	-
302,600	-	-	-	-	203,800	-	-	-
345,272	66,179	5,887	-	-	222,636	571,712	182,891	27,232
-	-	-	-	-	-	-	-	-
-	794,000	-	-	-	-	-	-	-
-	6,325,000	-	-	-	-	-	-	-
-	7,119,000	-	-	-	-	-	-	-
2,551,812	159,391	48,381	-	(268,010)	137,995	321,587	42,458	73,518
-	10,483,495	-	-	26,757,036	7,226,579	-	-	-
2,551,812	10,642,886	48,381	-	26,489,026	7,364,574	321,587	42,458	73,518
\$ 2,897,084	\$ 17,828,065	\$ 54,268	\$ -	\$ 26,489,026	\$ 7,587,210	\$ 893,299	\$ 225,349	\$ 100,750

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Schedule of Assets, Liabilities and Accumulated Net Revenues By Property**  
**June 30, 2007**

**Assets**

	Total	City-County Building and Parking Site	Arrestee Processing Center	Riverside Garage	Marion County Jail	Marion County Jail II
<b>Operating Funds</b>						
Cash and cash equivalents - general	\$ 4,385,047	\$ 1,536,342	\$ 142,639	\$ 200,997	\$ 682,620	\$ 89,297
Cash - payroll	30,969	30,969	-	-	-	-
Office imprest funds	1,600	1,600	-	-	-	-
Investments	1,260,110	335,235	-	51,328	209,919	-
	<u>5,677,726</u>	<u>1,904,146</u>	<u>142,639</u>	<u>252,325</u>	<u>892,539</u>	<u>89,297</u>
Amounts receivable for tenant alterations and improvements - completed and in process	261,193	261,193	-	-	-	-
Accounts receivable	27,450	-	-	-	-	-
Materials and supplies	279,578	279,578	-	-	-	-
Prepaid insurance and service contracts	33,886	11,370	891	1,052	5,123	-
	<u>6,279,833</u>	<u>2,456,287</u>	<u>143,530</u>	<u>253,377</u>	<u>897,662</u>	<u>89,297</u>
<b>Replacement fund (for nonrecurring general maintenance, improvements or replacements)</b>						
Cash and cash equivalents	2,036,353	1,559,045	-	197,765	279,543	-
Investments	844,910	658,939	-	67,710	118,261	-
	<u>2,881,263</u>	<u>2,217,984</u>	<u>-</u>	<u>265,475</u>	<u>397,804</u>	<u>-</u>
Subtotal	<u>9,161,096</u>	<u>4,674,271</u>	<u>143,530</u>	<u>518,852</u>	<u>1,295,466</u>	<u>89,297</u>
<b>Debt Service Funds</b>						
Cash and cash equivalents	939,027	-	14	-	-	-
Investments	3,550,167	-	688,426	-	-	632,115
	<u>4,489,194</u>	<u>-</u>	<u>688,440</u>	<u>-</u>	<u>-</u>	<u>632,115</u>
Unamortized bond issue costs	435,260	-	277,029	-	-	125,944
	<u>4,924,454</u>	<u>-</u>	<u>965,469</u>	<u>-</u>	<u>-</u>	<u>758,059</u>
<b>Building, Site and Project Costs</b>						
Land and land improvements	1,954,844	1,954,844	-	-	-	-
Buildings	104,662,840	29,679,916	7,038,708	4,855,879	19,233,254	17,501,491
Furnishings and equipment	32,785,949	800,367	5,014,276	175,199	313,752	-
	<u>139,403,633</u>	<u>32,435,127</u>	<u>12,052,984</u>	<u>5,031,078</u>	<u>19,547,006</u>	<u>17,501,491</u>
Total assets	<u>\$ 153,489,183</u>	<u>\$ 37,109,398</u>	<u>\$ 13,161,983</u>	<u>\$ 5,549,930</u>	<u>\$ 20,842,472</u>	<u>\$ 18,348,847</u>

2007

Public Safety Training Academy	Juvenile Justice Complex	New Directions Academy	Marion County Sheriff's Roll Call Site	Public Safety Communications System	Belmont Garage	Public Safety Properties	Department of Metropolitan Development Properties	Duvall Work Release Center
\$ 316,858	\$ 7,830	\$ 2,339	\$ 6,981	\$ 206,146	\$ 273,310	\$ 606,109	\$ 313,579	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
234,887	145,772	44,645	-	-	56,516	181,808	-	-
551,745	153,602	46,984	6,981	206,146	329,826	787,917	313,579	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	27,450
-	-	-	-	-	-	-	-	-
1,639	2,933	307	-	905	2,047	7,010	609	-
553,384	156,535	47,291	6,981	207,051	331,873	794,927	314,188	27,450
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
553,384	156,535	47,291	6,981	207,051	331,873	794,927	314,188	27,450
-	939,013	-	-	-	-	-	-	-
-	-	-	-	1,729,401	500,225	-	-	-
-	939,013	-	-	1,729,401	500,225	-	-	-
-	29,234	-	-	2,123	930	-	-	-
-	968,247	-	-	1,731,524	501,155	-	-	-
-	-	-	-	-	-	-	-	-
2,326,953	16,886,548	-	-	-	7,140,091	-	-	-
-	-	-	-	26,482,355	-	-	-	-
2,326,953	16,886,548	-	-	26,482,355	7,140,091	-	-	-
\$ 2,880,337	\$ 18,011,330	\$ 47,291	\$ 6,981	\$ 28,420,930	\$ 7,973,119	\$ 794,927	\$ 314,188	\$ 27,450

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Schedule of Assets, Liabilities and Accumulated Net Revenues By Property**  
**June 30, 2007**

**Liabilities and Accumulated Net Revenues**

	Total	City-County Building and Parking Site	Arrestee Processing Center	Riverside Garage	Marion County Jail	Marion County Jail II
<b>Operating Liabilities</b>						
Accounts payable	\$ 1,111,133	\$ 566,145	\$ 13,520	\$ 24,386	\$ 208,279	\$ -
Accrued salaries and wages	51,957	51,957	-	-	-	-
Accrued vacation	183,161	183,161	-	-	-	-
Accrued contribution to Indiana Public Employees Retirement Fund	31,671	31,671	-	-	-	-
Amounts withheld from employee wages	48,873	48,873	-	-	-	-
Deferred maintenance fees	838,050	-	136,200	-	-	-
Deferred credit - additional rentals applicable to the succeeding year	2,247,231	807,631	-	187,050	732,600	27,100
	<u>4,512,076</u>	<u>1,689,438</u>	<u>149,720</u>	<u>211,436</u>	<u>940,879</u>	<u>27,100</u>
<b>Bond and Note Indebtedness</b>						
Accrued interest payable	880,592	-	226,979	-	-	263,423
Deferred credit - fixed rentals applicable to the succeeding year	3,739,500	-	483,000	-	-	520,500
Serial bonds and notes payable	29,306,296	383,880	10,822,514	-	-	7,145,637
	<u>33,926,388</u>	<u>383,880</u>	<u>11,532,493</u>	<u>-</u>	<u>-</u>	<u>7,929,560</u>
<b>Accumulated Net Revenues</b>						
Operating	63,606,712	35,036,080	(6,191)	5,338,494	19,901,593	63,611
Capital and debt service	51,444,007	-	1,485,961	-	-	10,328,576
	<u>115,050,719</u>	<u>35,036,080</u>	<u>1,479,770</u>	<u>5,338,494</u>	<u>19,901,593</u>	<u>10,392,187</u>
<b>Total liabilities and accumulated net revenues</b>	<u>\$ 153,489,183</u>	<u>\$ 37,109,398</u>	<u>\$ 13,161,983</u>	<u>\$ 5,549,930</u>	<u>\$ 20,842,472</u>	<u>\$ 18,348,847</u>

