



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B45409

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

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

October 13, 2015

Mr. Matthew Kimmick
City of Indianapolis Controller
200 East Washington St., Suite 2222
Indianapolis, IN 46204

We have reviewed both the Annual Financial and Single Audit (as required by OMB Circular A-133) audit reports prepared by BKD LLP, Independent Public Accountants, for the period January 1, 2013 to December 31, 2013. In our opinion, the audit reports were 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 Annual Financial Report present fairly the financial condition of the City of Indianapolis, as of December 31, 2013, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the Single Audit Report on pages 12-14. These are findings over internal control over financial reporting that are required in accordance with *Government Auditing Standards*. Finding 2013-001 is a material weakness and Findings 2013-002 and 2013-003 are significant deficiencies and are referenced in the Independent Auditor's 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* which is included in the Single Audit Report.

The Independent Public Accountants' reports are filed with this letter in our office as a matter of public record.

Handwritten signature of Paul D. Joyce in blue ink.

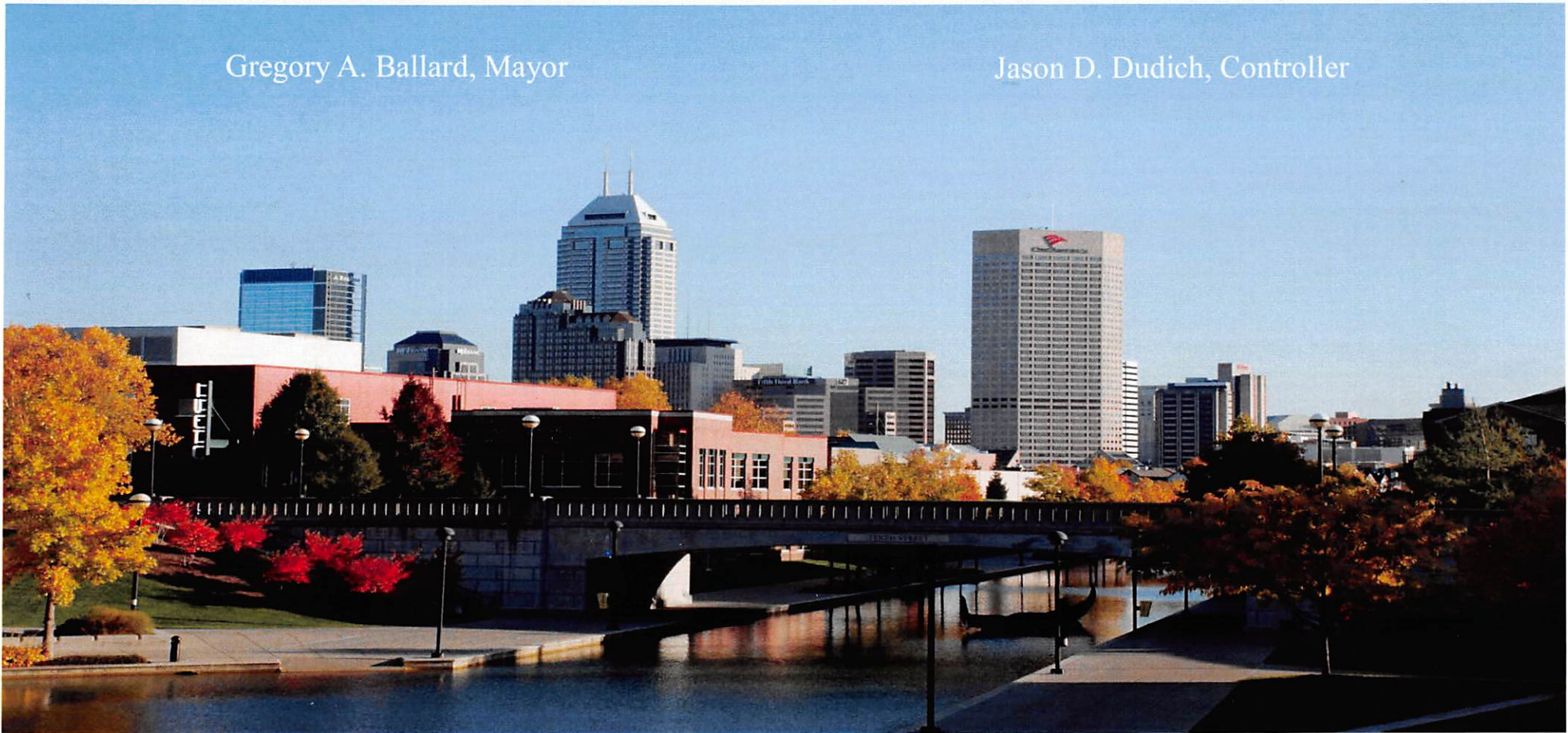
Paul D. Joyce, CPA
State Examiner

Comprehensive Annual Financial Report

Year Ended December 31, 2013

Gregory A. Ballard, Mayor

Jason D. Dudich, Controller



City of Indianapolis, Indiana

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

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

City of Indianapolis, Indiana

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

Year Ended December 31, 2013

Office of Finance and Management

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Introductory Section

June 30, 2014

To the Honorable Mayor Greg Ballard, Members of the City-County Council, and Citizens of Indianapolis, Indiana:

I submit to you the Comprehensive Annual Financial Report (“CAFR”) of the City of Indianapolis (“City”) for the fiscal year ended December 31, 2013. The City is a component unit of the Consolidated City of Indianapolis – Marion County Reporting Entity. This report was prepared by the Office of Finance and Management (“OFM”). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Controller of the City of Indianapolis. The data, as presented, is accurate in all material respects. It is presented in a manner designed to set forth the financial position and results of operations of the City. Disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial affairs are included.

The CAFR conforms to the standards for financial reporting of the Governmental Accounting Standards Board (“GASB”) and the Government Finance Officers Association of the United States and Canada (“GFOA”). There are three main sections to this report. The Introductory Section includes this letter, the Certificate of Achievement for Excellence in Financial Reporting, a description of the government and related taxing districts, a list of elected officials, and the City’s organizational charts. The Financial Section includes the independent auditor’s report, management’s discussion and analysis (“MD&A”), the basic financial statements for the City, and supplementary information. The Statistical Section includes selected financial and demographic information presented on a multiyear basis. The MD&A can be found beginning on page 4.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor’s reports on internal control and compliance with applicable laws and regulations, is included in a separate report.

This report contains all funds of the City. The City operates under an elected Mayor and City-County Council (29 members) form of government. The City provides services in public safety, public works, health and welfare, cultural and recreation, urban redevelopment and housing, and economic development.

ECONOMIC CONDITION AND OUTLOOK

In 2013, the primary economic development goals for the City of Indianapolis were to assist our existing businesses and attract new businesses within our targeted cluster industries which would bring high-wage jobs to Indianapolis. This resulted in 6,553 job commitments (4,107 new jobs / 2,446 current and retained jobs) and over \$600 million in capital investment from 48 companies. These results were realized due to the partnership between the Mayor's Office and the Indy Chamber.

Targeted industry clusters for the City of Indianapolis complement the natural progression of industry in Indianapolis: life sciences, advanced manufacturing, digital technology, motorsports, logistics, and clean energy. Companies in these industries accounted for nearly 40 percent of the new and retained job announcements in 2013. An emerging opportunity in the support services industry developed as Indianapolis saw 28 percent of new and retained job commitments from that sector in 2013. The life sciences industry brought the greatest number with over 1,000 new and retained job commitments. Advanced manufacturing was the next highest growth industry with more than 750 new and retained job commitments, followed by logistics with more than 450 commitments. The average hourly wage for all new and retained job commitments was \$25.31 in 2013.

The City managed to secure job commitments from local Indianapolis-based companies with plans for expansion, totaling 2,446 jobs. The average wage for these retained jobs was \$21.40 per hour.

The commitment from companies to add and retain more than 6,500 jobs and invest more than \$600 million in Indianapolis is a testament to the fact that the City continues to be a great place to live and do business. Companies benefit from the City's stable, affordable and pro-growth economic environment; overall low cost of doing business; skilled workforce; and central location.

Ascension Health, Knowledge Services, and Eli Lilly and Company were amongst the largest announcements in Indianapolis for 2013.

St. Louis-based **Ascension Health**, the nation's largest Catholic and largest nonprofit healthcare system, will expand the Ascension Health Ministry Service Center ("MSC") located on the northwest side of Indianapolis, creating up to 549 new jobs by 2016. The MSC, which opened in June 2011, provides 24 shared services across human resources, supply chain and finance such as payroll, purchase order management and accounts payable.

By the end of 2014, the MSC will expand its services to support Ascension's 150,000 associates serving in more than 1,900 sites of care in 24 states and the District of Columbia. Ascension is anticipating additional growth in shared services over the next few years. The MSC currently employs more than 500 Indianapolis-based associates with plans to add an additional 500 employees over the next 3 years.

Knowledge Services, a professional services and information technology consulting firm, plans to create up to 400 new jobs by 2018. The homegrown-Hoosier company will invest \$.84 million to lease and equip 5,500 square feet of additional office space at its existing 18,000 square-foot corporate headquarters on the City's northeast side. The expanded space, which will be operational by November 2014, will house Knowledge Services' software development and client support services.

Eli Lilly and Company announced plans to create up to 100 new jobs. Lilly's investment in the project is estimated at \$320 million. In addition, it is planning a new inspection facility that will add another 30,000 square feet to the project, plus renovations to existing

buildings on the Lilly Technology Center campus and to the Lilly Corporate Center. In total, Lilly's investment is expected to reach \$400 million.

Since 2008, the City has secured commitments to create and retain 66,615 jobs with investments totaling more than \$3.25 billion.

LONG-TERM FINANCIAL PLANNING

OFM is responsible for financial planning for the City and Marion County ("County"). OFM is also responsible for the annual budgets for all agencies, both their development and the execution. OFM employs a sophisticated modeling system to estimate property tax revenues for both the current budget year and looking several years forward. With this tool, we have more visibility into effects of property tax caps and tax increment capture than any other municipality in the State of Indiana ("State").

The City is expecting to experience a loss in property tax revenues due to property tax caps of approximately \$48.6 million in 2014, approximately 13.5% of the certified property tax levies. This impact is up slightly from a \$46.7 million loss in 2013. Some of the increased circuit breaker impact is due to increased levies in school debt service funds for 2014. In addition, taxable assessed value ("AV") has essentially been flat in recent years. The expectation is that taxable AV growth will continue in 2014 and beyond, meaning revenue loss from property caps as a percentage of total levies should remain relatively stable in future years.

This revenue loss is due to House Enrolled Act 1001, enacted by the Indiana General Assembly in 2008, which limits the property tax liability of each parcel. The law set a three (3) tiered cap on property tax liability covering the five (5) property classes – homesteads, other residential, agricultural, commercial, and industrial. These tiers are structured as follows:

Maximum liability equals 1% of parcel AV – homesteads;

Maximum liability equals 2% of parcel AV – agricultural and other residential;

Maximum liability equals 3% of parcel AV – commercial and industrial.

One of Mayor Ballard's top priorities, since first taking office in 2008, has been reducing the City's outstanding general obligation debt. He believes that maintaining the City's AAA credit rating is integral to our on-going economic development and business attraction efforts. The drive to lower our general obligation debt position is, in part, motivated by this economic goal. Furthermore, the Mayor views this as generally good public finance policy. As these bonds are retired, property tax rates are reduced which both: 1) eases the tax burden on local property owners; and 2) mitigates the adverse effects of the property tax caps.

From the year-end 2008 level of \$305 million in outstanding principal debt on property-tax funded general obligation bonds, the City will have paid down this balance to \$145 million at the end of 2013 (excluding general obligation debt to be repaid by Citizens Energy Group ("CEG") as discussed in the notes to the financial statements).

In Indiana, the State Department of Revenue serves as the collection agent for all county income taxes. Thus, each county relies on annual distributions of county income tax revenues from the State. The State Budget Agency, in collaboration with the State Department of Revenue, administers these annual distributions. These annual distributions are shared by the county governments and all townships and municipalities located within each given county. For Marion County, OFM is responsible for determining the proper allocation of county

income tax revenues to all eligible entities. OFM works very closely with the State Budget Agency to track and forecast income tax collections from Marion County residents.

For 2013, total income tax revenue distributed to the City was \$154 million which includes the three components of the incomes taxes: County Option Income Tax (“COIT”), Public Safety Income Tax (“PSIT”) and the Local Option Income Tax Levy Freeze (“LOIT Levy Freeze”). In 2012, total City income taxes distributed were \$174 million; however with the corrections made in 2012, the 2013 figure represents a normal distribution of City income tax revenue from the State. Certified 2014 City income taxes will be \$164 million, an increase of \$10 million from the prior year.

The effects of economic events on income tax collections are not revealed in annual distributions to counties until two years later. With this said, it is anticipated that the climb out of the great recession will begin to produce an organic rebound in income tax revenue in 2014 and beyond.

During 2013, the City Controller worked with the County Auditor and County Treasurer to validate property owners who were receiving a homestead deduction on single family homes, which also caps the property tax liability at 1%. In Indiana, state law allows for one homestead deduction per property owner, even if the property owner has several single family properties. Those property owners with multiple homestead deductions were notified by the County to validate the homestead deduction. For those property owners that did not timely verify their homestead deduction status, during 2014 the County Treasurer will remove the homestead deduction on the 2013 pay 2014 property tax bills. The impact of this change will result in those unverified single family properties to be capped at 2% for their property tax liability and increases the assessed value on those properties. Overall, the efforts taken in 2013 should provide for additional property tax revenue in 2014 and beyond by increasing the assessed value of properties and lowering the impact of the circuit breaker.

As part of the long-term financial planning for the City, the City Controller is developing a five-year financial plan focusing on available funds over the next five years. The five-year financial plan will provide projections of major revenue sources such as property taxes, income taxes, other major miscellaneous revenues sources and the impact of the circuit breaker. In addition, the plan makes various assumptions for major expenditures such as personnel costs, contractual obligations and capital needs. The five-year financial plan will be updated annually starting in 2014 in order to project major swings in fund balances, revenues or expenditures. In addition, the City will be reviewing and updating its investment policies to ensure they align with state requirements and provide flexibility in investments to maximize returns while limiting risk exposure.

RELEVANT FINANCIAL POLICIES

Internal Control Structure

Management of the City is responsible to establish and maintain an internal control structure that ensures the assets of the government are protected from loss, theft, or misuse and ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Budgetary control is maintained for certain funds, at the object level of expenditure by the encumbrance of purchase orders against available appropriations. The City uses the GASB expenditure terminology (object) for financial reporting purposes and State of Indiana expenditure terminology (character) for internal accounting purposes. Capital projects reimbursable by grant revenues are encumbered for the total amount of the estimated project cost. Outstanding encumbrances to be financed from future revenues, other than approved grant revenues and certain Consolidated County budgetary account reimbursements, are recorded in their entirety as assigned fund balances.

MAJOR INITIATIVES

During 2009, the City began the implementation of a new financial accounting system that would create a modern approach to conducting financial operations. While the City went live with the new financial accounting system in 2012, staff worked in 2013 to make adjustments to the system to ensure reporting requirements were met and financial information was accurately reflected. The City continues to modify and update the financial accounting system based on feedback from those individuals working in the system.

In 2013, the Indiana General Assembly passed Senate Enrolled Act 621-2013. Senate Enrolled Act 621 provided that City budgets must be allocated on a semiannual basis, starting in 2014, as designated by the City Controller. In addition, if revenues in 2014 are less than budgeted expenditures in 2014, the City Controller can reduce City agency budgets to create a balanced budget. While the law does not take effect until 2014, the City prepared for this change during 2013 by creating a quarterly allotment system within the City's financial accounting system.

The sale of the City's water utility and the wastewater collection and treatment facilities to CEG in August of 2011 provided the opportunity to fully utilize the proceeds from the sale to engage in many RebuildIndy projects throughout the City. During 2013, the City spent \$65 million on infrastructure projects such as rebuilding bridges, repaving roads, upgrading sidewalks and curbs and other projects. This ongoing investment has helped the City reduce the deferred maintenance of our vast infrastructure while spending one-time funding directly associated with infrastructure improvements. As 2012 saw the bulk of the RebuildIndy projects funded with sale proceeds, project construction continued through 2013 and will continue in 2014 but with a smaller balance in the RebuildIndy fund.