2007

Public Safety Training Academy	Juvenile Justice Complex	New Directions Academy	Marion County Sheriff's Roll Call Site	Public Safety Communications System	Belmont Garage	Public Safety Properties	Department of Metropolitan Development Properties	Duval Work Release Center
\$ 43,991	\$ 72,075	\$ 3,146	\$ 6,981	\$ -	\$ 14,993	\$ 75,198	\$ 59,186	\$ 23,233
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	552,150	149,700	-
288,500	-	-	-	-	204,350	-	-	-
332,491	72,075	3,146	6,981	-	219,343	627,348	208,886	23,233
-	293,000	-	-	76,646	20,544	-	-	-
-	794,000	-	-	1,513,000	429,000	-	-	-
-	7,325,000	-	-	2,826,160	803,105	-	-	-
-	8,412,000	-	-	4,415,806	1,252,649	-	-	-
2,547,846	84,459	44,145	-	207,051	112,526	167,579	105,302	4,217
-	9,442,796	-	-	23,798,073	6,388,601	-	-	-
2,547,846	9,527,255	44,145	-	24,005,124	6,501,127	167,579	105,302	4,217
\$ 2,880,337	\$ 18,011,330	\$ 47,291	\$ 6,981	\$ 28,420,930	\$ 7,973,119	\$ 794,927	\$ 314,188	\$ 27,450

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Schedules of Net Revenues and Changes in Operating and**  
**Debt Service Funds**  
**Years Ended June 30, 2008 and 2007**

**City-County Building and Parking Site**

	2008		
	Accumulated Net Revenues	Operating Funds	
		Current Accounts	Replacement Fund
<b>Revenues</b>			
Rental income - additional	\$ 4,810,159	\$ 4,398,359	\$ 411,800
Income from investments	154,313	71,408	82,905
Miscellaneous	69,082	69,082	-
	<u>5,033,554</u>	<u>4,538,849</u>	<u>494,705</u>
<b>Operating Expenses</b>	<u>4,578,977</u>	<u>4,578,977</u>	<u>-</u>
<b>Net Revenues (Expenses) Before Other Expenses</b>	<u>454,577</u>	<u>(40,128)</u>	<u>494,705</u>
<b>Other Expenses</b>			
Interest expense	7,635	-	7,635
Nonrecurring repairs	85,300	-	85,300
	<u>92,935</u>	<u>-</u>	<u>92,935</u>
<b>Net Revenues (Expenses)</b>	361,642	(40,128)	401,770
<b>Balances, July 1</b>	<u>35,036,080</u>	<u>33,307,105</u>	<u>1,728,975</u>
<b>Balances, June 30</b>	<u>\$ 35,397,722</u>	<u>\$ 33,266,977</u>	<u>\$ 2,130,745</u>

2007		
Accumulated Net Revenues	Operating Funds	
	Current Accounts	Replacement Fund
\$ 4,619,560	\$ 4,207,760	\$ 411,800
202,274	88,137	114,137
68,612	68,612	-
<u>4,890,446</u>	<u>4,364,509</u>	<u>525,937</u>
4,426,239	4,426,239	-
<u>464,207</u>	<u>(61,730)</u>	<u>525,937</u>
17,758	-	17,758
114,188	-	114,188
<u>131,946</u>	<u>-</u>	<u>131,946</u>
332,261	(61,730)	393,991
<u>34,703,819</u>	<u>33,368,835</u>	<u>1,334,984</u>
<u>\$ 35,036,080</u>	<u>\$ 33,307,105</u>	<u>\$ 1,728,975</u>

**Indianapolis-Marion County Building Authority**  
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**Schedule of Net Revenues and Changes in Operating and  
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**Years Ended June 30, 2008 and 2007**

**Arrestee Processing Center**

	2008		
	Accumulated Net Revenues	Operating Funds	Capital and Debt Service Funds
<b>Revenues</b>			
Rental income - fixed	\$ 966,000	\$ -	\$ 966,000
Rental income - additional	272,400	272,400	-
Income from investments	15,482	320	15,162
	<u>1,253,882</u>	<u>272,720</u>	<u>981,162</u>
<b>Operating Expenses</b>	<u>258,018</u>	<u>258,018</u>	<u>-</u>
<b>Net Revenues (Expenses) Before Other Expenses</b>	<u>995,864</u>	<u>14,702</u>	<u>981,162</u>
<b>Other Expenses</b>			
Interest expense	441,188	-	441,188
Amortization of bond issue costs	13,445	-	13,445
	<u>454,633</u>	<u>-</u>	<u>454,633</u>
<b>Net Revenues (Expenses)</b>	541,231	14,702	526,529
<b>Balances, July 1</b>	1,479,770	(6,191)	1,485,961
<b>Add</b>			
Transfer of excess funds from PSCS	50,000	50,000	-
<b>Balances, June 30</b>	<u>\$ 2,071,001</u>	<u>\$ 58,511</u>	<u>\$ 2,012,490</u>

2007		
Accumulated Net Revenues	Operating Funds	Capital and Debt Service Funds
\$ 966,000	\$ -	\$ 966,000
230,200	230,200	-
16,521	309	16,212
<u>1,212,721</u>	<u>230,509</u>	<u>982,212</u>
234,910	234,910	-
<u>977,811</u>	<u>(4,401)</u>	<u>982,212</u>
454,750	-	454,750
13,445	-	13,445
<u>468,195</u>	<u>-</u>	<u>468,195</u>
509,616	(4,401)	514,017
970,154	(1,790)	971,944
-	-	-
<u>\$ 1,479,770</u>	<u>\$ (6,191)</u>	<u>\$ 1,485,961</u>

**Indianapolis-Marion County Building Authority**  
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**Riverside Garage**