CEG, as required by the sale, continued to reimburse the City for the annual debt service associated with past wastewater system investments, until the remaining principal balance is paid off in 2018. Also, CEG continued to provide a payment-in-lieu-of-taxes ("PILOT") to the City on wastewater treatment assets which were acquired during the sale.

Focusing on fiscal stability, the City continues to maintain a AAA credit rating by showing solid cash reserves, including the Fiscal Stability Fund which has a balance of approximately \$80 million at the end of 2013. The Fiscal Stability Fund was established by law and has the sole purpose of supporting a solid credit rating for the City. In 2013, the City maintained the balance in the Fiscal Stability Fund; however \$7 million may be drawn down in 2014 to fund police operations based on the 2014 adopted budget.

Finally, the City continues to identify ways to create efficiencies and improve the delivery of services with limited resources. The Office of Audit and Performance ("OAP") works closely with City agencies and the City administration to create opportunities to reduce expenditures and identify new revenue opportunities. Along with OAP's work, the City has found ways to reduce liabilities such as workers' compensation claims and unemployment claims and still provide appropriate coverage where applicable. In addition, the City is working to do more with less by taking on current operations with a smaller workforce. The City continues to examine cost savings options such as, but not limited to: shifting away from paper checks for employees, creating a defined contribution retirement program, purchasing plug-in electric/plug-in hybrid vehicles to reduce dependency on foreign oil, and modifying benefit leave for employees, health benefits, etc.

OTHER INFORMATION**Audit Committee**

The City's Audit Committee was formalized by City-County Council ordinance to provide an independent review body for the audit activities of the City. At December 31, 2013, the Audit Committee members were:

| | |
|------------------------------------|--|
| Mr. William Sheldrake, Chairperson | President, Policy Analytics, LLC |
| Mr. David Rosenberg | Director of Enterprise Development, City of Indianapolis – Marion County |
| Mr. David Reynolds | Indiana General Assembly |
| Ms. Lisa Dandridge | Midwest ISO |
| Ms. Pamela Hickman | City-County Councillor, City of Indianapolis – Marion County |
| Mr. Jack Sandlin | City-County Councillor, City of Indianapolis – Marion County |
| Ms. Patricia Polis McCrory | Frost Brown Todd, LLC |

Certificate of Achievement

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Indianapolis for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2012. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

This report is the combined effort of many people: Office of Finance and Management accountants, internal auditors, departmental chief fiscal officers, and others. I appreciate their diligent and conscientious work, as well as the efforts of our independent auditors, BKD LLP.

Mayor Ballard, I also appreciate your continued guidance, interest, and support of excellence in accounting and financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. D. Dudich". The signature is written in a cursive, flowing style.

Jason D. Dudich

Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Indianapolis
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive style.

Executive Director/CEO

CITY OF INDIANAPOLIS
ORGANIZATION OF LOCAL GOVERNMENT AND TAXING DISTRICTS

Introduction

The City of Indianapolis (“City”) was originally incorporated in 1832. It is the largest city in the State of Indiana (“State”) and the 12th largest city in the nation with a population of 843,393 and a metropolitan area population of approximately 1.8 million people. The City encompasses a land area of 402 square miles. The City, located at the geographic center of the State, is the State capital and also serves as the physical, economic, and cultural capital. Indianapolis has a stable and diversified economy with employment rates and income levels consistently above the national averages.

Form of Government

On January 1, 1970, the governments of the City and that of Marion County (“County”) were unified and their form of service delivery consolidated, thereby extending the City’s boundaries to generally coincide with those of the County. Four municipalities (Beech Grove, Lawrence, Speedway, and Southport) located within the County boundaries were specifically excluded from most functions of the consolidated City by the consolidating act. The consolidated government provides for a Mayor and a 29–member legislative council. The City-County Council consists of 25 councillors elected from single-member districts and four councillors elected at large. Because the Mayor’s powers extend to the entire county, residents of the Town of Speedway and the Cities of Beech Grove, Lawrence, and Southport, the municipalities not affected by the reorganization, vote for the Mayor as Chief County Executive as well as for the councillors at large.

Since adoption of the consolidated form of government for the City, governmental services within the area of Unigov are provided by 46 different units of local government, including the consolidated City, the County, five independent municipal corporations, 11 school corporations, nine townships, 12 towns, the four municipalities excluded from the consolidated City of Indianapolis, two library boards, and one conservancy district. Within the consolidated City, special taxing districts were created to coincide with user benefit district boundaries then existing or as extended by the consolidating act. Boundaries of the various districts are such that a resident may be a member of one district and not another. Therefore, the resident’s geographic location within the County determines the governmental unit and taxing district rates to be combined in calculating the specific tax rate. As a result of the varying areas in which services are provided by the 46 different governmental units, the County is broken down into 61 different geographical areas for purposes of tax rate determination.

The maps on pages XI and XII illustrate the relationship of the described taxing units.

The following taxing units are within the consolidated City, and all except the consolidated County and the special service districts can issue bonds:

| | <u>Map</u> | | <u>Map</u> |
|---|------------|---|------------|
| Civil City | 2 | Flood Control District | 1 |
| Consolidated County | 1 | Metropolitan Thoroughfare District | 1 |
| Redevelopment District | 2 | Police Special Service District | 5 |
| Solid Waste Collection Special Service District | 7 | Fire Special Service District | 6 |
| Solid Waste Disposal Special Service District | 2 | Park District | 1 |
| Sanitary District | 8 | Public Safety Communications & Computer Facilities District | 1 |

The Metropolitan Thoroughfare District, Flood Control District, Park District, and Public Safety Communications & Computer Facilities District are special taxing districts, the boundaries of which are coterminous with the boundaries of Marion County.

The Redevelopment District and the Solid Waste Disposal District are special taxing districts, the boundaries and taxable property of which are coterminous with the boundaries of the City. The Redevelopment District includes a Consolidated Tax Allocation Area, which captures incremental increases in assessed valuation for the repayment of the Tax Increment Finance Bonds.

Other Governmental Units

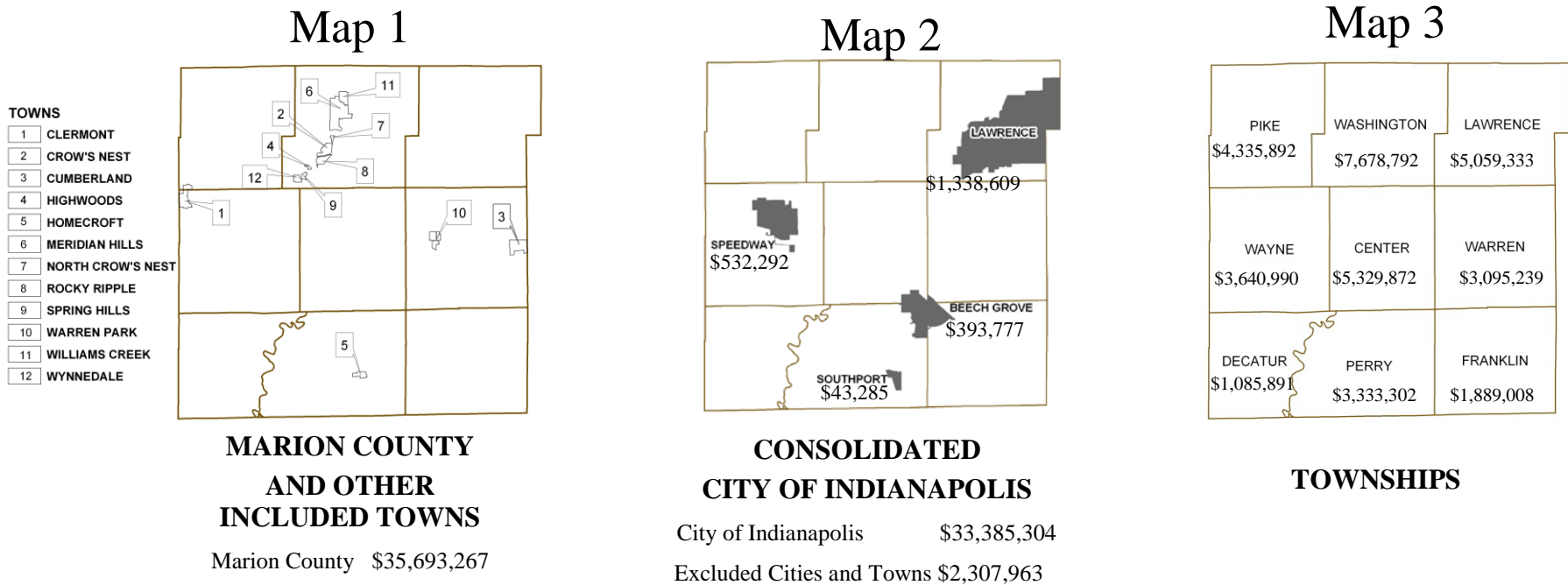
The consolidated City of Indianapolis is within the boundaries of Marion County, as are the following:

- **Marion County** as a governmental unit provides services such as courts, sheriff, tax assessment, collection, etc., not otherwise provided by other governmental units.
- The **Capital Improvement Board of Managers of Marion County** (“CIB”) is a separate and distinct municipal corporation with territory coterminous to the territory of Marion County. The CIB is authorized to finance, construct, equip, operate, and maintain any capital facilities or improvements of general public benefit or welfare, which would tend to promote cultural, recreational, public, or civic well-being of the community. The CIB operates facilities used for sports, recreation, and convention activities in downtown Indianapolis. The **Marion County Convention and Recreational Facilities Authority** was created in 1985 under applicable State statutes to provide certain financing for projects of the Board.
- The **Indianapolis Airport Authority** (“Airport Authority”) and the **Health and Hospital Corporation of Marion County** (“HHC”) are separate and distinct municipal corporations with territory coterminous to the territory of Marion County. The Airport Authority was established for the general purpose of acquiring, maintaining, operating, and financing airports and landing fields in and bordering on Marion County. HHC was given the mandate to provide preventative and curative health programs for the residents of the County, including indigent health care.
- The **Indianapolis-Marion County Building Authority** (“Building Authority”) is a separate and distinct municipal corporation that acts as landlord for the City-County Building. The County pays 58% and the City pays 42% of the total lease rental. The Building Authority also has outstanding bonds payable from lease rentals (which are paid from taxes levied) from the County for the Marion County Jail, Juvenile Justice Complex and Arrestee Processing Center.

- The **Indianapolis Public Transportation Corporation** (“IndyGo”) is a separate and distinct municipal corporation with territory coterminous to the territory of the consolidated Civil City of Indianapolis. IndyGo provides public transportation service within the County.
- The **Indianapolis Marion County Public Library** is a separate and distinct municipal corporation, the territory of which includes the property in Marion County, excluding the City of Beech Grove and the Town of Speedway.

There are also several separate school districts in Marion County. In addition to the general obligation bonds of these school districts, various school building corporations have outstanding bonds payable from lease rentals (which are paid from taxes levied) from school districts for the lease of school buildings constructed by the building corporations.

See page XIII for the Unigov Organizational Chart and page XIV for the City of Indianapolis Organizational Chart.



NOTE: See Statistical Schedule 13 on pages 132, 133, and 134 of Part III of this annual report. The assessed valuation figures are for March 1, 2012 valuations for taxes collectible in 2013.

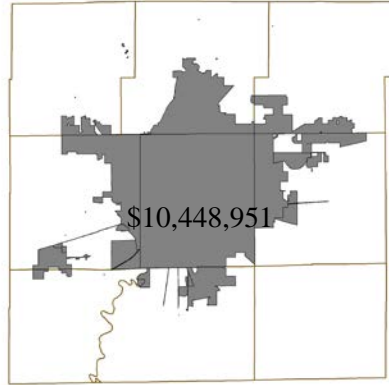
Map 4



LIBRARIES

| | |
|-------------------------|--------------|
| Beech Grove | \$371,520 |
| Speedway | \$532,292 |
| Marion County Libraries | \$34,789,454 |

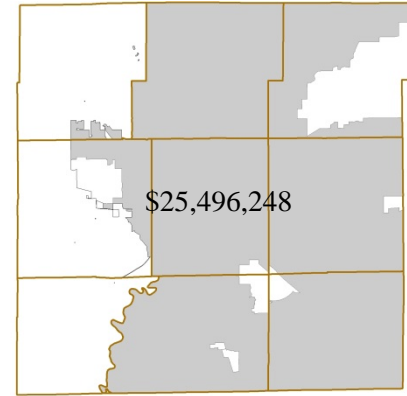
Map 5



INDIANAPOLIS

POLICE SERVICE DISTRICT

Map 6

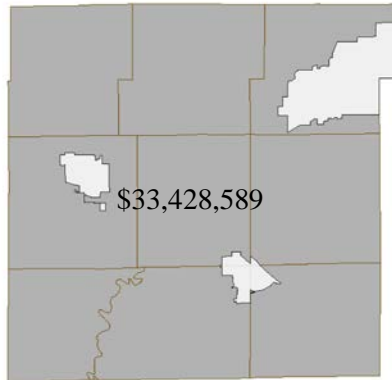


INDIANAPOLIS

FIRE SERVICE DISTRICT

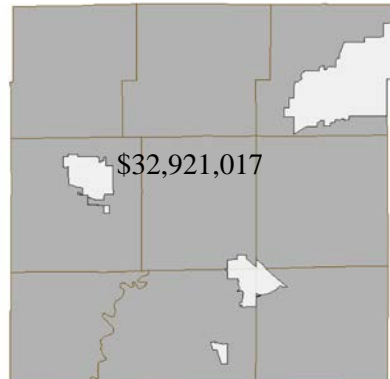
(Outside of this district, townships and excluded cities and towns provide the fire service)

Map 7



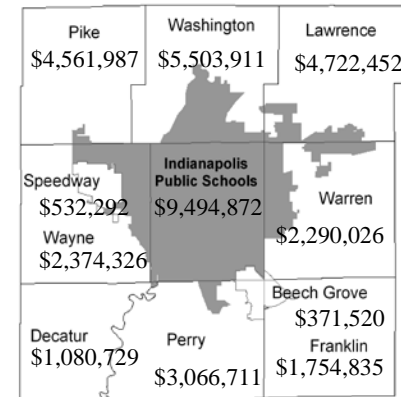
**INDIANAPOLIS SOLID WASTE
SPECIAL SERVICE DISTRICT**

Map 8



**INDIANAPOLIS
SANITARY DISTRICT**

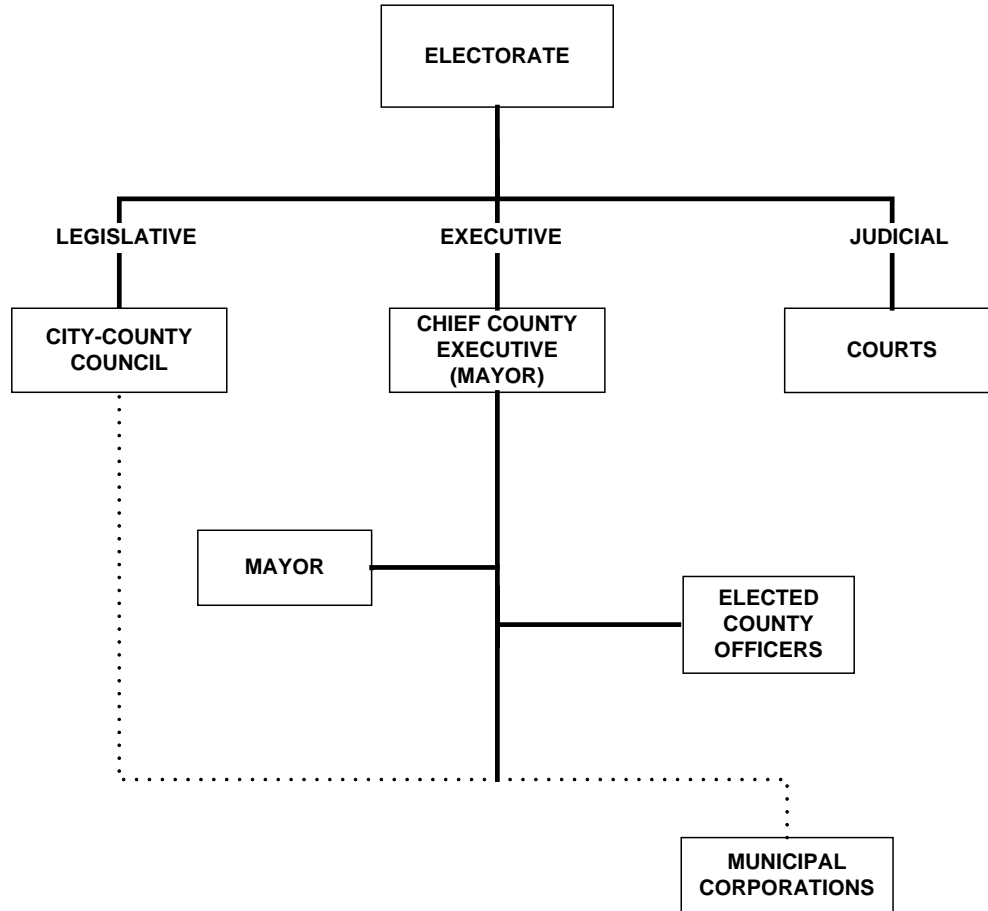
Map 9



SCHOOL DISTRICTS

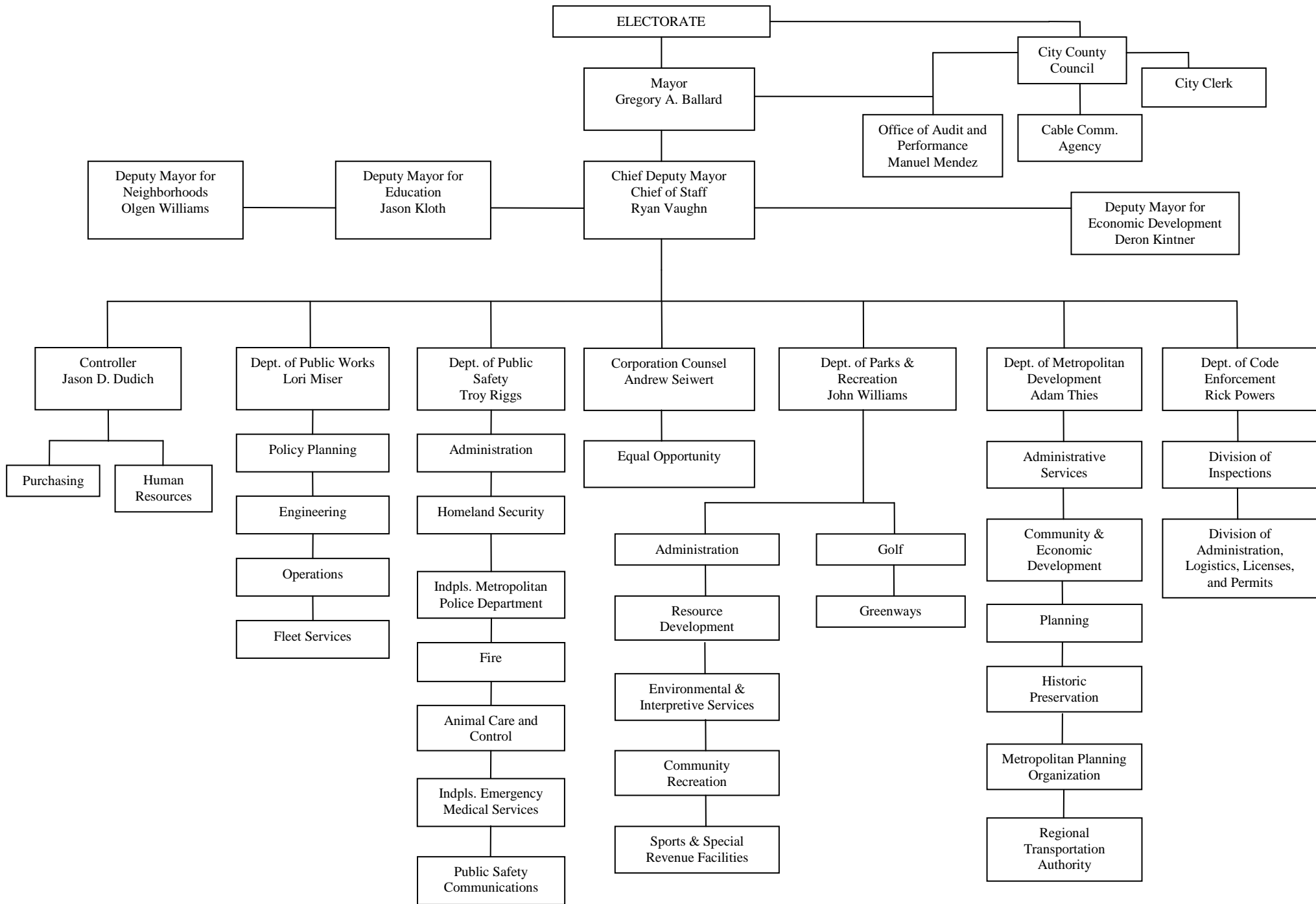
NOTE: See Statistical Schedule 13 on pages 132, 133, and 134 of Part III of this annual report. The assessed valuation figures are for March 1, 2012 valuations for taxes collectible in 2013.

**UNIGOV ORGANIZATIONAL CHART
CONSOLIDATED GOVERNMENT FOR INDIANAPOLIS – MARION COUNTY**



City of Indianapolis Organization Chart
December 31, 2013

XIV



CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS
December 31, 2013

ELECTED OFFICIALS*

| Name | Title | Service | Occupation |
|-----------------------------|------------------------------------|----------------|--|
| Gregory A. Ballard | Mayor | 6 | Mayor and Chief County Executive |
| Maggie Lewis | City-County Council President | 6 | Executive Director, Dove Recovery House for Women |
| John Barth | City-County Council Vice President | 2 | Vice President of Compliance and Regulatory Affairs |
| Zach Adamson | City-County Councillor | 2 | Owner, Just Hair |
| Vernon Brown | City-County Councillor | 10 | Indianapolis Fire Department Battalion Chief |
| Virginia J. Cain | City-County Councillor | 10 | Homemaker and Community Organizer |
| Jose Evans | City-County Councillor | 6 | CEO, Evans & Associates |
| Aaron Freeman | City-County Councillor | 4 | Self-Employed Attorney at Law |
| William Gooden | City-County Councillor | 2 | Attorney |
| Monroe Gray, Jr. | City-County Councillor | 22 | Retired |
| Pamela Hickman | City-County Councillor | 2 | Retired, Co-owner, Patora Fine Jewelers |
| Jason Holliday | City-County Councillor | 2 | Account Executive, Ray's Trash Service |
| Ben Hunter | City-County Councillor | 6 | Public Safety Director, Butler University |
| Robert Lutz | City-County Councillor | 7 | Self-Employed Attorney at Law |
| Brian Mahern | City-County Councillor | 6 | Policy Analyst, Indiana Utility Regulatory Commission |
| Angela Mansfield | City-County Councillor | 10 | Attorney and Certified Public Accountant |
| Frank Mascari | City-County Councillor | 2 | Jeweler, Spalding Jewelry |
| Janice McHenry | City-County Councillor | 6 | Retired |
| Michael McQuillen | City-County Councillor | 6 | Owner, PoliticalParade.com |
| Jeff Miller | City-County Councillor | 2 | Capgemini Consulting |
| Mary Bridget Moriarty Adams | City-County Councillor | 26 | Human Resources Manager, Marion County Assessor's Office |
| William C. Oliver | City-County Councillor | 10 | Retired |
| Vop Osili | City-County Councillor | 2 | Architect/Principal, A+X Design and Development |
| Marilyn Pfisterer | City-County Councillor | 10 | Retired |
| Leroy Robinson | City-County Councillor | 2 | Administrator – Dean of Students, MSD Pike Township |
| Jack Sandlin | City-County Councillor | 4 | Consultant, Jack Sandlin & Associates |
| Christine Scales | City-County Councillor | 6 | Retired |
| Jefferson Shreve | City-County Councillor | 1 | Business Owner |

CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS (Cont.)
December 31, 2013

| Name | Title | Service | Occupation |
|--------------------|---------------------------|----------------|--|
| Joseph Simpson | City-County Councillor | 2 | Director of Administration, Indiana Legal Services |
| Steve Talley | City-County Councillor | 2 | Financial Analyst, Department of Public Safety |
| Claudia O. Fuentes | Ex-Officio City Treasurer | 2 | Marion County Treasurer |

* The term of office for all elected officials expires December 31, 2015 except for the Marion County Treasurer, whose term expires December 31, 2016.

APPOINTED OFFICIALS

| Name | Position | Number of Years in This Position | Number of Years Associated with City of Indianapolis – Marion County |
|-----------------|---|---|---|
| Ryan Vaughn | Chief Deputy Mayor/Chief of Staff | 2 | 7 |
| Olgen Williams | Deputy Mayor for Neighborhoods | 6 | 6 |
| Jason Kloth | Deputy Mayor for Education | 2 | 2 |
| Deron Kintner | Deputy Mayor for Economic Development | 2 | 5 |
| Jason D. Dudich | Controller-Office of Finance and Management | 1 | 3 |
| Andrew Seiwert | Corporation Counsel | 1 | 15 |
| Adam Thies | Director of Metropolitan Development | 2 | 2 |
| Lori Miser | Director of Public Works | 2 | 20 |
| Troy Riggs | Director of Public Safety | 2 | 2 |
| John Williams | Director of Parks and Recreation | 2 | 13 |
| Rick Powers | Director of Code Enforcement | 4 | 13 |
| NaTrina Debow | Clerk of the City-County Council | 2 | 9 |
| Manuel Mendez | Director of Office of Audit and Performance | 4 | 5 |

CERTIFIED PUBLIC ACCOUNTANTS BKD, LLP

CONSOLIDATED CITY OPERATIONS

EXECUTIVE & LEGISLATIVE

The Mayor is the chief executive officer of the consolidated City. The Mayor may serve unlimited four-year terms and enjoys wide appointive powers, including the right to name deputy mayors, department heads, and many board and commission members (the deputy mayor and department director appointments are subject to approval by a majority of the City-County Council). The Mayor also appoints the Controller and the Corporation Counsel for the consolidated City.

The Mayor controls the major administrative functions of the consolidated City through five departments as follows: Metropolitan Development, Public Works, Public Safety, Code Enforcement, and Parks and Recreation, each headed by a director, and through special taxing and service districts. Transactions for the Mayor's office are accounted for in the Consolidated County Subfund of the General Fund. The Mayor heads a cabinet of appointed Deputy Mayors, Corporation Counsel, Controller, and Department Directors. The Office of Audit and Performance is independent of any City department, as is the Office of the Corporation Counsel and the Office of Finance and Management. These divisions report directly to the Mayor.

City-County Council

The Council staff provides efficient and economical administrative support to the local legislative branch of government. The Council is responsible for adoption of appropriations and tax rates supporting the City and County annual budgets, and reviews and recommends the five Municipal Corporations' annual budgets. The Council also confirms appointments of individuals to the positions of Deputy Mayor and Directors of Unigov Departments. They also enact legislation and appoint individuals to various boards and commissions of local government. Transactions for this division are accounted for in the Consolidated County Subfund of the General Fund.

Cable Communications Agency

The Cable Communications Agency oversees cable franchise compliance and contractual obligations, as well as prepares and supervises renewal of franchise agreements. Through WCTY/Channel 16 and Government TV2, the Cable Communications Agency provides City-County government information to Marion County citizens and supplements public safety education. Agency staff makes recommendations for the best usage of communications equipment through research of new communication models and technologies. Transactions for this division are accounted for in the Consolidated County Subfund of the General Fund.

Office of the Corporation Counsel

The Office of the Corporation Counsel provides legal counseling and representation for all agencies of City and County government and is headed by Corporation Counsel who is appointed by the Mayor. The Office of the Corporation Counsel is divided into four sections: Counseling, City Prosecutor, Equal Opportunity, and Litigation. Transactions for this Office are accounted for in the Consolidated County Subfund of the General Fund. The responsibilities of the Office are governed by Indiana statute, which vests the Office with the authority to represent and defend the City and County and its officers in causes of action in which they are parties by virtue of their official capacity and to compromise litigation and effect settlement of pending litigation. In addition, the Office furnishes legal advice and formal opinions and conducts legal proceedings. The City Prosecutor's Office, also a part of the Office of the Corporation Counsel, initiates legal action for the purpose of enforcing City ordinances. The preparation of nonfiscal ordinances for introduction before the City-County Council and the drafting of legislative proposals in the Indiana General Assembly are also functions of the Office of the Corporation Counsel.

Office of Finance and Management

The Office of Finance and Management is charged with the fiscal management of City and County government. Appointed by the Mayor, the City Controller ensures that financial assets of the government are protected. The office is responsible for the annual City and County budgets, financial reporting, accounting policy for the City and County, cash management, disposal of surplus assets, and federal audit relationships with transactions accounted for in the Consolidated County Subfund of the General Fund.

The Division of Purchasing, which reports to the City Controller, acts as the central purchasing agent for all City and County government offices with transactions accounted for in the Consolidated County Subfund of the General Fund. The division has responsibility for obtaining all necessary materials, equipment, and services.

The Human Resources division reports to the City Controller. This division is responsible for all personnel-related functions for the City, the County, the police department, and the fire department. The Human Resources division provides analysis of personnel changes, recommendations for pay grades, performance reviews of employees, and upkeep of employee information, benefits, and job status.

DEPARTMENT OF METROPOLITAN DEVELOPMENT (“DMD”)

DMD’s primary objectives are to provide improved service delivery through effective communications, collaboration, and developmental assistance to promote partnership between the public and City government to facilitate quality housing and economic growth throughout the County. The department follows policy established by the Metropolitan Development Commission and coordinates the activities of its operating divisions: Administrative Services, Community Economic Development, Planning, Metropolitan Planning Organization, Neighborhood Services, Historic Preservation Commission, and Regional Transportation Authority. The Metropolitan Development Commission is the policy-making body of DMD and receives staff support from the department. The Commission is composed of nine members, four of whom are appointed by the Mayor, three by the City-County Council, and two by the Board of County Commissioners.

Division of Administrative Services

The Division of Administrative Services provides managerial and financial support to other divisions in DMD. Financial staff also offers financial management support, in the form of budgeting, financial reporting, payroll, and accounts payable/receivable management to the other department divisions consistent with established policies by federal, state, and local regulations. Transactions for this division are accounted for in the Redevelopment Subfund of the General Fund.

Division of Community Economic Development

The Community Economic Development division has the responsibility of administering all U.S. Department of Housing and Urban Development grants, with transactions accounted for in the Federal and State Grants Special Revenue Funds and the Consolidated County and Redevelopment Subfunds of the General Fund. The division supports activities of community development, affordable housing, neighborhood capacity building, human services, neighborhood strategic programming, and capital improvements projects. The division also administers the Unsafe Building Program in conjunction with the Health and Hospital Corporation of Marion County. Additionally, the division promotes economic development by leveraging private and public resources in support of developing affordable housing and new employment opportunities in neighborhoods, as well as managing department-owned properties throughout the City.

Division of Planning

The Division of Planning has wide-ranging responsibilities in areas of social, physical, and economic planning. It analyzes present community conditions and makes projections of future development, recommending various plans for private and public action. The division processes all land use petitions for public hearing and reviews, revises, and updates zoning ordinances to reflect the needs of the community. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County Subfund of the General Fund.

Metropolitan Planning Organization

The division is responsible for transportation planning activities as the Metropolitan Planning Organization for the Indianapolis Urbanized Area. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County and Transportation Subfunds of the General Fund.