	2008		
	Accumulated Net Revenues	Operating Funds	
		Current Accounts	Replacement Fund
<b>Revenues</b>			
Rental income - additional	\$ 374,100	\$ 374,100	\$ -
Income from investments	9,026	3,252	5,774
	<u>383,126</u>	<u>377,352</u>	<u>5,774</u>
<b>Operating Expenses</b>	<u>370,865</u>	<u>370,865</u>	<u>-</u>
<b>Net Revenues (Expenses) Before Other Expenses</b>	12,261	6,487	5,774
<b>Other Expenses</b>			
Nonrecurring repairs	5,291	-	5,291
	<u>6,970</u>	<u>6,487</u>	<u>483</u>
<b>Net Revenues (Expenses)</b>	6,970	6,487	483
<b>Balances, July 1</b>	5,338,494	5,073,025	265,469
Add (deduct)			
Transfer of excess funds from prior year	-	-	-
<b>Balances, June 30</b>	<u>\$ 5,345,464</u>	<u>\$ 5,079,512</u>	<u>\$ 265,952</u>

2007		
Accumulated Net Revenues	Operating Funds	
	Current Accounts	Replacement Fund
\$ 351,200	\$ 351,200	\$ -
8,617	3,467	5,150
<u>359,817</u>	<u>354,667</u>	<u>5,150</u>
354,544	354,544	-
5,273	123	5,150
<u>7,087</u>	<u>-</u>	<u>7,087</u>
(1,814)	123	(1,937)
5,340,308	5,099,126	241,182
<u>-</u>	<u>(26,224)</u>	<u>26,224</u>
<u><u>\$ 5,338,494</u></u>	<u><u>\$ 5,073,025</u></u>	<u><u>\$ 265,469</u></u>

**Indianapolis-Marion County Building Authority**  
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**Marion County Jail**

	2008		
	Accumulated Net Revenues	Operating Funds	
		Current Accounts	Replacement Fund
<b>Revenues</b>			
Rental income - additional	\$ 1,465,200	\$ 1,465,200	\$ -
Income from investments	15,734	9,496	6,238
	<u>1,480,934</u>	<u>1,474,696</u>	<u>6,238</u>
<b>Operating Expenses</b>	<u>1,549,403</u>	<u>1,549,403</u>	<u>-</u>
<b>Net Revenues (Expenses) Before Other Expenses</b>	(68,469)	(74,707)	6,238
<b>Other Expenses</b>			
Nonrecurring repairs	<u>112,601</u>	<u>-</u>	<u>112,601</u>
<b>Net Revenues (Expenses)</b>	(181,070)	(74,707)	(106,363)
<b>Balances, July 1</b>	19,901,593	19,674,548	227,045
<b>Add (deduct)</b>			
Transfer of excess funds from PSCS working balance and reserve	200,000	100,000	100,000
Transfer of excess funds from prior year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balances, June 30</b>	<u>\$ 19,920,523</u>	<u>\$ 19,699,841</u>	<u>\$ 220,682</u>

2007		
Accumulated Net Revenues	Operating Funds	
	Current Accounts	Replacement Fund
\$ 1,391,500	\$ 1,391,500	\$ -
18,137	9,207	8,930
<u>1,409,637</u>	<u>1,400,707</u>	<u>8,930</u>
1,450,451	1,450,451	-
(40,814)	(49,744)	8,930
113,839	-	113,839
(154,653)	(49,744)	(104,909)
20,056,246	19,807,110	249,136
-	-	-
-	(82,818)	82,818
<u>\$ 19,901,593</u>	<u>\$ 19,674,548</u>	<u>\$ 227,045</u>

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**Marion County Jail II**

	2008		
	Accumulated Net Revenues	Operating Fund	Capital and Debt Service Funds
<b>Revenues</b>			
Rental income - fixed	\$ 1,041,000	\$ -	\$ 1,041,000
Rental income - additional	54,200	54,200	-
Income from investments	10,776	6,950	3,826
	<u>1,105,976</u>	<u>61,150</u>	<u>1,044,826</u>
<b>Operating Expenses</b>	<u>41,588</u>	<u>41,588</u>	<u>-</u>
<b>Net Revenues (Expenses) Before Other Expenses</b>	<u>1,064,388</u>	<u>19,562</u>	<u>1,044,826</u>
<b>Other Expenses</b>			
Interest	518,379	-	518,379
Amortization of bond issue costs	20,032	-	20,032
	<u>538,411</u>	<u>-</u>	<u>538,411</u>
<b>Net Revenues (Expenses)</b>	525,977	19,562	506,415
<b>Balances, July 1</b>	<u>10,392,187</u>	<u>63,611</u>	<u>10,328,576</u>
<b>Balances, June 30</b>	<u>\$ 10,918,164</u>	<u>\$ 83,173</u>	<u>\$ 10,834,991</u>

2007

Accumulated Net Revenues	Operating Fund	Capital and Debt Service Funds
\$ 1,039,000	\$ -	\$ 1,039,000
51,000	51,000	-
11,212	1,414	9,798
1,101,212	52,414	1,048,798
44,774	44,774	-
1,056,438	7,640	1,048,798
552,649	-	552,649
20,032	-	20,032
572,681	-	572,681
483,757	7,640	476,117
9,908,430	55,971	9,852,459
\$ 10,392,187	\$ 63,611	\$ 10,328,576

**Indianapolis-Marion County Building Authority**  
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**Public Safety Training Academy**

	2008	
	Accumulated Net Revenues	Operating Funds
<b>Revenues</b>		
Rental income - additional	\$ 577,000	\$ 577,000
Income from investments	10,437	10,437
	<u>587,437</u>	<u>587,437</u>
<b>Operating Expenses</b>	<u>558,754</u>	<u>558,754</u>
<b>Net Revenues (Expenses) Before Other Expenses</b>	28,683	28,683
<b>Other Expenses</b>		
Nonrecurring repairs	24,717	24,717
	<u>24,717</u>	<u>24,717</u>
<b>Net Revenues (Expenses)</b>	3,966	3,966
<b>Balances, July 1</b>	<u>2,547,846</u>	<u>2,547,846</u>
<b>Balances, June 30</b>	<u>\$ 2,551,812</u>	<u>\$ 2,551,812</u>

Note: A cumulative amount of \$186,459 has been designated for major repairs. The amount represents excess funds accumulated from fiscal year ended June 30, 1989 through the current year end date.