Indianapolis Historic Preservation Commission

The Indianapolis Historic Preservation Commission is a semi-autonomous agency of City-County government, charged with the responsibility of designating and administering local historic areas, both districts and individual structures; promoting the preservation and re-use of historic structures; and offering technical assistance to Marion County residents and property owners. Indianapolis Historic Preservation Commission transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County Subfund of the General Fund.

DEPARTMENT OF CODE ENFORCEMENT (“DCE”)

DCE efficiently enforces land use requirements, business licensing, and environmental laws and facilitates responsible development, through permits, licenses, inspections, and enforcement efforts. This comprehensive strategy results in a safer environment as well as an improvement in the quality of life for the citizens of the Consolidated City of Indianapolis-Marion County.

Department Structure

DCE comprises two divisions, each with its own operational goals and activities while being unified by a common vision.

Administration, Logistics, Licenses, and Permits Division

This division provides service through the following bureaus: the Bureau of Administration and Financial Services provides administrative support for DCE and is responsible for providing financial and operational support; the Bureau of Logistical Services is responsible for DCE facilities management, technology management, document management, and information systems management; and the Bureau of Licenses and Permit Services is responsible for issuance of licenses, registrations, and permits. Transactions for this division are accounted for in the Consolidated County Subfund of the General Fund.

Inspections Division

This division provides service through the following bureaus: the Bureau of Construction Services performs inspections in construction areas for the purpose of securing safe construction in addition to ensuring proper safety and maintenance of existing structures and infrastructure; the Bureau of Environmental Services is responsible for conducting inspections and enforcing applicable provisions of statutes and/or ordinances relating to the protection of the environment; and the Bureau of Property Safety and Maintenance Services performs inspections and enforces provisions relating to the development, condition, maintenance, and/or use of real estate. Transactions for this division are accounted for in the Consolidated County Subfund of the General Fund.

DEPARTMENT OF PUBLIC WORKS (“DPW”)

DPW is responsible for the following: street and traffic signal maintenance, trash collection and disposal, flood control maintenance, snow removal, and environmental remediation. DPW also has responsibility for the acquisition and maintenance of vehicles and heavy equipment used by City and County agencies. Park maintenance and forestry are also included in DPW’s set of responsibilities and duties. The department has four major divisions: Policy and Planning, Engineering, Operations, and Fleet Services. During 2011, the responsibility for the City’s sanitary sewer collection system and water treatment facilities were transferred to Citizen’s Energy Group. Portions of the monetary proceeds, resulting from this transaction were approved, by City-County Council, to establish the Rebuild Indy Fund. This fund is being used to fund capital improvements. In 2010, management of the Parking Meter operations was placed with Park Indy, LLC. The private group is now responsible for management of the system, including installation and repair of parking meter equipment, collection of revenue, and coordination with public business community. DPW is responsible for management of this contractual relationship. Portions of the monetary proceeds, resulting from this transaction were approved, by City-County Council, to be used to fund capital improvements.

The Board of Public Works is the supervisory and policy-making body of DPW. The board consists of seven members and meets twice per month. The Director of DPW serves as the chair of the board; three members are appointed by the Mayor and three by the City-County Council. Appointees serve one-year terms at the pleasure of the appointing authority. The board reviews the department budget, holds any hearings required by law, and approves the award of all contracts.

Policy and Planning Division

The Administrative Services section manages the administration for the entire department. This includes financial and budget planning, asset management, and contractual agreements. The section also monitors the financial aspects of the Indianapolis Resource Recovery Facility. Administrative transactions are accounted for in the Consolidated County Subfund of the General Fund, the Stormwater Subfund of the General Fund, and the Federal Grants Special Revenue Fund. The section's services include the general services for budget preparation, contract administration, general accounting services, goods procurement, payroll management, data management and entry, property management, and personnel coordination and management.

The Administrative Services Section has three main areas of responsibility:

1. *Financial Services.* This section provides purchasing, accounting, and financial reporting services to all areas within the department.
2. *Business Services.* This section provides the necessary administrative functions for the department in the areas of data management, payroll, revenue collection and accounting, and other administrative services and processes.
3. *Contract Services.* This section provides administrative support and review for service contracts with the department. This section manages the processes involved with procurement and contract execution, including the Board of Public Works. The day-to-day management of the contracts remains with the operational areas responsible for solid waste removal, mowing, and street sweeping.

The Strategic Planning section assists DPW and the City by arranging and executing public meetings, media services, public speaking, departmental presentations, and neighborhood coordination. Jointly, they provide public access to the many programs administered by the Engineering and Operations Divisions and throughout DPW. This section disseminates information through the media, written publications, correspondence, and by telephone on engineering projects. This section also provides neighborhood services and citizens' relations services.

As an outgrowth of the Strategic Planning section, the Office of Sustainability was established. This office and the SustainIndy initiative, which has strong ties to the City's environmental agenda, is housed and budgeted in DPW. The charge of SustainIndy includes public-private coordination of environmentally responsible actions that impact community awareness, economic development, and quality of life in Indianapolis for today and in the future. More information regarding this initiative can be found at <http://www.sustainindy.org>.

The management of air quality, water and land pollution abatement, and environmental remediation projects are the responsibility of the State of Indiana's Department of Environmental Management ("IDEM") and the recently created City Department of Code Enforcement, while the City's Office of Environmental Services is primarily involved with managing hazardous household waste and other land pollution abatement programs. The transactions of this division are accounted for in the Solid Waste Collection, Park, and Consolidated County Subfunds of the General Fund.

Engineering Division

The Engineering division plans, designs, constructs, reconstructs, and maintains all streets, storm sewers, roads, bridges, and thoroughfares. The department is also responsible for access control, traffic control, and street lights on the same. Excluded from the Department's control are:

1. Interstate, U.S., and State routes under the jurisdiction of the Indiana Department of Transportation; and
2. Local streets within the other incorporated cities and towns within the County.

This section's general services include development of programs and projects, inventories, transportation studies, design contract administration, service contract negotiation, construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies. Transactions for this section are recorded in the City and County Cumulative Capital Projects Funds and the Transportation, Storm Water Management, and Rebuild Indy Subfunds of the General Fund. In 2014, the Engineering Division was transferred responsibility for Parks and Recreation Cumulative Capital Funds.

The Engineering Administration Section provides the necessary administrative support for implementation of the department's programs to expand and protect the City's transportation, sanitation, and storm water networks.

The Construction Services Section provides the necessary project scope and design criteria and determines the project schedule. Consultant selection is also a primary task for this group. This section also provides the technical expertise to accomplish all design and construction contract management for the transportation and flood control projects. This section is responsible for supervising and administering all construction contracts for transportation and storm water network improvements.

The Environmental Engineering Section provides services including the development of programs and projects, inventories, studies, design contract administration, and service contract negotiation related to the drainage programs of the City. This also includes the review and approval of private development projects and providing technical expertise to other divisions and agencies.

The Transportation Engineering Section provides services including the development of programs and projects, inventories, transportation studies, design contract administration, and service contract negotiation related to the transportation programs of the City. This also includes construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies.

Operations Division

The Solid Waste Services section is responsible for collecting trash from five of the 12 solid waste districts. The section also monitors the financial and technical aspects of the resource recovery waste districts. Approximately 150,000 tons of trash is collected annually. Household refuse is disposed of at the Indianapolis Resource Recovery Facility where the waste is burned and steam is generated. The steam is sold to a local power company. The Solid Waste Management section also monitors the financial and technical aspects of the resource recovery facility's operations. Other waste, such as construction debris, is taken to the Southside Landfill. Other services of the Solid Waste Management include the removal of dead animal carcasses from the public right of way and operation of drop-off recycling programs. Section transactions are accounted for in the Solid Waste Collection and the Solid Waste Disposal Subfunds of the General Fund.

The Maintenance Services Section has six main areas of responsibility:

1. *Traffic Operations*. Responsible for the implementation and operation of all traffic control features of the transportation network. Ensures traffic safety and guides motorists throughout the City through signals, signs, and pavement markers.
2. *Street Maintenance*. Responsible for the maintenance of all roads, bridges, and other transportation facilities under the City's jurisdiction. Also responsible for preventative maintenance and snow and ice removal on City streets.
3. *Grass and Weeds*. Responsible for mowing of levees and parkways.
4. *Building and Grounds*. Responsible for maintaining DPW facilities and the Monon Trail.
5. *Customer Services*. Responds within three days to citizen complaints that are called into the Mayor's Action Center such as sanitary sewer back-ups, sewer odors, cave-ins, flooding and drainage problems, street and sidewalk problems, illegal dumping, graffiti, and sewer locates. Service requests are directed to the Township Coordinators who complete over 20,000 inspections per year. Customer Services also works closely with the utility companies and other City and County departments.
6. *Park Maintenance and Forestry*. Maintains the grounds and facilities of the City's park system. Also manages the urban canopy, through the Forestry Section.

The section's general services include road and bridge maintenance and reconstruction, resurfacing, curb and sidewalk replacement and repair, street repair, weed control, mowing, road side drainage, shoulder maintenance, pavement joint maintenance, guard rail installation and repair, emergency maintenance functions (barricading and temporary repairs), snow and ice removal, litter pick-up in the downtown area, traffic signal installation, modernization and maintenance, pavement markings, and traffic sign manufacturing and installation. Transactions for this section are recorded in the Transportation, Solid Waste Collection, Storm Water Management, Consolidated County and Park General Subfunds of the General Fund, and the Parking Special Revenue Fund.

Fleet Services Division

The Indianapolis Fleet Services ("IFS") is responsible for the maintenance, fueling, monitoring, and repair of all vehicles and other equipment owned by the City and has all powers and duties necessary for operation of a municipal garage. IFS also maintains and supplies fuel for vehicles and equipment owned by a number of other governmental agencies on a contractual basis. Transactions for this Division are accounted for in the Consolidated County Subfund of the General Fund. The costs associated with maintaining and fueling city-owned vehicles and equipment are charged back to the departments that own the equipment.

DEPARTMENT OF PUBLIC SAFETY ("DPS")

DPS maintains order and protects the rights and property of the citizens of Indianapolis. The director retains responsibility for major policy decisions, budgeting, long-range planning, and the day-to-day coordination of six departmental divisions: Fire, Metropolitan Police, Homeland Security, Animal Care and Control, Public Safety Communications, and Indianapolis Emergency Medical Services. The director of DPS serves as the Mayor's appointee on many commissions and councils at the national, state, and local levels in order to coordinate the activities of Public Safety Department divisions with various other state and local criminal justice agencies.

The director appoints the Metropolitan Police, Fire, Public Safety Communications and Emergency Medical Services Chiefs for the consolidated City. The director also supervises the hiring, promotion, affirmative action, and discipline of all department divisions with the advice and assistance of two statutory boards and several non-statutory citizen boards and committees. The statutory boards include a five-member Board of Public Safety and a six-member Fire Merit Board. Transactions for this division are recorded in the Consolidated County Subfund of the General Fund.

The Board of Public Safety is comprised of the Director of Public Safety and four other members, two of whom are appointed by the Mayor and two others by the City-County Council. Board members serve one-year terms at the pleasure of the Mayor or the Council.

The board studies issues related to DPS, which the director brings before the members; it also indicates areas requiring further study to the director. The board approves the award and amendment of contracts by the department for purchase or lease of capital equipment or other property where the contract is required to be bid under Indiana Code 36-1-12. The board also approves the employment of persons engaged by the department to render professional or consulting services.

In addition, the Citizens Police Complaint Office functions out of the Director's Office and staffs three civilian employees and is governed by the Citizens Police Complaint Review Board.

Indianapolis Metropolitan Police Department (“IMPD”)

This division is primarily responsible for enforcement of laws to protect life and property while creating and maintaining active police/community partnerships and assisting citizens in identifying and solving problems to improve the quality of life in their neighborhoods. The IMPD was established January 1, 2007 through the consolidation of the Indianapolis Police Department and the law enforcement force of the Marion County Sheriff. On January 1, 2007, IMPD assumed all law enforcement functions for the consolidated City. Transactions are accounted for in the Metropolitan Police Subfund of the General Fund, which is funded from the consolidated City district that includes the entire County except for the excluded cities and towns. A portion of police operations are funded through Special Revenue Funds, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund. The Police Special Service District exists only for the purpose of the police pensions.

Indianapolis Fire Department (“IFD”)

This division’s services include fire prevention, firefighting, and emergency rescue. IFD also administers immediate first aid services, inspects buildings, investigates suspected cases of arson, gives fire and safety instructions, and provides fire and rescue training for other fire departments. The division is funded from a special service district of the consolidated City and coordinates fire protection with the Township and Volunteer Fire Departments of the District. Transactions are accounted for in the Fire Subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

Division of Homeland Security

This division functions as the local Homeland Security agency. It coordinates all government and non-government organizations that deal with emergency situations, and provides unique civil preparedness skills and capabilities not available under other organizations. Transactions are accounted for in the Consolidated County, Metropolitan Police, and Fire Subfunds of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

Animal Care and Control Division

This division is responsible for protecting the public from injuries, property damage, and disease caused by stray animals. Transactions are accounted for in the Consolidated County Subfund of the General Fund. The division has the authority to capture, impound, and destroy stray animals, including wildlife.

Public Safety Communications (“PSC”)

This division is responsible for providing, operating, and maintaining the critical communications, data systems, and infrastructure used by emergency first responders in Marion County. PSC also is responsible for the operation of the Computer Aided Dispatch system, Records Management Systems, a paging system, and a firehouse alerting System. In support of our customers, and the systems that they use, PSC provides a 24-7 Customer Service Desk with personnel that are trained to mitigate problems at the customer level. Transactions are accounted for in the Public Safety Communications Subfund of the General Fund.

Indianapolis Emergency Medical Services (“IEMS”)

This division was formed to continue and advance high-quality emergency medical services care and create efficiencies for these services in Marion County. IEMS is the primary provider of ambulance and emergency medical services in Marion County. The division was formed through a collaborative effort between the Department of Public Safety and the Health and Hospital Corporation of Marion County.

DEPARTMENT OF PARKS AND RECREATION (“DPR”)

DPR (Indy Parks and Recreation) provides clear leadership and well-defined direction for enhancing the quality of life for Indianapolis and Marion County residents by offering park and recreation resources that 1) provide and/or facilitate quality recreation and leisure opportunities; 2) encourage and support natural and cultural resource stewardship and environmental education; 3) include safe, clean and well-maintained park facilities for the community’s use and enjoyment; and 4) promote and facilitate mutually beneficial countywide partnerships. Indy Parks and Recreation offers recreational opportunities at regional, community, neighborhood, and nature parks, as well as at schools and other facilities. The parks system includes eight greenways, 25 recreation centers, 20 aquatic centers, 13 golf courses, 440 sports fields and courts, and 126 playgrounds. City ordinances and state statutes are enforced by Indy Parks and Recreation to protect public parklands and facility use. DPR’s organization consists of seven divisions including Administration, Community Recreation, Sports and Special Revenue Facilities, Golf, Environmental and Interpretive Services, Resource Development, and Greenways. Transactions for this department are recorded in the Parks Fund, Consolidated County Fund, Parks Special Recreation Non-Reverting Fund, City Cumulative Capital Fund and the Federal and State of Indiana Grants Special Revenue Funds.

Administration Division

Administration provides departmental level leadership, management, and oversight of the business operating elements. The Administration Division includes a variety of functions essential to the organization including finance, marketing and public relations, grants, alliances and partnerships, and a variety of other special projects. This division facilitates and coordinates the implementation of cross-divisional activities.

Community Recreation Division

The Community Recreation Division provides recreational services and opportunities to Marion County residents. Community Recreation’s core areas include community centers, neighborhood parks, arts services, day camps, and after-school, therapeutic and senior programs.

Sports and Special Revenue Facilities Division

The Sports and Special Revenue Facilities Division provides sports programs and special facilities combined with educational opportunities for volunteers, coaches, and staff. The facilities include indoor and outdoor aquatic centers, sports courts and fields, ice rink, Velodrome, skate park, and BMX track.

Golf Division

The Golf Division offers golf opportunities for people of all ages and physical abilities throughout the Indianapolis community. This division manages municipal courses as well as plans and oversees capital improvements at each course. It manages course operating contracts, service contracts, and course management contracts.

Environmental and Interpretive Services Division

The Environmental and Interpretive Services Division provides quality environmental education and interpretive programs to the community through nature centers and the hub naturalist program.

Resource Development Division

Resource Development steers the direction of the department through resource planning, capital asset development, and sustainable strategic tactics. In addition to the planning tasks, this division is also responsible for land acquisition and real estate management.

Greenways Division

The Greenways Division manages, improves, and maintains the greenways system within Marion County to provide recreational and fitness opportunities, promote open space conservation, link neighborhoods with parks and other community assets, and provide environmental education for the public concerning the greenways system.

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Financial Section



Independent Auditor's Report

Mr. Jason. D. Dudich, Controller and the Audit Committee
City of Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Indianapolis (City), a component unit of the Consolidated City of Indianapolis-Marion County, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Indianapolis Housing Agency, the sole discretely presented component unit of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Indianapolis Housing Agency, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Indianapolis as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1 to the financial statements, in 2013, the City changed its method of accounting for debt issuance costs and the classification of certain deferred balances to deferred inflows of resources and deferred outflows of resources. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the City'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* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
June 27, 2014

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2013

This Comprehensive Annual Financial Report presents an analysis of the financial activities of the City of Indianapolis (“City”) for the year ended December 31, 2013 based on currently known facts, decisions, and conditions. For a comprehensive understanding of the financial statements, please review the transmittal letter at the front of this report, along with the City’s financial statements, including the footnotes that follow the basic financial statements.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the City’s assets exceeded its liabilities at December 31, 2013 by \$362.7 million, which represents the total net position of the City’s governmental activities. Included in this net position amount is a \$442.0 million unrestricted deficit due mainly to an unfunded net pension obligation of \$398.2 million and an unfunded post employment benefit obligation of \$108.8 million. Without these unfunded obligations, the net position amount would be an unrestricted surplus of \$65 million. The State of Indiana, in 2008, agreed to reimburse the cities and towns of Indiana for pension costs for members of the pre-1977 pensions plans effective January 1, 2009. Therefore, although unfunded, the pension benefits will be covered by the State of Indiana. In regards to the unfunded post employment benefit obligation, there is no intent by the City or legal requirement to fund this long term liability beyond the annual payments required by existing labor agreements. See footnote 14 to the financial statements for further discussion of the City’s pension plans. See footnote 13 to the financial statements in regards to other post-employment benefits.
- On a government-wide basis, for 2013, the City’s total expenses were \$837.6 million or \$31.3 million more than the \$806.3 million generated in charges for services, grants, taxes, and other revenues.
- As of December 31, 2013, the City’s governmental funds reported combined ending fund balances of \$503.2 million. Of this amount, \$3.1 million was nonspendable, \$263.8 million was restricted, \$70.5 million was committed, \$76.8 million was assigned, and \$89.0 million was unassigned.
- The unassigned fund balance for the general fund was \$91.2 million or 14.7% of total general fund expenditures. The City’s goal is to maintain an unassigned general fund balance of at least 10% of total general fund expenditures.
- The general fund revenues were \$6.6 million higher than original budget estimates and \$5.3 million higher than the final budget estimate.
- In 2013, the City issued \$92.4 million in governmental activities debt which included \$86.6 million for the refunding of bonds, and \$5.8 million for economic development.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

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Government-wide Financial Statements

The first set of financial statements are the government-wide statements, which report information about the City as a whole using accounting methods similar to those used by private sector companies. The two government-wide statements, **Statement of Net Position** and **Statement of Activities**, report the City’s net position and how it has changed. Governmental activities are those normally associated with the operation of a government, such as public safety, parks, and streets. The City’s government-wide financial statements also include a discretely presented component unit, the Indianapolis Housing Agency. The remaining discussions and analysis focuses on the primary government only.

The **Statement of Net Position** presents information on all of the City’s assets, deferred outflows, liabilities, and deferred inflows, with the remainder being reported as net position. Increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net position also provides information on unrestricted and restricted net position and the net investment in capital assets.

The **Statement of Activities** presents information showing how the City’s net position changed during the year. All current year’s revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. The statement of activities presents the various functions of the City and the extent to which they are supported by charges for services, grants and contributions, taxes, and investment income. The governmental activities of the City include: general government, public safety, public works, health and welfare, cultural and recreation, urban redevelopment and housing, and economic development and assistance.

Fund Financial Statements

The second set of financial statements is fund financial statements, which provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The City uses fund accounting to demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City’s most significant funds – not the City as a whole. The funds of the City can be divided into the following three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

1. *Governmental Funds*. Governmental funds tell how general government services were financed in the short term as well as what financial resources remain available for future spending to finance City programs.

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, capital projects, and permanent). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Revenue Debt Service Fund, Federal Grants Fund, and Economic Development Capital Projects Fund which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds are provided in the form of combining statements as supplementary information.

2. *Proprietary Funds*. Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following type of proprietary funds:
 - *Internal Service Funds* are used to report activities that provide services for certain City programs and activities. The City uses internal service funds to provide for the financing of workers’ compensation, auto liability, employee health insurance, and public liability self-insurance for all City departments, as well as for the centralization of certain payments of awards, refunds, and indemnities.

CITY OF INDIANAPOLIS
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3. *Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of individuals or units of other governments. The City is the trustee or fiduciary responsible for assets that can be used for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City’s pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City’s own programs, they are not reflected in the government-wide financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the basic financial statements, this report presents required supplementary information concerning the City’s budgetary comparisons for the general fund, federal grants special revenue fund, and required supplementary information pertaining to the City’s progress in funding its obligation to provide pension and postretirement benefits to its employees.

Additional Supplementary Information

The combining statements provide subfund-level detail for the general fund and fund-level detail for all nonmajor governmental funds, internal service funds, pension trust funds, and agency funds. Also in this section are comparisons of actual to budget for all other annually budgeted funds.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
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Year ended December 31, 2013

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City’s governmental activities net position at December 31, 2013 and 2012 were \$362.7 million and \$408.4 million, respectively.

| | | <u>Governmental activities 2013</u> | | <u>Governmental activities 2012</u> |
|---|----|---|----|---|
| Assets: | | | | |
| Current and other assets | \$ | 661,970 | \$ | 800,517 |
| Capital assets, net of accumulated depreciation | | <u>1,497,183</u> | | <u>1,446,382</u> |
| Total assets | | 2,159,153 | | 2,246,899 |
| Deferred outflows of resources | | | | |
| Total assets and deferred outflows of resources | \$ | <u>2,169,500</u> | \$ | <u>2,254,084</u> |
| Liabilities: | | | | |
| Long-term liabilities | | 1,666,098 | | 1,718,808 |
| Other liabilities | | <u>121,909</u> | | <u>107,726</u> |
| Total liabilities | | 1,788,007 | | 1,826,534 |
| Deferred inflows of resources | | | | |
| Total liabilities and deferred inflows of resources | | <u>1,806,807</u> | | <u>1,845,734</u> |
| Net position: | | | | |
| Net investment in capital assets | | 682,291 | | 621,413 |
| Restricted | | 122,379 | | 124,511 |
| Unrestricted (deficit) | | <u>(441,977)</u> | | <u>(337,574)</u> |
| Total net position | \$ | <u><u>362,693</u></u> | \$ | <u><u>408,350</u></u> |

ANALYSIS OF NET POSITION

As noted earlier, net position may serve as a useful indicator of a government’s financial position. The largest portion of the City’s net position reflects its investments of \$682.3 million in capital assets (e.g., net book value of land, buildings, equipment, and infrastructure), less related outstanding debt used to acquire those assets. The 2012 balance was \$621.4 million. The increase is primarily due to capital asset additions exceeding disposals and depreciation during 2013. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities. Included in the City’s total net position is \$122.4 million, versus \$124.5 million in 2012, which represents resources that are subject to external restrictions on how they may be used.

All net position generated by governmental activities are either externally restricted, restricted by enabling legislation, or invested in capital assets. Consequently, unrestricted governmental net position showed a \$442.0 million deficit at the end of the year as compared to a \$337.6 million deficit for the prior year. This deficit does not mean the City does not have resources available to pay its bills. Rather, it is the result of having long-term commitments that are greater than currently available resources, mainly net pension obligations of \$398.2 million for police and firefighters hired before May 1, 1977 and postemployment obligation of \$108.8 million. See the earlier discussion in regards to these two long-term liabilities.

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Change in net position. The City’s total revenue (including transfers) on a government-wide basis for 2013 was \$806.3 million and \$789.6 million for 2012. Taxes represent 58% of the City’s revenue (62% for 2012). Another 11% of revenue (11% in 2012) came from fees charged for services, and the remainder came from grants and contributions, interest earnings, and miscellaneous revenues (see chart 2, revenues by source, on the following page). The decrease in taxes is primarily due to a one-time special income tax distribution in 2012. The increase of \$47.6 million in capital grants and contributions can be attributed to the increase of capital contributions from the State of Indiana for public work projects built on the City’s behalf. In addition, the decrease of \$5.2 million in operating grants and contributions can be attributed to reduction in state and federal grants.

The total cost of all programs and services was \$837.6 million for 2013 (\$901.8 million for 2012). The City’s expenses cover a range of typical City services.

Schedule of Changes in Net Position
For the Year Ended December 31, 2013 and 2012
(dollars in thousands)

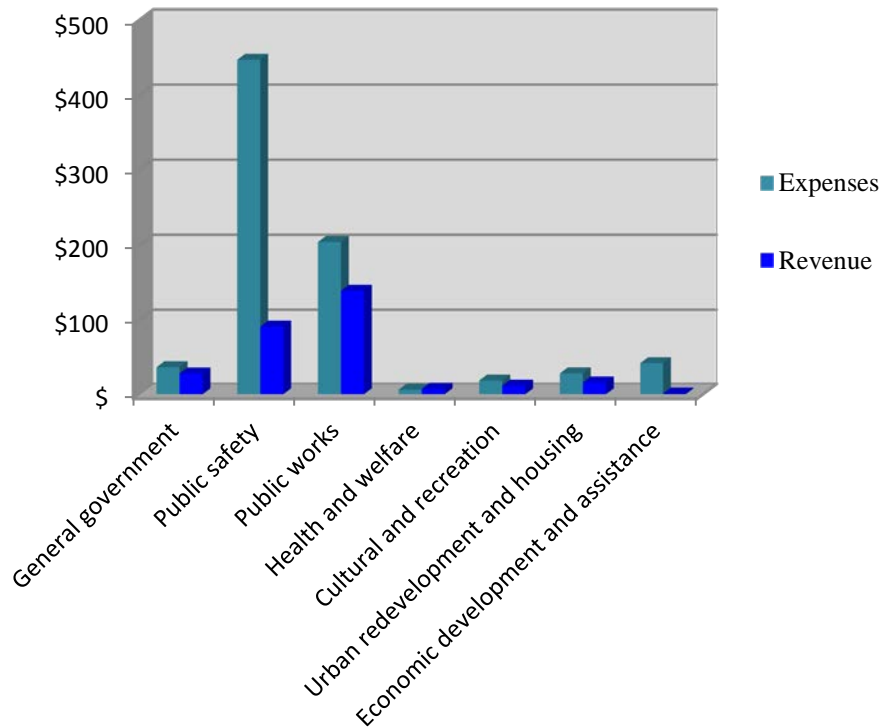
| | Governmental activities 2013 | Governmental activities 2012 |
|---|---|---|
| Revenues: | | |
| Program revenues | | |
| Charges for services | \$ 85,555 | \$ 89,726 |
| Operating grants and contributions | 138,311 | 143,556 |
| Capital grants and contributions | 77,797 | 30,217 |
| General revenues: | | |
| Property tax | 280,883 | 277,122 |
| Other taxes | 187,205 | 208,773 |
| Other general revenues | 36,527 | 40,247 |
| Total revenues | 806,278 | 789,641 |
| Expenses: | | |
| General government | 36,467 | 45,395 |
| Public safety | 447,016 | 448,007 |
| Public works | 204,217 | 196,687 |
| Health and welfare | 6,015 | 3,890 |
| Cultural and recreation | 18,465 | 22,413 |
| Urban redevelopment and housing | 28,124 | 31,493 |
| Economic development and assistance | 41,862 | 97,983 |
| Interest | 55,480 | 55,920 |
| Total expenses | 837,646 | 901,788 |
| Change in net position | (31,368) | (112,147) |
| Net position, beginning of year, before restatement | 408,350 | 520,497 |
| Adjustment for Implementation of GASB 65 | (14,289) | — |
| Net position, beginning of year, after restatement | 394,061 | 520,497 |
| Net position, ending | \$ 362,693 | \$ 408,350 |

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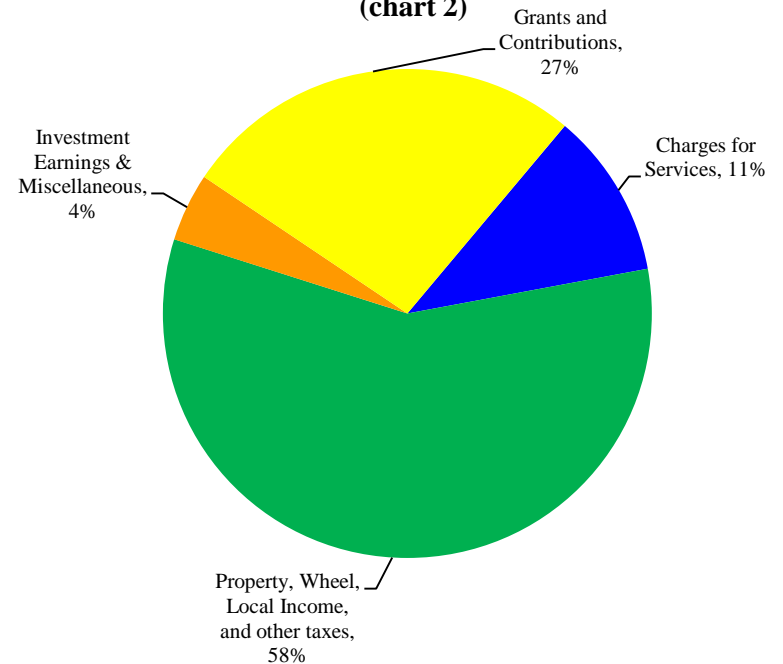
Governmental activities. The City’s governmental activities net position decreased by \$31.4 million compared to a decrease of \$112.1 million in the prior year. Total expenses for governmental activities for 2013 were \$837.6 million, a decrease of \$64.1 million from the prior year mainly due to the spend down of bond proceeds used for economic development projects. Total revenues for governmental activities for 2013 were \$806.3 million, an increase of \$16.6 million from the prior year. Capital grants and contributions increased \$47.6 million primarily due to public works projects paid for by the State and donated to the City. Overall, the City’s taxes declined by \$17.8 million due primarily to a one-time special income tax distribution in 2012.

The following charts provide the City’s governmental program revenues and expenses by function and revenues by source for 2013. As shown in chart 1, expenses and program revenues, public safety is the largest function of expense. General revenues such as property and income tax are not shown by program, but are included in chart 2, revenues by source, to show their significance. Taxes are used to support program activities city-wide.

Expenses and Program Revenues - Governmental Activities
(In millions) (chart 1)



Revenues by Source - Governmental Activities
(chart 2)



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FINANCIAL ANALYSIS OF THE CITY’S FUNDS

The focus of the City’s governmental funds is to provide information on inflows and balances of resources that are available for spending. An unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year.

At December 31, 2013, the unassigned fund balance of the General Fund was \$91.2 million while the total General Fund balance was \$280.7 million (as compared to \$348.7 million in 2012). As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 15% of total General Fund expenditures and transfers out (as compared to 14% for 2012), while total fund balance represents 45% (58% for 2012) of total General Fund expenditures and transfers out. The fund balance in the City’s General Fund decreased by \$68.0 million or 20% from the prior year fund balance. This was due primarily to the spend down of \$67.2 million in 2013 from the proceeds of the 2011 sale of the City’s water and wastewater facilities.