2007

<u>Accumulated Net Revenues</u>	<u>Operating Funds</u>
\$ 524,800	\$ 524,800
<u>22,581</u>	<u>22,581</u>
547,381	547,381
<u>555,833</u>	<u>555,833</u>
(8,452)	(8,452)
<u>286,261</u>	<u>286,261</u>
(294,713)	(294,713)
<u>2,842,559</u>	<u>2,842,559</u>
<u>\$ 2,547,846</u>	<u>\$ 2,547,846</u>

**Indianapolis-Marion County Building Authority**  
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**Juvenile Justice Complex**

	2008		
	Accumulated Net Revenues	Operating Funds	Capital and Debt Service Funds
<b>Revenues</b>			
Rental income - fixed	\$ 1,588,000	\$ -	\$ 1,588,000
Rental income - additional	954,300	954,300	-
Income from investments	23,763	7,985	15,778
	<u>2,566,063</u>	<u>962,285</u>	<u>1,603,778</u>
<b>Operating Expenses</b>	<u>967,975</u>	<u>959,625</u>	<u>8,350</u>
<b>Net Revenues (Expenses) Before Other Expenses</b>	<u>1,598,088</u>	<u>2,660</u>	<u>1,595,428</u>
<b>Other Expenses</b>			
Interest	546,000	-	546,000
Amortization of bond issue costs	8,729	-	8,729
Nonrecurring repairs	27,728	27,728	-
	<u>582,457</u>	<u>27,728</u>	<u>554,729</u>
<b>Net Revenues (Expenses)</b>	1,015,631	(25,068)	1,040,699
<b>Balances, July 1</b>	9,527,255	84,459	9,442,796
Add (deduct)			
Transfer of excess funds from PSCS	100,000	100,000	-
<b>Balances, June 30</b>	<u>\$ 10,642,886</u>	<u>\$ 159,391</u>	<u>\$ 10,483,495</u>

Note: A cumulative amount of \$129,675 has been designated for major repairs. This amount represents excess funds accumulated from fiscal year ended June 30, 1990 through the current year end date.

**2007**

<b>Accumulated Net Revenues</b>	<b>Operating Funds</b>	<b>Capital and Debt Service Funds</b>
\$ 1,588,000	\$ -	\$ 1,588,000
910,945	910,945	-
27,332	9,268	18,064
<u>2,526,277</u>	<u>920,213</u>	<u>1,606,064</u>
952,331	944,591	7,740
<u>1,573,946</u>	<u>(24,378)</u>	<u>1,598,324</u>
623,000	-	623,000
10,174	-	10,174
32,819	32,819	-
<u>665,993</u>	<u>32,819</u>	<u>633,174</u>
907,953	(57,197)	965,150
8,619,302	141,656	8,477,646
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,527,255</u>	<u>\$ 84,459</u>	<u>\$ 9,442,796</u>

**Indianapolis-Marion County Building Authority**  
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**New Directions Academy**

	<b>Accumulated Net Revenues</b>	
	<b>2008</b>	<b>2007</b>
<b>Revenues</b>		
Income from investments	\$ 1,671	\$ 1,841
Maintenance fees	102,000	78,900
	103,671	80,741
 <b>Operating Expenses</b>	 99,435	 80,566
 <b>Net Revenues (Expenses)</b>	 4,236	 175
 <b>Balances, July 1</b>	 44,145	 43,970
 <b>Balances, June 30</b>	 \$ 48,381	 \$ 44,145

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**Marion County Sheriff's Roll Call Site**

	<b>Accumulated Net Revenues</b>	
	<b>2008</b>	<b>2007</b>
<b>Revenues</b>		
Income from investments	\$ -	\$ -
Maintenance fees	-	30,200
	-	30,200
<b>Operating Expenses</b>	-	46,052
<b>Net Revenues (Expenses)</b>	-	(15,852)
<b>Balances, July 1</b>	-	15,852
<b>Balances, June 30</b>	\$ -	\$ -

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**Public Safety Communication System (PSCS)**

	2008		
	Accumulated Net Revenues	Operating Fund	Capital and Debt Service Funds
<b>Revenues</b>			
Rental income - fixed	\$ 3,026,000	\$ -	\$ 3,026,000
Rental income - additional	31,500	31,500	-
Income from investments	52,546	2,316	50,230
	<u>3,110,046</u>	<u>33,816</u>	<u>3,076,230</u>
<b>Operating Expenses</b>	<u>38,380</u>	<u>34,380</u>	<u>4,000</u>
<b>Net Revenues (Expenses) Before Other Expenses</b>	<u>3,071,666</u>	<u>(564)</u>	<u>3,072,230</u>
<b>Other Expenses</b>			
Interest	107,304	-	107,304
Amortization of bond issue costs	5,963	-	5,963
	<u>113,267</u>	<u>-</u>	<u>113,267</u>
<b>Net Revenues (Expenses)</b>	2,958,399	(564)	2,958,963
<b>Balances, July 1</b>	24,005,124	207,051	23,798,073
Deduct			
Transfer of excess funds from PSCS	<u>(474,497)</u>	<u>(474,497)</u>	<u>-</u>
<b>Balances, June 30</b>	<u>\$ 26,489,026</u>	<u>\$ (268,010)</u>	<u>\$ 26,757,036</u>

2007		
Accumulated Net Revenues	Operating Fund	Capital and Debt Service Funds
\$ 3,026,000	\$ -	\$ 3,026,000
31,500	31,500	-
58,678	3,029	55,649
<u>3,116,178</u>	<u>34,529</u>	<u>3,081,649</u>
47,698	29,359	18,339
<u>3,068,480</u>	<u>5,170</u>	<u>3,063,310</u>
290,613	-	290,613
12,333	-	12,333
<u>302,946</u>	<u>-</u>	<u>302,946</u>
2,765,534	5,170	2,760,364
21,239,590	201,881	21,037,709
-	-	-
<u>\$ 24,005,124</u>	<u>\$ 207,051</u>	<u>\$ 23,798,073</u>

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**Belmont Garage**

	2008			
	Accumulated Net Revenues	Operating Funds		Capital and Debt Service Funds
		Current Accounts	Replacement Fund	
<b>Revenues</b>				
Rental income - fixed	\$ 858,000	\$ -	\$ -	\$ 858,000
Rental income - additional	408,700	408,700	-	-
Income from investments	18,365	3,800	-	14,565
	<u>1,285,065</u>	<u>412,500</u>	<u>-</u>	<u>872,565</u>
<b>Operating Expenses</b>	<u>383,356</u>	<u>380,356</u>	<u>-</u>	<u>3,000</u>
<b>Net Revenues (Expenses) Before</b>				
<b>Other Expenses</b>	<u>901,709</u>	<u>32,144</u>	<u>-</u>	<u>869,565</u>
<b>Other Expenses</b>				
Interest	28,762	-	-	28,762
Amortization of bond issue costs	2,825	-	-	2,825
Nonrecurring repairs	6,675	24,069	(17,394)	-
	<u>38,262</u>	<u>24,069</u>	<u>(17,394)</u>	<u>31,587</u>
<b>Net Revenues (Expenses)</b>	863,447	8,075	17,394	837,978
<b>Balances, July 1</b>	6,501,127	104,266	8,260	6,388,601
<b>Add (deduct)</b>				
Transfer of excess funds from prior year	<u>-</u>	<u>(24,069)</u>	<u>24,069</u>	<u>-</u>
<b>Balances, June 30</b>	<u>\$ 7,364,574</u>	<u>\$ 88,272</u>	<u>\$ 49,723</u>	<u>\$ 7,226,579</u>

2007

Accumulated Net Revenues	Operating Funds		Capital and Debt Service Funds
	Current Accounts	Replacement Fund	
\$ 858,000	\$ -	\$ -	\$ 858,000
380,600	380,600	-	-
19,885	3,688	-	16,197
<u>1,258,485</u>	<u>384,288</u>	<u>-</u>	<u>874,197</u>
366,546	360,497	-	6,049
<u>891,939</u>	<u>23,791</u>	<u>-</u>	<u>868,148</u>
76,281	-	-	76,281
7,664	-	-	7,664
4,916	22,318	(17,402)	-
<u>88,861</u>	<u>22,318</u>	<u>(17,402)</u>	<u>83,945</u>
803,078	1,473	17,402	784,203
5,698,049	125,111	(31,460)	5,604,398
<u>-</u>	<u>(22,318)</u>	<u>22,318</u>	<u>-</u>
<u>\$ 6,501,127</u>	<u>\$ 104,266</u>	<u>\$ 8,260</u>	<u>\$ 6,388,601</u>

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**Public Safety Properties**

	<b>Accumulated Net Revenues</b>	
	<b>2008</b>	<b>2007</b>
<b>Revenues</b>		
Maintenance fees	\$ 1,160,217	\$ 965,000
Income from investments	12,003	10,296
	<u>1,172,220</u>	<u>975,296</u>
 <b>Operating Expenses</b>	 <u>1,139,187</u>	 <u>996,941</u>
 <b>Net Revenues (Expenses) Before Other Expenses</b>	 33,033	 (21,645)
 <b>Other Expenses</b>		
Nonrecurring repairs	3,522	(66,143)
	<u>3,522</u>	<u>(66,143)</u>
 <b>Net Revenues (Expenses)</b>	 29,511	 44,498
 <b>Balances, July 1</b>	 167,579	 123,081
 Add (deduct)		
Transfer of excess funds from PSCS	124,497	-
	<u>124,497</u>	<u>-</u>
 <b>Balances, June 30</b>	 <u>\$ 321,587</u>	 <u>\$ 167,579</u>

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**Department of Metropolitan Development Properties**

	<b>Accumulated Net Revenues</b>	
	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Maintenance fees	\$ 282,725	\$ 299,400
Interest income	-	-
	<u>282,725</u>	<u>299,400</u>
<b>Operating Expenses</b>	<u>345,569</u>	<u>293,142</u>
<b>Net Revenues (Expenses)</b>	(62,844)	6,258
<b>Balances, July 1</b>	<u>105,302</u>	<u>99,044</u>
<b>Balances, June 30</b>	<u>\$ 42,458</u>	<u>\$ 105,302</u>

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**Duvall Work Release Center**

	<b>Accumulated Net Revenues</b>	
	<b>2008</b>	<b>2007</b>
<b>Revenues</b>		
Maintenance fees	\$ 354,400	\$ 27,450
<b>Operating Expenses</b>	<u>285,099</u>	<u>23,233</u>
<b>Net Revenues (Expenses)</b>	69,301	4,217
<b>Balances, July 1</b>	<u>4,217</u>	<u>-</u>
<b>Balances, June 30</b>	<u><u>\$ 73,518</u></u>	<u><u>\$ 4,217</u></u>

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Analysis of Building, Site and Project Costs**  
**June 30, 2008**

	<b>2008</b>
<b>City-County Building</b>	
Building construction and site costs	\$ 25,952,752
Architectural and engineering costs	1,182,685
Furnishings and equipment	800,367
General and administrative costs	817,302
Maintenance and operations costs	354,011
Financing costs	
Interest on Governmental Building Bonds, October 1, 1959 - July 31, 1962	\$ 3,726,562
Income on investments	<u>(2,510,884)</u>
	1,215,678
Legal advice and counsel	116,354
Other	<u>41,134</u>
Total	<u><u>\$ 30,480,283</u></u>
 <b>Parking Site</b>	
Land purchase costs	\$ 1,781,692
Parking lot improvements	166,652
Miscellaneous	<u>6,500</u>
Total	<u><u>\$ 1,954,844</u></u>
 <b>Arrestee Processing Center</b>	
Building construction and site costs	\$ 4,198,350
Architectural and engineering costs	631,444
Consultation and advisory services	990,731
Furnishings and equipment	5,014,276
General and administrative costs	153,305
Maintenance and operations costs	261,267
Financing costs	
Interest on APC Bonds of 2003	\$ 263,455
Interest on APC Anticipation Notes of 2003	61,616
Amortization of bond issue costs	<u>2,170</u>
	327,241
Income on investments	<u>(54,426)</u>
	272,815
Legal advice and counsel	144,690
Other legal	290,611
Other	<u>95,495</u>
Total	<u><u>\$ 12,052,984</u></u>

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Analysis of Building, Site and Project Costs**  
**June 30, 2008**

		<u>2008</u>
<b>Riverside Garage</b>		
Building construction costs		\$ 4,238,662
Architectural and engineering costs		194,249
Consultation and advisory services		13,734
Financing costs		
Interest on Garage Building Bonds of 1983	\$ 495,775	
Amortization of bond issue costs	4,841	
	<u>500,616</u>	
Income on investments	<u>(303,657)</u>	196,959
Legal advice and counsel		28,495
Furnishings and equipment		175,199
Other		<u>183,780</u>
Total		<u>\$ 5,031,078</u>
<b>Marion County Jail</b>		
Building construction costs		\$ 14,730,950
Architectural and engineering costs		1,055,499
Consultation and advisory services		47,265
Financing costs		
Interest on Jail Building Bonds of 1983	\$ 4,594,670	
Amortization of bond issue costs	18,892	
	<u>4,613,562</u>	
Investment activity		
Interest income	2,967,961	
Amortization of premium or discount	<u>(371,840)</u>	2,017,441
	<u>2,596,121</u>	136,012
Legal advice and counsel		313,752
Furnishings and equipment		427,762
Other		<u>18,728,681</u>
Building renovation costs - net of investment income of \$170,159		<u>2,818,325</u>
		21,547,006
Federal grant through Marion County		<u>(2,000,000)</u>
Total		<u>\$ 19,547,006</u>

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Analysis of Building, Site and Project Costs**  
**June 30, 2008**