The Revenue Debt Service Fund ended the year with a \$147.6 million fund balance (as compared to \$154.7 million in 2012) which was restricted for debt service. The fund balance for the Revenue Debt Service Fund decreased by \$7.1 million due mainly to transfers made for capital projects. The Federal Grants Fund balance increased by \$6.2 million which can be attributable to reimbursements from the federal government being received during the revenue measurement period in 2013 versus 2012. The Economic Development Capital Projects Fund ended the year with a restricted fund balance of \$3.7 million and a total fund balance of \$3.7 million, a decrease of \$21.6 million over the prior year. The reduction is due to spending down the bond proceeds received by this fund for the North of South project.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the pension trust funds for police and firefighters hired before May 1, 1977. At the end of 2013, the net position of these pension funds amounted to \$1.9 million, which represents an increase of \$0.7 million in total net position during the year. Effective January 1, 2009, all pension payments are funded by the State of Indiana. No further funding is required by the City.

The City is the custodian of certain agency funds, and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of other entities, there are no net assets. At the end of 2013, the combined gross assets of the agency funds totaled \$20.5 million (\$15.7 million in 2012). This amount is composed of activity from the following agency funds: Sanitation 15 Year Law, UAL Personal Property, E-911 Allocation, DPS Retiree Health Insurance, IMPD Confiscated Cash, and Other.

General Fund Budgetary Highlights

The final budget for the City’s general fund represents the original budget plus any adjustments to appropriations during the year. It does not include encumbrances carried over from the prior year. In 2013, there was a \$2.3 million increase in appropriations to the original General Fund budget or less than .4%.

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Excluding prior year encumbrances, the original general fund expenditures budget for 2013 was \$578.8 million. The final General Fund expenditures budget was \$581.1 million. Actual expenditures were \$552.6 million. Of the total \$28.5 million underspent from the final budget, \$8.8 million was in public safety, \$4.9 million was in public works, \$10.1 million was in capital outlay expenditures, and \$2.3 million was in general government. These underspent amounts were due to planned reductions in the budget to fund future budget years. General revenues were originally estimated at \$434.7 million, final estimated at \$436.0 million, and the actual was \$441.3 million, which was \$5.3 million greater than budgeted. Out of the total \$5.3 million, \$2.7 million was in taxes and \$3.1 million was in licenses and permits. The increase in taxes is primarily attributable to higher property tax collection rates than originally estimated, and the increase in licenses and permits is primarily attributable to the improving economy. Further spending reductions would have had to take place had the revenue picture not improved. Actual expenditures were greater than revenues by \$111.3 million. This was primarily due to the spending down of \$55.1 million of proceeds that were recognized in 2011 from the sale of the water and wastewater facilities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had a net investment of \$1.5 billion in capital assets at December 31, 2013 (net of accumulated depreciation of \$2.4 billion) in a broad range of capital assets. This amount represents a net increase for the current year (including additions and deductions) of \$50.8 million.

| | Governmental activities 2013 | Governmental activities 2012 |
|--------------------------|---|---|
| | <u>2013</u> | <u>2012</u> |
| Land | \$ 54,390 | \$ 50,289 |
| Construction in progress | 214,237 | 236,585 |
| Buildings | 229,189 | 239,889 |
| Improvements | 78,843 | 66,722 |
| Equipment | 55,058 | 70,800 |
| Infrastructure | 865,466 | 782,097 |
| Total | <u>\$ 1,497,183</u> | <u>\$ 1,446,382</u> |

Major capital asset additions in 2013 for governmental activities included:

- \$89.0 million of additions to construction in progress, principally infrastructure, and equipment. Reductions to construction in progress were \$111.4 million which was transferred into infrastructure.
- \$4.7 million of additions to buildings and \$11.6 million of additions to improvements, principally at parks and recreation facilities.
- \$7.9 million of additions to equipment, principally for public safety and public works vehicles.

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- \$176.1 million of additions to infrastructure, principally \$19.9 million for storm sewers, \$131.4 million for streets, curbs and sidewalks, and \$15.4 million for bridges.

Donated capital assets for governmental activities were \$75.3 million, mainly attributable to the increase of capital contributions from the State of Indiana for public work projects built on the City’s behalf. Depreciation expense for 2013 for governmental activities was \$119.1 million. At December 31, 2013, the City had commitments related to ongoing capital asset construction projects of \$46.9 million.

See footnote 6 to the basic financial statements for more information regarding capital assets.

Long-Term Obligations

At the end of 2013, the City had outstanding long-term debt and other long-term obligations for governmental activities of \$1.68 billion, compared to \$1.71 billion at December 31, 2012 as shown below:

Schedule of Long-term Debt Obligations
(dollars in thousands)

| | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|-----------------------------|-----------------------------|
| Governmental activities: | | |
| Serial bonds payable | \$ 180,800 | \$ 210,616 |
| Tax increment bonds payable | 626,551 | 632,594 |
| Revenue bonds payable | 260,150 | 264,850 |
| Deferred discounts | — | (100) |
| Deferred premiums | 39,393 | 33,947 |
| Long-term notes payable and certificates of participation | 28,732 | 46,150 |
| Capital lease payable | 8,038 | 8,175 |
| Net pension obligation | 398,211 | 401,116 |
| Postemployment benefit obligation | 108,753 | 87,645 |
| Compensated absences | 34,270 | 33,815 |
| | <u> </u> | <u> </u> |
| Total | \$ <u>1,684,898</u> | \$ <u>1,718,808</u> |

The decrease in serial bonds payable is representative of the current administration commitment to reduce the cost of property tax supported debt to the taxpayers. The increase in the post employment pension obligation demonstrates the fact that this liability continues to grow with no intent by the City to actually fund this liability on other than a current contractually required basis.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
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Bonds

On May 16, 2013, the City issued its Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds of 2013 in the amount of \$25.0 million. The proceeds along with funds on hand were used to currently refund the Redevelopment Bonds of 2002 Series B, which had an outstanding principal amount of \$27.4 million.

On May 16, 2013, the City issued its Redevelopment District Subordinate Tax Increment Bonds of 2013, Series A in the amount of \$3.9 million, the proceeds are being used to pay for the costs of certain projects, additions or improvements within the City, including all or any portion of the acquisition of property and the design, construction, renovation, improvement and equipping of certain public infrastructure and other local public improvements, including without limitation, streets, bridges, sidewalks, pedestrian connectors, streetscapes, landscaping, lighting and trailway improvements in an area of the City generally located along a portion of Indiana Avenue and 16th Street and commonly referred to as the 16 Tech. The 16 Tech Project is anticipated to provide basic public infrastructure in the portion of the City in and along Indiana Avenue and 16th Street, in order to allow for and encourage future development of the certified technology park.

On May 16, 2013, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2013 A in the amount of \$14.3 million. The proceeds from these bonds were used to currently refund all of the City’s outstanding 2012 Bond Anticipation Notes which had an outstanding principal amount of \$15.0 million.

On May 16, 2013, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2013 B in the amount of \$1.9 million. The proceeds are being used for the purpose of paying all or a portion of the costs of completing the construction and equipping of a new fire station facility; which is replacing an existing fire station that is being relocated as part of a site development project being undertaken to allow for future economic development projects. The fire station completion project will be located at or near 700 West 16th Street in the City, and will be located within, or physically connected to, the allocation area.

On September 25, 2013, the City issued its IndyRoads Refunding Bonds, Series 2013 A, in the amount of \$9.0 million to the Bond Bank, which issued its related Series 2013 H in the amount of \$9.0 million. The proceeds from these bonds, together with other available funds on hand, were used to currently refund all of the City’s outstanding IndyRoads Revenue Bonds, Series 2003, which had an outstanding principal amount of \$9.3 million.

On October 16, 2013, the City issued its Stormwater District Revenue Refunding Bonds, Series 2013 A, in the amount of \$38.4 million to the Bond Bank, which issued its related Series 2013 D Bonds in the amount of \$38.4 million. The proceeds from these bonds were used to advance refund all of the City’s outstanding Stormwater District Series 2006 A Bonds, which had outstanding principal amounts of \$38.3 million.

Bond ratings. The City’s general obligation bonds are rated AA by Standards & Poor’s, AAA by Fitch, and Aaa by Moody’s. The City’s other debt, principally revenue bonds and notes, are rated to reflect the creditworthiness of the supporting revenue.

Limitations on debt. The state limits the amount of general obligation debt the City can issue to varying percents of assessed value, by taxing district, as shown in the statistical section. The City’s outstanding debt is well below the limit in each case.

See footnote 9 to the basic financial statements for more information regarding long-term debt.

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Year ended December 31, 2013

ECONOMIC FACTORS AND THE 2014 BUDGET

The 2014 original budget for all annually budgeted funds was \$706.3 million. Revisions of \$48.8 million have been made through June 2014, which were primarily due to increases in the federal grants fund appropriation.

The 2014 general fund original budget was \$540.1 million, a decrease of 5.8% from the 2013 original General Fund budget of \$571.8 million. Revisions (additions) of \$.4 million have been made through June 2014.

Unemployment rates were as follows:

| | May 2014 | May 2013 |
|----------------------|----------|----------|
| City of Indianapolis | 5.3% | 7.4% |
| State of Indiana | 5.7% | 8.3% |
| United States | 6.1% | 7.3% |

Source: United States Department of Labor, www.bls.gov

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have any questions about this report or need additional information, please contact the City of Indianapolis, Office of Finance and Management, 200 East Washington Street, Suite 2222, Indianapolis, Indiana 46204.

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Basic Financial Statements

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Position
December 31, 2013
(In thousands)

| | Primary Government | Component Unit |
|---|--------------------------------|------------------------------------|
| | Governmental activities | Indianapolis Housing Agency |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| Assets: | | |
| Equity in pooled cash | \$ 162,503 | \$ 13,755 |
| Cash and investments with fiscal agents | 173,531 | 12,467 |
| Investments | 258,011 | — |
| Property taxes receivable | 9,458 | — |
| Accounts receivable, less allowance for uncollectibles | 16,849 | 574 |
| Due from federal and state governments | 10,001 | 582 |
| Due from other governments | 142 | — |
| Other assets | — | 3,403 |
| Long-term receivables, less allowance for uncollectibles | 31,475 | 6,165 |
| Restricted assets | — | 2,968 |
| Capital assets: | | |
| Land | 54,390 | 18,124 |
| Infrastructure, net of accumulated depreciation | 865,466 | — |
| Other capital assets, net of accumulated depreciation | 363,090 | 152,079 |
| Construction in progress | 214,237 | 643 |
| Total assets | 2,159,153 | 210,760 |
| Deferred outflows of resources - deferred losses on refundings | 10,347 | — |
| Total assets and deferred outflows of resources | \$ 2,169,500 | \$ 210,760 |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Position
December 31, 2013
(In thousands)

| | Primary Government | Component Unit |
|---|--------------------------------|------------------------------------|
| | Governmental activities | Indianapolis Housing Agency |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | |
| Liabilities: | | |
| Accounts payable and other current liabilities | \$ 58,885 | \$ 3,491 |
| Accrued interest payable | 20,247 | 2 |
| Unearned revenue | 6,652 | — |
| Customer deposits | — | 142 |
| Bond anticipation notes | 17,325 | — |
| Other liabilities | — | 594 |
| Long-term liabilities: | | |
| Due within one year | 88,304 | 11,089 |
| Due in more than one year | 1,596,594 | 19,935 |
| Total liabilities | 1,788,007 | 35,253 |
| Deferred inflows of resources - parking meter concession agreement | 18,800 | — |
| Total liabilities and deferred inflows of resources | 1,806,807 | 35,253 |
| NET POSITION | | |
| Net investment in capital assets | 682,291 | 145,787 |
| Restricted for: | | |
| Capital projects | 37,874 | — |
| Debt service | 20,631 | — |
| Section 8 vouchers and VASH | — | 1,741 |
| Other purposes by grantors | 11,272 | — |
| Other purposes by contributor – nonexpendable | 363 | — |
| Statutory restrictions | 52,239 | — |
| Unrestricted (deficit) | (441,977) | 27,979 |
| Total net position | \$ 362,693 | \$ 175,507 |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Activities
Year ended December 31, 2013
(In thousands)

| <u>Functions/Programs</u> | <u>Program revenues</u> | | | | <u>Net (expense) revenue and changes in net position</u> | |
|---|-------------------------|---------------------------------|---|---|--|---|
| | <u>Expenses</u> | <u>Charges for services</u> | <u>Operating grants and contributions</u> | <u>Capital grants and contributions</u> | <u>Primary Government Governmental activities</u> | <u>Component Unit Indianapolis Housing Agency</u> |
| Governmental activities: | | | | | | |
| General government | \$ 36,467 | \$ 22,245 | \$ 5,777 | \$ — | \$ (8,445) | \$ — |
| Public safety | 447,016 | 19,698 | 65,320 | 6,185 | (355,813) | — |
| Public works | 204,217 | 37,427 | 38,149 | 63,745 | (64,896) | — |
| Health and welfare | 6,015 | 675 | 6,443 | — | 1,103 | — |
| Cultural and recreation | 18,465 | 3,129 | 531 | 7,867 | (6,938) | — |
| Urban redevelopment and housing | 28,124 | 1,330 | 14,502 | — | (12,292) | — |
| Economic development and assistance | 41,862 | 1,051 | 7,589 | — | (33,222) | — |
| Interest | 55,480 | — | — | — | (55,480) | — |
| Total governmental activities | <u>\$ 837,646</u> | <u>\$ 85,555</u> | <u>\$ 138,311</u> | <u>\$ 77,797</u> | <u>(535,983)</u> | <u>—</u> |
| <u>Component Unit</u> | | | | | | |
| Indianapolis Housing Agency | \$ 68,236 | \$ 6,916 | \$ 52,486 | \$ 52,608 | | 43,774 |
| Total component units | <u>\$ 68,236</u> | <u>\$ 6,916</u> | <u>\$ 52,486</u> | <u>\$ 52,608</u> | | <u>43,774</u> |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | | | | | 280,883 | — |
| Wheel taxes | | | | | 12,983 | — |
| Local income taxes | | | | | 154,273 | — |
| Other taxes | | | | | 19,949 | — |
| Grants and contributions not restricted by function | | | | | 12,978 | — |
| Investment earnings not restricted by function | | | | | 3,416 | — |
| Miscellaneous | | | | | 20,133 | 1,965 |
| Total general revenues | | | | | <u>504,615</u> | <u>1,965</u> |
| Change in net position | | | | | (31,368) | 45,739 |
| Net position, beginning of year, before restatement | | | | | 408,350 | 129,768 |
| Adjustment for implementation of GASB 65 (see note 1.Q) | | | | | (14,289) | — |
| Net position, beginning of year, after restatement | | | | | <u>394,061</u> | <u>129,768</u> |
| Net position – ending | | | | | <u>\$ 362,693</u> | <u>\$ 175,507</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Balance Sheet – Governmental Funds
December 31, 2013
(In thousands)

| | <u>General</u> | <u>Revenue Debt Service</u> | <u>Federal Grants</u> | <u>Economic Development Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------|---------------------------------|---------------------------|--|--|---|
| ASSETS | | | | | | |
| Equity in pooled cash | \$ 119,215 | \$ 7,544 | \$ 633 | \$ — | \$ 31,266 | \$ 158,658 |
| Cash and investments with fiscal agents | — | 130,293 | — | 21,062 | 22,014 | 173,369 |
| Investments | 189,951 | 11,311 | 1,005 | — | 49,641 | 251,908 |
| Property taxes receivable | 7,775 | — | — | — | 1,683 | 9,458 |
| Accounts receivable, less allowance of \$849 | 15,663 | 168 | 2 | — | 1,000 | 16,833 |
| Due from other funds | 4,708 | — | — | — | — | 4,708 |
| Due from federal and state governments | 21 | 215 | 9,675 | — | 90 | 10,001 |
| Long-term receivables, less allowance of \$25,870 | — | — | 272 | — | 2,503 | 2,775 |
| Total assets | <u>\$ 337,333</u> | <u>\$ 149,531</u> | <u>\$ 11,587</u> | <u>\$ 21,062</u> | <u>\$ 108,197</u> | <u>\$ 627,710</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Matured bonds payable | \$ — | \$ 1,490 | \$ — | \$ — | \$ 21,055 | \$ 22,545 |
| Matured interest payable | — | 401 | — | — | 9,167 | 9,568 |
| Accounts payable and other accrued liabilities | 23,035 | — | 3,286 | — | 3,991 | 30,312 |
| Accrued payroll and payroll taxes | 19,995 | — | 211 | — | 4 | 20,210 |
| Due to other funds | — | — | — | — | 490 | 490 |
| Unearned revenue | 24 | — | 2,536 | — | 5 | 2,565 |
| Bond anticipation notes | — | — | — | 17,325 | — | 17,325 |
| Total liabilities | <u>43,054</u> | <u>1,891</u> | <u>6,033</u> | <u>17,325</u> | <u>34,712</u> | <u>103,015</u> |
| Deferred inflows of resources | <u>13,560</u> | <u>—</u> | <u>4,899</u> | <u>—</u> | <u>3,017</u> | <u>21,476</u> |
| Fund balances: | | | | | | |
| Nonspendable | — | — | 272 | — | 2,866 | 3,138 |
| Restricted | 42,256 | 147,640 | 383 | 3,737 | 69,757 | 263,773 |
| Committed | 70,457 | — | — | — | — | 70,457 |
| Assigned | 76,815 | — | — | — | — | 76,815 |
| Unassigned | 91,191 | — | — | — | (2,155) | 89,036 |
| Total fund balances | <u>280,719</u> | <u>147,640</u> | <u>655</u> | <u>3,737</u> | <u>70,468</u> | <u>503,219</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 337,333</u> | <u>\$ 149,531</u> | <u>\$ 11,587</u> | <u>\$ 21,062</u> | <u>\$ 108,197</u> | <u>\$ 627,710</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Reconciliation of the Balance Sheet for Governmental Funds
to the Statement of Net Position
December 31, 2013
(In thousands)

Amounts reported for governmental activities in the statement of net position are different because:

| | | |
|--|----|-------------|
| Fund balances – total governmental funds | \$ | 503,219 |
| Capital assets not reported in the fund statements | | 1,497,183 |
| Net assets of internal service funds | | (2,313) |
| Long-term receivable from sale of wastewater collection and treatment facilities assets for future general obligation debt service | | 28,700 |
| Deferred outflow of resources - loss on refundings | | 10,347 |
| Deferred inflow of resources - parking meter concession agreement | | (18,800) |
| Long-term liabilities not in the fund statements (excludes matured bonds payable) | | (1,662,353) |
| Deferred inflow of resources in the fund statements not in the statement of net position | | 21,476 |
| Unearned revenues in the statement of net position not in the fund statements | | (4,087) |
| Accrued interest payable not in the fund statements (excludes matured interest payable) | | (10,679) |
| Net position of governmental activities | \$ | 362,693 |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2013
(In thousands)

| | <u>General</u> | <u>Revenue Debt Service</u> | <u>Federal Grants</u> | <u>Economic Development Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---------------------------------|---------------------------|--|--|---|
| Revenues: | | | | | | |
| Taxes | \$ 304,495 | \$ 84,013 | \$ — | \$ — | \$ 79,312 | \$ 467,820 |
| Licenses and permits | 13,457 | — | — | — | — | 13,457 |
| Charges for services | 56,178 | — | — | — | 2,648 | 58,826 |
| Intergovernmental revenues | 111,205 | 215 | 49,362 | — | 3,583 | 164,365 |
| Intragovernmental revenues | 4,880 | — | — | — | — | 4,880 |
| Traffic violations and court fees | 3,473 | — | 355 | — | 1,601 | 5,429 |
| Interest and other operating revenues | 14,277 | 2,061 | 7 | 25 | 15,446 | 31,816 |
| Total revenues | <u>507,965</u> | <u>86,289</u> | <u>49,724</u> | <u>25</u> | <u>102,590</u> | <u>746,593</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 21,107 | — | 156 | — | 458 | 21,721 |
| Public safety | 408,657 | — | 7,631 | — | 486 | 416,774 |
| Public works | 98,653 | — | 2,492 | — | 27 | 101,172 |
| Health and welfare | 142 | — | 5,831 | — | — | 5,973 |
| Cultural and recreation | 12,978 | — | 886 | — | — | 13,864 |
| Urban redevelopment and housing | 3,482 | — | 20,551 | — | — | 24,033 |
| Economic development and assistance | 1,574 | 11,504 | 210 | 23,813 | 880 | 37,981 |
| Debt service: | | | | | | |
| Redemption of bonds and notes | 513 | 34,101 | 2 | — | 26,982 | 61,598 |
| Interest on bonds and notes | 1,113 | 18,832 | 39 | 137 | 31,860 | 51,981 |
| Bond and note issuance costs | — | 245 | — | 4,913 | 547 | 5,705 |
| Payment to refunded bond escrow agent | — | 36,705 | — | — | — | 36,705 |
| Operating lease payments and administration | 40 | 688 | — | — | 15,319 | 16,047 |
| Capital outlays | 73,387 | — | 5,786 | — | 26,221 | 105,394 |
| Total expenditures | <u>621,646</u> | <u>102,075</u> | <u>43,584</u> | <u>28,863</u> | <u>102,780</u> | <u>898,948</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(113,681)</u> | <u>(15,786)</u> | <u>6,140</u> | <u>(28,838)</u> | <u>(190)</u> | <u>(152,355)</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2013
(In thousands)

| | <u>General</u> | <u>Revenue Debt Service</u> | <u>Federal Grants</u> | <u>Economic Development Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------|---------------------------------|---------------------------|--|--|---|
| Other financing sources (uses): | | | | | | |
| Sales of capital assets | \$ 539 | \$ 91 | \$ — | \$ — | \$ 165 | \$ 795 |
| Bonds and notes issued | — | — | — | 5,780 | — | 5,780 |
| Premium on bonds and notes issued | — | 740 | — | 6,177 | 4,827 | 11,744 |
| Refunding bonds issued | — | 9,010 | — | 39,240 | 38,355 | 86,605 |
| Payment to refunded bond escrow agent | — | — | — | (15,200) | (38,345) | (53,545) |
| Proceeds from restructuring of debt | — | — | — | — | 85 | 85 |
| Transfers in | 51,038 | 24,445 | 67 | — | 26,666 | 102,216 |
| Transfers out | (5,900) | (25,551) | — | (28,723) | (42,042) | (102,216) |
| Total other financing sources (uses) | <u>45,677</u> | <u>8,735</u> | <u>67</u> | <u>7,274</u> | <u>(10,289)</u> | <u>51,464</u> |
| Net change in fund balances | (68,004) | (7,051) | 6,207 | (21,564) | (10,479) | (100,891) |
| Fund balances (deficits) at beginning of year | <u>348,723</u> | <u>154,691</u> | <u>(5,552)</u> | <u>25,301</u> | <u>80,947</u> | <u>604,110</u> |
| Fund balances at end of year | <u>\$ 280,719</u> | <u>\$ 147,640</u> | <u>\$ 655</u> | <u>\$ 3,737</u> | <u>\$ 70,468</u> | <u>\$ 503,219</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year ended December 31, 2013
(In thousands)

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

| | | |
|--|----|------------------------|
| Net change in fund balances – total governmental funds | \$ | (100,891) |
| Depreciation expense reported in the statement of activities but not in the fund statements | | (119,064) |
| Capital outlay expenditures, exceeding capitalization threshold, reported in the fund statements but reported as additions to capital assets in the statement of activities | | 117,449 |
| Donations of capital assets not recorded in the fund statements | | 68,466 |
| Disposals of capital assets not recorded in the fund statements | | (16,050) |
| Donations of construction in progress, recorded as unearned revenue on the statement of net position | | (4,087) |
| Revenues in the statement of activities that do not provide current financial resources and are deferred inflows in the fund statements | | 21,476 |
| Revenues in the statement of activities that do not provide current financial resources, representing a long-term receivable from sale of wastewater collection and treatment facilities | | (6,725) |
| Revenues in the fund statements but not in the current year statement of activities due to the current financial resources focus of the governmental funds | | (24,814) |
| Bond and notes issued, including deferred premiums, reported as financing sources in the fund statements but as additions to long-term liabilities in the statement of activities | | (104,129) |
| Bond and note principal payments, and principal refunded reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of activities | | 151,848 |
| Amortization of deferred inflow of resources related to the parking meter agreement reported as expenses in the statement of activities but not in the fund statements | | 400 |
| Change in net position of internal service funds reported with governmental activities | | 1,068 |
| Amortization of bond premium, discount, and loss on refunding reported in the statement of activities but not in the fund statements | | 9,449 |
| Increase in compensated absences that is not reported in the fund statements | | (455) |
| Capital appreciation bond interest expense that is reported as interest accretes for the statement of activities but not the fund statements, as there is no cash outflow | | (7,387) |
| Accrued interest on bonds and notes payable through December 31, 2013 reported as expenses in the statement of activities but not the fund statements, net of matured interest payable | | (10,680) |
| Capital lease payments reported as expenditures in the fund statements but as reduction of debt in the statement of activities | | 137 |
| Accrued interest at December 31, 2013 not reported in the current year statement of activities but reported in the fund statements, as amounts were paid in the current year | | 10,823 |
| Net increase in the postemployment benefit obligation and early retirement obligation that are not reported in the fund statements | | (21,108) |
| Decrease in the net pension obligation that is not reported in the fund statements | | <u>2,906</u> |
| Change in net position of governmental activities | \$ | <u><u>(31,368)</u></u> |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Position
Proprietary Funds
December 31, 2013
(In thousands)

| | | Governmental activities – Internal Service Funds |
|--|----|---|
| ASSETS | | |
| Current assets: | | |
| Equity in pooled cash | \$ | 3,845 |
| Cash with fiscal agents | | 162 |
| Investments | | 6,103 |
| Accounts receivable | | 16 |
| Total assets | | 10,126 |
| | | |
| LIABILITIES | | |
| Accounts payable and other accrued liabilities | | 8,363 |
| Due to other funds | | 4,076 |
| Total liabilities | | 12,439 |
| | | |
| NET POSITION | | |
| Unrestricted (deficit) | | (2,313) |
| Total net position (deficit) | \$ | (2,313) |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended December 31, 2013
(In thousands)

| | | Governmental activities – Internal Service Funds |
|---|----|---|
| | | |
| Operating revenues: | | |
| Charges to other funds | \$ | 21,581 |
| Operating expenses: | | |
| Claims | | 20,291 |
| Administration | | 224 |
| Total operating expenses | | 20,515 |
| Operating income | | 1,066 |
| Nonoperating revenues: | | |
| Interest income | | 2 |
| Changes in net position | | 1,068 |
| Net position (deficit), beginning of year | | (3,381) |
| Total net position (deficit), end of year | \$ | (2,313) |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2013
(In thousands)

| | | Governmental activities – Internal Service Funds |
|--|----|---|
| | | <u> </u> |
| Cash flows from operating activities: | | |
| Receipts from users | \$ | 23,270 |
| Payments for administration | | (224) |
| Payments for claims | | (23,595) |
| Net cash used in operating activities | | <u>(549)</u> |
| Cash flows from investing activities: | | |
| Sales and maturities of investments | | 561 |
| Investment purchases | | (2,572) |
| Interest on investments | | 2 |
| Net cash used in investing activities | | <u>(2,009)</u> |
| Net decrease in cash | | (2,558) |
| Cash, beginning of year | | <u>6,565</u> |
| Cash, end of year | \$ | <u><u>4,007</u></u> |
| | | |
| Reconciliation of operating income to net cash used in operating activities: | | |
| Operating income | \$ | 1,066 |
| Adjustments to reconcile operating income to net cash used in operating activities: | | |
| Change in assets and liabilities: | | |
| Decrease in accounts receivable | | 1,689 |
| Decrease in accounts payable | | (3,304) |
| Net cash used in operating activities | \$ | <u><u>(549)</u></u> |

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2013
(In thousands)

| | ASSETS | Police and Firefighters' Pre-1977 Pension Trust Funds | Agency Funds |
|--|---------------------|--|-------------------------|
| | | | |
| Equity in pooled cash | | \$ 774 | \$ 7,533 |
| Investments | | 1,229 | 11,959 |
| Accounts receivable | | — | 993 |
| Total assets | | 2,003 | \$ 20,485 |
| | LIABILITIES | | |
| Accounts payable and other accrued liabilities | | — | \$ 20,485 |
| Due to other funds | | 142 | — |
| Total liabilities | | 142 | \$ 20,485 |
| | NET POSITION | | |
| Held in trust for pension benefits | | \$ 1,861 | |

The accompanying notes are an integral part of the financial statements.

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds

Year ended December 31, 2013

(In thousands)

| | | Police and Firefighters Pre-1977 Pension Trust Funds |
|---|----|---|
| | | |
| ADDITIONS | | |
| State of Indiana pension subsidy received from the General Fund | \$ | 58,714 |
| Total additions | | 58,714 |
| DEDUCTIONS | | |
| Benefits | | 58,038 |
| Total deductions | | 58,038 |
| Change in plan net position | | 676 |
| Net position – beginning of year | | 1,185 |
| Net position – end of year | \$ | 1,861 |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2013
(Dollars in Thousands)

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Indianapolis (“City”), located in Marion County, Indiana, was originally incorporated in 1832. On January 1, 1970, the government of the City, as defined by the Consolidated First-Class Cities and Counties Act, adopted by the 1969 Indiana General Assembly, and Marion County (“County”) were unified (“Consolidated City”). Their form of service delivery was consolidated and certain of the City’s service boundaries were extended to generally coincide with those of the County. Four other municipalities located within the County boundaries are specifically excluded from most functions of the Consolidated City by the consolidating act.

The City operates under an elected Mayor/City-County Council (29 members) form of government and provides the following services: public safety (police and fire), culture and recreation, community development and welfare (including planning and zoning), highways and streets, environmental service (solid waste collection and disposal), and general administrative services.

For financial reporting purposes, the City is considered to be a component unit of the Consolidated City of Indianapolis – Marion County Reporting Entity (unified government, commonly referred to as “Unigov”), as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. The elected officials, the Mayor and the City-County Council (“Council”), serve as the executive and legislative body, respectively, for both the City and the County. The City is considered a legally separate organization for which its elected officials are financially accountable. This accountability is evidenced by the elected officials’ ability to: (a) approve the budget of the City; (b) veto, override, or modify the budget; and (c) establish tax levies. Additionally, the Mayor appoints the City’s deputy mayors and the City’s department directors subject to the approval of the Council, and also appoints the City Controller and Corporation Counsel.

Component Units

The City’s financial reporting entity has been determined in accordance with governmental accounting standards defining the reporting entity and identifying entities to be included in its basic financial statements. The Indianapolis Housing Agency (“Housing Agency”) is responsible for the management, operation, maintenance, and administration of public housing and public housing projects. The Housing Agency has a separate Board of Commissioners, which comprises nine members. The Mayor appoints five members while the Council appoints two members. The remaining two members are appointed from the family housing community and one from the senior community. The Housing Agency is included as a discretely presented component unit of the City because it possesses the corporate powers that would distinguish it as being a legally separate entity and because the Mayor and Council appoint a voting majority of the Housing Agency’s governing body and can remove a board member at will.

The Housing Agency has established a nonprofit entity, Insight Development Corporation, Inc. (“Insight”) (formerly known as Partners for Affordable Housing, Inc.), which is legally separate from the Housing Agency, and which is exempt from federal income tax under Section 501(c)(3). The purpose of Insight is to foster low-income housing in and around Indianapolis. Insight has as its sole member the Housing Agency and its board consists of six members, two of which are Housing Agency board members. Accordingly, Insight is considered to be a component unit of the Housing Agency and its financial information is included in the discretely presented financial information herein reported for the Housing Agency. The Housing Agency and Insight issue separate financial statements, which can be obtained by writing to Indianapolis Housing Agency, 1919 North Meridian Street, Indianapolis, Indiana 46202.