		<b>2008</b>
<b>Marion County Jail II</b>		
Building construction costs		\$ 16,833,922
Financing costs		
Interest on Jail Building Bonds of 1997	\$ 1,061,000	
Amortization of discount	23,712	
Amortization of bond issue cost	46,402	
Investment income, net of amortization of premiums and discounts	(463,545)	
		667,569
Total		\$ 17,501,491
 <b>Public Safety Training Academy</b>		
Building renovation costs		\$ 1,966,556
Architectural and engineering costs		159,521
Financing costs		
Interest on Training Academy Bonds of 1988	\$ 147,550	
Amortization of bond issue costs	11,649	
Investment income, net of amortization of premiums and discounts	(96,437)	
		62,762
Legal advice and counsel		4,877
Other costs		133,237
Total		\$ 2,326,953
 <b>Juvenile Justice Complex</b>		
Building construction costs		\$ 13,478,236
Project management costs		50,508
Architectural and engineering costs		1,105,574
Financing costs		
Interest on Detention Center Bonds of 1988	\$ 2,632,706	
Amortization of bond issue costs	75,855	
Investment income, net of amortization of premiums and discounts	(1,263,116)	
		1,445,445
Legal advice and counsel		19,381
Other costs		787,404
Total		\$ 16,886,548

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Analysis of Building, Site and Project Costs**  
**June 30, 2008**

		2008
<b>Public Safety Communications System</b>		
Equipment costs		\$ 24,352,994
Financing costs		
Interest on Public Safety Communications System Bonds of 1990	\$ 2,977,373	
Amortization of discount	16,509	
Amortization of bond issue costs	113,243	
Investment income, net of amortization of premiums and discounts	(1,103,820)	
Fixed rental paid in advance	(150,000)	
		1,853,305
Other costs		276,056
Total		\$ 26,482,355
 <b>Belmont Garage</b>		
Building construction costs		\$ 6,253,781
Financing costs		
Interest on Belmont Garage Bonds of 1991	\$ 714,461	
Amortization of discount	31,252	
Amortization of bond issue costs	47,043	
Investment income, net of amortization of premiums and discounts	(363,113)	
		429,643
Other costs		456,667
Total		\$ 7,140,091

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Analysis of Operating Fund Expenses - Current Accounts**  
**Years Ended June 30, 2008 and 2007**

	Totals		City-County Bldg. and Parking Site	
	2008	2007	2008	2007
Administrative	\$ 4,616	\$ 3,800	\$ 1,294	\$ 1,000
Air conditioning and heating - repairs and maintenance	1,060,635	917,699	448,323	379,253
Tenant alterations, (direct purchases and labor charges only)	654,934	1,020,560	654,934	1,020,560
Building Authority office	478,479	490,875	224,115	252,766
Custodial	1,659,941	1,607,534	986,829	925,027
Electrical system - repairs and maintenance	370,389	386,528	85,710	124,507
Elevators	216,494	212,069	163,272	160,399
Furnishings	48,300	33,982	38,952	23,605
Groundskeeping	382,094	354,592	68,848	69,903
General building expense	711,347	656,473	272,682	261,959
Parking lot maintenance	10,423	11,786	10,423	11,786
Insurance	1,008,666	1,004,216	249,402	377,400
Occupant service	28,555	18,439	28,495	17,742
Plumbing - repairs and maintenance	140,808	156,500	40,438	66,527
Professional services	135,064	92,664	76,848	45,703
Public service	97,445	93,925	97,445	93,925
Painting and decorating	143,154	113,771	60,652	31,701
Security	2,774	1,773	-	-
Structural maintenance	208,401	198,219	59,541	62,857
Utilities				
Electricity	2,178,393	2,151,108	1,078,943	1,130,155
Steam	423,649	340,077	217,600	161,058
Gas	400,850	360,315	-	-
Water, sewer and other	376,027	315,265	65,324	64,612
Telephone service	31,136	30,885	19,797	19,410
Garage	10,622	9,799	160	509
Payroll taxes and retirement plan contributions	459,063	279,291	269,953	144,888
	<u>11,242,259</u>	<u>10,862,145</u>	<u>5,219,980</u>	<u>5,447,252</u>
Revenue for tenant alterations	(641,003)	(1,021,013)	(641,003)	(1,021,013)
<b>Totals</b>	<u>\$ 10,601,256</u>	<u>\$ 9,841,132</u>	<u>\$ 4,578,977</u>	<u>\$ 4,426,239</u>

Arrestee Processing				Marion County				Public Safety	
Center		Riverside Garage		Marion County Jail		Jail II		Training Academy	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513	\$ 344
10,092	8,306	29,480	31,721	198,922	196,818	-	-	55,155	59,651
-	-	-	-	-	-	-	-	-	-
24,093	25,424	16,946	15,801	57,399	59,663	-	-	31,258	28,433
40,208	42,299	46,652	46,037	29,518	33,133	-	-	97,125	95,214
9,680	9,024	21,043	20,895	67,794	72,726	-	-	24,434	21,713
5,652	4,980	1,683	1,652	26,887	26,893	-	-	1,339	1,315
-	-	-	-	-	275	-	-	2,949	4,834
2,498	2,833	9,233	9,810	17,122	18,429	-	-	24,670	27,207
26,377	14,093	25,028	23,824	74,764	76,390	41,588	44,774	32,865	35,254
-	-	-	-	-	-	-	-	-	-
25,904	22,333	54,139	46,632	195,469	174,325	-	-	83,845	72,671
-	-	-	-	-	-	-	-	60	-
5,499	4,272	4,712	4,049	27,024	26,375	-	-	11,965	12,472
4,040	3,705	6,346	6,173	17,115	16,330	-	-	5,563	6,451
-	-	-	-	-	-	-	-	-	-
1,805	1,470	7,800	8,131	18,025	24,297	-	-	13,841	13,778
-	-	-	-	-	-	-	-	-	-
6,298	6,220	10,812	10,136	48,893	45,520	-	-	17,100	16,490
-	-	-	-	-	-	-	-	-	-
60,303	58,436	61,237	60,219	314,254	307,328	-	-	74,282	86,015
-	-	-	-	206,049	179,019	-	-	-	-
24,411	23,085	52,871	52,323	-	-	-	-	46,663	46,639
6,213	4,556	2,591	2,206	196,867	150,306	-	-	10,029	7,678
45	24	-	-	1,851	2,024	-	-	3,398	3,374
-	-	5,792	4,335	-	-	-	-	-	-
4,900	3,850	14,500	10,600	51,450	40,600	-	-	21,700	16,300
258,018	234,910	370,865	354,544	1,549,403	1,450,451	41,588	44,774	558,754	555,833
-	-	-	-	-	-	-	-	-	-
<u>\$ 258,018</u>	<u>\$ 234,910</u>	<u>\$ 370,865</u>	<u>\$ 354,544</u>	<u>\$ 1,549,403</u>	<u>\$ 1,450,451</u>	<u>\$ 41,588</u>	<u>\$ 44,774</u>	<u>\$ 558,754</u>	<u>\$ 555,833</u>

**Indianapolis-Marion County Building Authority**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Analysis of Operating Fund Expenses - Current Accounts**  
**Years Ended June 30, 2008 and 2007**

	Juvenile		New Directions		Sheriff's	
	Justice Complex		Academy		Roll Call Site	
	2008	2007	2008	2007	2008	2007
Administrative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Air conditioning and heating - repairs and maintenance	113,104	104,597	12,592	11,254	-	2,667
Tenant alterations, (direct purchases and labor charges only)	-	-	-	-	-	-
Building Authority office	34,483	40,408	4,173	4,248	-	2,717
Custodial	211,373	229,446	17,836	501	-	4,835
Electrical system - repairs and maintenance	28,239	32,674	7,625	6,016	-	1,625
Elevators	5,477	5,369	-	-	-	-
Furnishings	1,931	-	-	-	-	-
Groundskeeping	15,264	16,737	1,594	3,195	-	833
General building expense	50,468	60,019	3,163	5,323	-	2,058
Parking lot maintenance	-	-	-	-	-	-
Insurance	105,736	91,902	15,035	13,637	-	4,725
Occupant service	-	697	-	-	-	-
Plumbing - repairs and maintenance	15,736	14,772	2,300	2,487	-	748
Professional services	5,500	5,500	412	410	-	600
Public service	-	-	-	-	-	-
Painting and decorating	12,453	13,017	1,000	1,100	-	848
Security	338	107	-	-	-	-
Structural maintenance	18,126	18,793	3,231	3,622	-	1,280
Utilities						
Electricity	169,077	167,443	15,060	14,830	-	5,985
Steam	-	-	-	-	-	-
Gas	108,238	90,481	10,157	10,207	-	12,829
Water, sewer and other	33,071	29,094	1,142	722	-	2,667
Telephone service	2,798	3,122	15	14	-	-
Garage	1,613	513	-	-	-	382
Payroll taxes and retirement plan contributions	26,600	19,900	4,100	3,000	-	1,253
	<u>959,625</u>	<u>944,591</u>	<u>99,435</u>	<u>80,566</u>	<u>-</u>	<u>46,052</u>
Revenue for tenant alterations	-	-	-	-	-	-
Totals	<u>\$ 959,625</u>	<u>\$ 944,591</u>	<u>\$ 99,435</u>	<u>\$ 80,566</u>	<u>\$ -</u>	<u>\$ 46,052</u>

Communication System		Belmont Garage		Safety Properties		of Metropolitan Develop. Props.		Duvall Work Release Center	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
\$ 1,000	\$ 1,000	\$ 1,809	\$ 1,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	37,364	30,491	119,428	88,216	5,260	4,725	30,915	-
-	-	-	-	-	-	-	-	-	-
1,500	1,500	16,524	14,892	44,571	37,387	8,025	7,636	15,392	-
-	-	38,701	36,560	180,443	174,741	9,970	19,741	1,286	-
-	-	20,443	19,544	75,446	63,359	10,862	14,445	19,113	-
-	-	120	120	7,566	6,167	4,498	5,174	-	-
-	-	-	-	4,421	5,268	-	-	47	-
-	-	5,087	4,777	47,619	45,925	189,289	154,943	870	-
-	-	30,743	27,434	46,111	48,627	80,437	56,688	27,121	30
-	-	-	-	-	-	-	-	-	-
24,885	26,859	55,535	48,771	138,151	107,449	20,336	17,512	40,229	-
-	-	-	-	-	-	-	-	-	-
-	-	4,677	4,575	17,688	15,175	4,068	4,463	6,701	585
6,995	-	6,363	4,400	3,598	3,328	77	64	2,207	-
-	-	-	-	-	-	-	-	-	-
-	-	8,101	8,138	11,718	10,454	1,559	837	6,200	-
-	-	-	-	2,436	1,666	-	-	-	-
-	-	5,994	5,396	24,077	22,397	6,444	2,962	7,885	2,546
-	-	60,116	58,733	267,877	243,833	-	24	77,244	18,107
-	-	-	-	-	-	-	-	-	-
-	-	33,656	43,105	91,708	79,805	-	13	33,146	1,828
-	-	38,261	38,791	16,422	14,512	-	(16)	6,107	137
-	-	1,040	977	912	909	1,244	1,031	36	-
-	-	2,322	2,237	735	1,823	-	-	-	-
-	-	13,500	10,100	38,260	25,900	3,500	2,900	10,600	-
34,380	29,359	380,356	360,497	1,139,187	996,941	345,569	293,142	285,099	23,233
-	-	-	-	-	-	-	-	-	-
<u>\$ 34,380</u>	<u>\$ 29,359</u>	<u>\$ 380,356</u>	<u>\$ 360,497</u>	<u>\$ 1,139,187</u>	<u>\$ 996,941</u>	<u>\$ 345,569</u>	<u>\$ 293,142</u>	<u>\$ 285,099</u>	<u>\$ 23,233</u>

## **Other Information**

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

To the Board of Directors  
Indianapolis-Marion County Building Authority

We have audited the special-purpose financial statements of the Indianapolis-Marion County Building Authority (Authority) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 21, 2008. We conducted our audit in accordance with 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.

**Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with the Authority's basis of accounting such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

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

## Compliance and Other Matters

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

We also noted certain additional matters that we reported to the Authority's management in a separate letter dated November 21, 2008.

This report is intended solely for the information and use of the governing body, management and others within the Authority, the City of Indianapolis and Marion County and bondholders and is not intended to be and should not be used by anyone other than these specified parties.

BKD LLP

Indianapolis, Indiana  
November 21, 2008



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

As part of our audit of the financial statements of the Indianapolis-Marion County Building Authority (Authority) as of and for the year ended June 30, 2008, we wish to communicate the following to you.

## **AUDIT SCOPE AND RESULTS**

### **Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America**

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

### **Qualitative Aspects of Significant Accounting Policies and Practices**

#### ***Significant Accounting Policies***

The Authority's significant accounting policies are described in Note 1 of the audited financial statements. There were no significant changes to the Authority's accounting policies during the year.

#### ***Alternative Accounting Treatments***

We did not have any discussions with management regarding alternative accounting treatments under the Authority's basis of accounting as described in Note 1 of the audited financial statements.

#### ***Management Judgments and Accounting Estimates***

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. There are no significant estimates included in the Authority's financial statements.

### ***Financial Statement Disclosures***

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Note 2: Deposits, Investments and Investment Income
- Note 3: Retirement Plan

### **Audit Adjustments**

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

There were no adjustments proposed during the audit.

Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

### **Auditor's Judgments About the Quality of the Entity's Accounting Principles**

During the course of the audit, we made the following observations regarding the Authority's application of accounting principles:

The Authority does not prepare its financial statements in accordance with accounting principles generally accepted in the United States of America. Instead, the Authority reports in conformity with its interpretation of the statute under which the Authority was created and provisions of trust indentures and loan agreements executed for the benefit of holders of Authority bonds and notes. These practices differ from accounting principles generally accepted in the United States of America in that: (1) the leases with the participating governments are treated as operating leases rather than as direct financing leases; (2) depreciation is not provided; (3) costs of subsequent building improvements, equipment additions, and major items of repairs and replacements ordinarily capitalized are expensed; and (4) no statement of cash flows is presented.

Additionally, the Authority has not adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which establishes financial reporting standards for state and local governments. Accordingly, the Authority does not provide financial statements in the formats prescribed by this standard, nor does it provide a management's discussion and analysis as required supplementary information.

### **Other Material Written Communications**

The only other material written communication between management and us related to the audit was the management representation letter, a copy of which is attached.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements of Indianapolis-Marion County Building Authority (Authority) as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control. As such, our consideration of internal controls would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements of the Authority's financial statements on a timely basis. A control deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective is not always met. A control deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with the Authority's basis of accounting such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal controls.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Authority's financial statements will not be prevented or detected by the Authority's internal controls.

We observed the following matters that we consider to be control deficiencies, significant deficiencies or material weaknesses. Previously, we made observations as a result of our 2007 audit engagement in a letter dated November 20, 2007.

### **Material Weaknesses**

No matters are reportable.

### **Significant Deficiencies**

No matters are reportable.

## **Other Control Deficiencies**

### ***Payroll***

During our audit, we noted the Human Resources (HR) Specialist has access to enter information into Paychex online system, as well as the responsibility to record and monitor transactions in the general ledger. This presents the risk that the HR Specialist could create a fictitious employee, make an entry to generate a payment and post an entry to conceal the defalcation. A number of compensating controls exist to mitigate this risk. For example, the General Manager must approve all new hires and the Finance Director performs a detailed review of all payroll information before submission to Paychex. The Finance Director also compares the final amounts from Paychex to what she initially reviewed. Additionally, Paychex signs all checks on behalf of the Authority; manual checks are never issued.

To further improve controls, we recommend eliminating the HR Specialist's ability to post directly to the general ledger and suggest that the Paychex report be delivered to someone without duties in the payroll cycle who would be responsible for verifying that the final check amounts agree to the amounts initially approved.

## **OTHER MATTERS**

Although not considered material weaknesses, significant deficiencies or other control deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting controls and the financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements if you require.

### **Enhancement of Payroll Controls**

In the payroll function, we noted that management does not review any type of a "change report" from Paychex. The system does automatically print a "new hire" report that is currently being reviewed by the Finance Director. The review of the new hire report does lower the risk of a fictitious employee being created in the payroll system, but without the review of a payroll change report, an employee wage or withholding change may go undetected. BKD recommends that a change report be obtained from Paychex on a regular basis and be reviewed by someone other than the HR Director.

### **Information Technology (IT)**

Management currently performs no due diligence procedures on third-party IT service providers during the period they retain the ability to access Authority information systems. BKD recommends that the Authority implement a process for periodic monitoring of third-party access to information systems to identify and track the frequency and nature of third-party activity.

This communication is intended solely for the information and use of management, the Board of Directors and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*BK D LLP*

November 21, 2008

**Indianapolis-Marion County Building Authority  
ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets	150,381,847		150,381,847	
Total Liabilities	(29,194,731)		(29,194,731)	
Net Revenues	(121,187,116)		(121,187,116)	
Revenues & Income	(18,719,099)		(18,719,099)	
Costs & Expenses	12,582,702	(92,942)	12,489,760	-0.74%
Net Increase	(6,136,397)	(92,942)	(6,229,339)	1.51%





**INDIANAPOLIS-MARION COUNTY**

**BUILDING AUTHORITY**

(317) 327-4343  
FAX (317) 327-4388

311 CITY-COUNTY BUILDING 200 E. WASHINGTON STREET  
INDIANAPOLIS, INDIANA 46204

November 21, 2008

**BKD, LLP**

Certified Public Accountants  
201 North Illinois Street, Suite 700  
Indianapolis, IN 46204

We are providing this letter in connection with your audits of our financial statements as of and for the years ended June 30, 2008 and 2007. We confirm that we are responsible for the fair presentation of the special purpose financial statements in conformity with the interpretation of the statute under which it was created and provisions of trust indentures and loan agreements executed for the benefit of holders of authority bonds and notes. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. The financial statements referred to above are fairly presented in conformity with the interpretation of the statute under which the Authority was created and provisions of trust indentures and loan agreements executed for the benefit of holders of Authority bonds and notes, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
2. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
3. We have made available to you:
  - (a) All financial records and related data.
  - (b) All minutes of meetings of the governing body held through the date of this letter.

(c) All significant contracts and grants.

4. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:

(a) Misappropriation of assets.

(b) Misrepresented or misstated assets, liabilities or net assets.

5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

7. We have no knowledge of any known or suspected:

(a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

(b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, customers, regulators, suppliers or others.

9. Except as reflected in the financial statements, there are no:

(a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

(b) Material transactions omitted or improperly recorded in the financial statements.

(c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

(d) Events occurring subsequent to the balance sheet date requiring adjustment or disclosure in the financial statements.

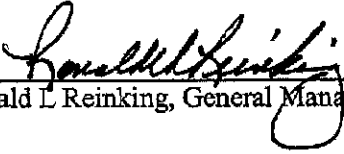
(e) Related party transactions, balances, arrangements or guarantees.

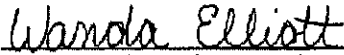
(f) Agreements to purchase assets previously sold.

- (g) Violations of law, regulations, contracts, grants or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.
  - (h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion.
  - (i) Restrictions on cash balances or compensating balance agreements.
  - (j) Guarantees, whether written or oral, under which the Authority is contingently liable.
10. Adequate provisions and allowances have been accrued for any material losses from:
- (a) Uncollectible receivables.
  - (b) Reducing obsolete or excess inventories to estimated net realizable value.
  - (c) Purchase commitments in excess of normal requirements or above prevailing market prices.
11. Except as disclosed in the financial statements, we have:
- (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
  - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
12. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
13. With regard to deposit and investment activities:
- (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
  - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

14. With respect to any nonattest services you have provided us during the year, including assistance with the preparation of the financial statements:
  - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
  - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
15. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
16. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
17. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
18. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
19. We have a process to track the status of audit findings and recommendations.
20. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
21. The required supplementary information required by the Governmental Accounting Standards Board, consisting of pension information (schedule of funding progress), has been prepared and is presented in conformity with the applicable GASB pronouncements. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using

the same methods and assumptions as were used in the preparation of the financial statements. There has been no change from the preceding period in the methods of measurement and presentation.

  
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Ronald L Reinking, General Manager

  
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Wanda Elliott, Finance Director