The City’s financial reporting entity also includes the Circle Area Community Development Corporation (“CAC”), which was incorporated on July 22, 1997. CAC is reported as a blended component unit. The purpose of CAC is to benefit, perform, and carry out the charitable, educational, and other public purposes of the City. Specific purposes include encouraging, supporting, and assisting in activities, projects, and programs that promote the social welfare, beautify the public areas, and improve the effectiveness of infrastructure and foster, develop, and maintain economic development and rehabilitation in and around downtown Indianapolis.

Related Organization

The Mayor appoints the five members of the board of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”), but the City’s accountability for this organization does not extend beyond making the appointments.

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B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its discretely presented component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. However, the City currently has no business-type activities.

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

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year the levy and tax rates are certified. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this basis of accounting, revenues are recognized as they become susceptible to accrual; generally, as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, including taxes other than property taxes, the City considers revenue to be available if they are collected within 90 days of the end of the current fiscal period. Significant revenues susceptible to accrual include property and other taxes, grants, and interest on investments. Bond and notes issued are recorded as other financing sources, along with any related premium or discounts.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include:

- 1) Debt service fund bond principal and interest expenditures due through January 15 are recorded on the preceding December 31. Expenditures related to compensated absences and claims and judgments are recorded only when payment is due (i.e., matured).
- 2) Prepaid expenditures are not recorded as an asset in the fund financial statements.

GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions* (“GASB Statement No. 33”), groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as local income tax) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Local income tax held by the State of Indiana (“State”) is not recorded as revenue until amounts are approved for distribution by the State since the amounts are not estimable until that time. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance in relation to derived tax revenue nonexchange transactions are reported as liabilities until the period of exchange.

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The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arise or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period in which the tax levy and rates are certified. Imposed nonexchange revenues also include taxes such as wheel, auto excise, and financial institutions.

Voluntary nonexchange transactions, such as grants and assistance received from other governmental units, and government-mandated nonexchange transactions are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. For these types of transactions, resources received before eligibility requirements are met (excluding time requirements) are reported as liabilities, while resources received before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources.

Charges for services in the governmental funds, which are exchange transactions and, therefore not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

All proprietary funds, pension trust funds and the discretely presented component unit financial statements are accounted for using the same measurement focus and basis of accounting as the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, except as to the accounting for certain pension costs. The City records pension payments made by the State of Indiana on its behalf as both a revenue and an expenditure. Unfunded pension obligations are recorded in the government-wide statements in the long-term liabilities due in more than one year.

All agency funds are purely custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for under the accrual basis of accounting.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Revenue Bond Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on debt of the Tax Increment Districts and on debt issued for certain other public works projects.

The *Federal Grants Special Revenue Fund* accounts for all grants received from the U.S. Departments of Housing and Urban Development, Justice, Transportation, Homeland Security, and other miscellaneous federal agencies.

The *Economic Development Capital Projects Fund* accounts for all financial resources relating to projects funded through economic development bonds of the City.

Additionally, the City reports the following fund types:

Internal Service Funds account for the accumulation of resources to provide for the financing of workers' compensation and auto liability, and health self-insurance for all City departments, as well as provide for the centralization of certain payments of awards, refunds, and indemnities.

Fiduciary Funds are classified into subgroupings – Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Agency Funds are custodial in nature (assets equal liabilities) and account for monies held on behalf of contractors, retirement boards, the E-911 dispatch program, and for confiscated items related to public safety activities. Pension Trust Funds are those funds held in trust for disbursement to covered employees. The City records expenditures for pension obligations as payments are made to pensioners.

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all local taxes. State-shared revenues, such as cigarette tax, are reported as grants and contributions not restricted to specific functions, unless they are restricted to specific functions, such as gasoline tax, in which case they are reported as operating grants and contributions.

Indirect costs are included as part of the program expenditures reported for individual functions and activities.

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D. Cash and Investments

Investments are stated at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. At December 31, 2013, the City has \$51,196 invested in TrustIndiana, an external investment pool administered by the State of Indiana. Consistent with the provisions of a 2a-7 like pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, the portfolio securities are valued at amortized cost, which approximates fair value. The amortized cost valuation methods involve initially valuing a security at its cost on the date of purchase and thereafter accreting to maturity and discount or amortizing to maturity any premium. The City records its investment in the external pool at its share value. The Indiana Treasurer of State has been designated by State statute as the administrator of the pool and has general oversight over the daily operation of the pool.

When funds pool cash for investments, income from the pooled investments is allocated to the funds based on the participating fund's average daily equity balance. An individual fund's negative position in the pool is reflected as an interfund liability.

E. Receivables

All trade and property tax receivables are shown net of an allowance, if any, for uncollectible balances.

Property taxes are levied as of January 1 on property values assessed as of March 1 of the previous year. The tax levy is divided into two billings due on May 10 and November 10 each year.

Noncurrent portions of long-term receivables in the governmental funds are reported in their respective balance sheets, notwithstanding their measurement focus. The noncurrent portions of receivables that will ultimately result in the recognition of revenue are reported as deferred inflows of resources. Noncurrent portions of other long-term receivables (e.g., loans receivable and nonfinancial assets held for sale) are offset by nonspendable fund balance accounts since they are not considered available spendable resources.

F. Inventory

Inventories of the governmental funds are recorded as expenditures when purchased; and are not recorded in the statement of net position or the governmental funds balance sheet, as the associated amounts are not considered material.

G. Capital Assets

Capital assets, which include land, land improvements, buildings, equipment, and infrastructure (e.g., streets, bridges, storm drains, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with cost or donated value beyond prescribed levels and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The prescribed capitalization levels for the City are as follows:

- All land acquired by the City is capitalized. Land improvements of \$25 or greater are capitalized.
- All new construction of City buildings is capitalized. Rehabilitation of \$75 or greater is capitalized.
- Equipment and vehicles of \$5 or greater are capitalized.
- Infrastructure projects of \$25 or greater are capitalized. Infrastructure assets acquired before January 1, 2002 have been capitalized if estimated historical cost or donated value was near or above the criteria for major infrastructure as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* ("GASB Statement No. 34").
- Assets such as computer software and easements are required to be reported as capital assets under GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. All permanent easements have historically been capitalized. Other intangible assets are capitalized if the historical cost or donated value is \$100 or greater. The City has chosen not to report, retroactively to 1980, intangible assets having indefinite useful lives and those considered to be internally generated, except for certain computer software and right-of-way easements to which recognition criteria could be effectively applied.

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Depreciation is calculated using the straight-line method and no salvage value. Depreciation lives are as follows:

| | |
|--|---------------------------------------|
| Land improvements | 30 years individual depreciation |
| Buildings | 50 years individual depreciation |
| Building improvements | 20 years individual depreciation |
| Equipment and vehicles | 3 to 20 years individual depreciation |
| Streets, curbs, sidewalks, and traffic signals | 30 years group depreciation |
| Bridges and storm lift stations | 60 years individual depreciation |
| Storm mains, manholes, inlets, and culverts | 60 years group depreciation |

H. Property Taxes

Property taxes levied for all governmental entities located within the County are collected by the Treasurer of Marion County, Indiana (“Treasurer”). These taxes are then distributed by the Auditor of Marion County, Indiana (“Auditor”) to the City and the other governmental entities at June 30 and December 31 of each year. The City and the other governmental entities can request advances of their portion of the collected taxes from the Treasurer once the levy and tax rates are certified by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance typically certifies the levy on or before February 15 of the year following the property tax assessment.

The City’s 2013 property taxes were levied based on assessed valuations determined by the Auditor as of the 2012 assessed valuations, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2013 property taxes was March 1, 2012 (assessment date); however, the City does not recognize a receivable on the lien date, as the amount of property tax to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Taxable property is assessed at 100% of the true tax value. In 2013, the first half of the year 2013 taxes were due and payable to the Treasurer in May 2013. The second half of the year 2013 taxes was due and payable to the Treasurer in November 2013. Property taxes outstanding at December 31, 2013, net of allowance for uncollectible accounts, are recorded as a receivable in the governmental fund and government-wide financial statements. However, for the governmental fund financial statements, all property tax receivable amounts are recorded as deferred inflows of resources.

I. Unearned Revenue

Unearned revenue is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be considered earned due to eligibility requirements.

J. Risk Management

The City is insured for property and certain liability losses, subject to certain deductible amounts, except that it is self-insured for auto liability, a high deductible health insurance plan, general liability (excluding certain other catastrophes), workers’ compensation inpatient services, and services delivered at a site other than that provided for in the workers’ compensation agreement. Expenses are recorded when a determinable loss is probable and the amount of the loss can be estimated.

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The change in claims for 2013 and 2012, including an estimate of incurred but not reported claims, is as follows:

| | Risk Management | Public Liability Self-Insurance | Employee Health Insurance | Total |
|--|----------------------------|--|--|-----------------|
| Unpaid claims, December 31, 2011 | \$ 2,786 | \$ 4,571 | \$ 1,202 | \$ 8,559 |
| Incurred claims and changes in estimates | 4,569 | 5,592 | 12,016 | 22,177 |
| Claims paid | <u>(4,864)</u> | <u>(2,609)</u> | <u>(11,582)</u> | <u>(19,055)</u> |
| Unpaid claims, December 31, 2012 | 2,491 | 7,554 | 1,636 | 11,681 |
| Incurred claims and changes in estimates | 6,006 | 1,092 | 13,193 | 20,291 |
| Claims paid | <u>(5,220)</u> | <u>(4,840)</u> | <u>(13,549)</u> | <u>(23,609)</u> |
| Unpaid claims, December 31, 2013 | <u>\$ 3,277</u> | <u>\$ 3,806</u> | <u>\$ 1,280</u> | <u>\$ 8,363</u> |

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and job-related illnesses or injuries to employees. The City individually handles these risks of loss through combinations of risk retention and commercial insurance.

The City has entered into contracts with two companies to service its workers' compensation and auto liability claims, which are reported in the Risk Management Internal Service Fund. Under the terms of the contracts, the City is required to maintain a minimum level of funds in a "loss fund account" with the company for the purpose of paying claims and losses. These amounts are recorded as an asset since the self-insurance risk is not transferred to the service agent. The City records a liability for the estimated outstanding losses at year-end, which includes an accrual for incurred but not reported claims and is included in accounts payable and other current liabilities in the statement of net position. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The City accounts for the self-insurance programs in internal service funds.

The City has elected to be self-insured through a high-deductible health insurance plan that is offered to current and eligible retired employees. There is a \$175 stop-loss coverage for each employee per annum. The City has contracted with a third party to service its health insurance claims. The City records a liability for the estimated outstanding claims at year-end in the self-insurance fund, which is included in accounts payable and other current liabilities in the statement of net position. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the past three years.

K. Compensated Absences

City employees earn benefit leave days (in lieu of all vacation, sick, and other accrued leave time), which accumulate to a maximum of 37 days per year, depending on length of service. A total of 176 hours earned benefit leave can be carried forward to subsequent years, and an additional 80 hours can be carried forward upon appropriate approval. Accumulated unused sick leave earned before September 1, 1994 is payable only upon the death or retirement of an employee, and only half the accumulated sick leave is then payable.

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated benefit and sick leave days are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. The entire cost of benefit and sick leave is recorded in the government-wide financial statements. Certain amounts have been recorded in the governmental fund financial statements, since such amounts came due (matured, for example, as a result of employee resignations and retirements) during the year ended December 31, 2013.

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L. Estimates and Uncertainties

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported changes in amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

M. Interfund Transactions

All outstanding balances between funds are reported as “due to/from other funds.”

Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures if they involved organizations external to the City. Certain internal payments are treated as a reduction of expense, such as reimbursements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

N. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and the proprietary fund types in the fund financial statements, bond or note premiums and discounts are recorded as an addition or reduction to the debt obligation. Premiums and discounts are amortized as a component of interest expense over the term of the related bonds using the effective-interest method. Bond issuance costs, excluding bond insurance, are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Deferred Outflows and Inflows of Resources

The City defers recognition of losses incurred on bond refundings and reports such losses as deferred outflows of resources in the government-wide statement of net position. Deferred losses on refundings are amortized using the straight-line method over the lesser of the remaining life of the original bonds or the life of the new bonds.

In accordance with GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (“GASB Statement No. 60”), the City has recorded upfront payments received under a parking meter concession agreement as a deferred inflow of resources in the government-wide statement of net position. This deferred inflow of resources is being amortized using the straight-line method over the term of the agreement.

Deferred inflows of resources are also reported in the fund financial statements for receivables that are not considered available at year-end or for which eligibility requirements have not been met.

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P. Net Position/Fund Balances

In the government-wide and proprietary fund financial statements, the components of net position are categorized as follows:

- 1) *Net investment in capital assets* – This category is comprised of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition or construction of those assets.
- 2) *Restricted* – This category consists of resources that have external restrictions imposed by outside parties (e.g., creditors, grantors, contributors) or by law through constitutional provisions or enabling legislation.
- 3) *Unrestricted* – This category represents resources of the City that are not subject to externally imposed restrictions and that may be used to meet the ongoing obligations to the public and creditors.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB Statement No. 54") requires fund balances for governmental funds to be classified based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Further, GASB Statement No. 54 establishes criteria for classifying fund balances and clarifies the definitions for governmental fund types.

Within the fund financial statements, the fund balances are classified in the following manner:

- 1) *Nonspendable* – This consists of resources that are either: (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- 2) *Restricted* – This consists of resources that can be spent only for the specific purpose stipulated by constitution, external parties (e.g., grantors, creditors, or other governments), or enabling legislation.
- 3) *Committed* – This consists of resources that can only be used for specific purposes pursuant to formal action of the government's highest level of decision-making authority. The City's highest level of decision-making authority rests with the Council. Resources are reported as committed by the Council through passage of an ordinance. The Council can modify or rescind a commitment of resources through passage of a new ordinance.
- 4) *Assigned* – This consists of resources constrained by the government's intention to use them for specific purposes, but are neither restricted nor committed. By statute, the City Controller has the ability to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments are generally temporary and require no additional action to effect removal of the assignment. Within the assigned fund balance for the General Fund are encumbrances of \$26,566, which have been assigned to cover future purchases.
- 5) *Unassigned* – This consists of residual fund balances that do not meet the criteria of nonspendable, restricted, committed, or assigned.

Effective August 2011, the Council established the Fiscal Stability Fund under Fiscal Ordinance No. 11, which is reported in the Consolidated County Subfund of the City's General Fund. At December 31, 2013, the unassigned fund balance of the Fiscal Stability Fund is \$80,048. Such monies have been set aside by the City-County Council to be maintained as a general reserve until such time the Council takes action to appropriate all or a portion of this amount. The ordinance that created the Fiscal Stability Fund does not dictate the circumstance under which such monies may be spent or provide requirements for any further additions to the fund.

The City's policy is to apply expenditures to restricted resources first, then committed, then assigned, and finally to unassigned, as applicable.

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Q. Implementation of GASB Statements No. 61 and 65

During 2013, the City adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. This statement had no impact on the City’s net position, changes in net position or financial reporting disclosures.

Also during 2013, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows of resources and deferred inflows of resources and recognizes as expenses and revenues certain items that were previously reported as assets and liabilities. In addition, this statement changes the method of accounting for debt issuance costs. Prior to 2013, the City reported debt issuance costs as deferred charges, which were capitalized and amortized over the life of the related debt. Under GASB Statement No. 65, debt issuance costs are to be expensed in the period incurred. Implementation of GASB Statement No. 65 resulted in the reduction of previously reported net position by \$14,289 for the retrospective removal of these debt issuance costs. Additionally, deferred losses on refundings of \$10,347 were reclassified from liabilities to deferred outflows of resources in the statement of net position and \$21,476 of deferred revenues were reclassified to deferred inflows of resources in the governmental funds balance sheet.

R. Future Adoption of Accounting Pronouncements

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No 27*; Statement No. 69, *Government Combinations and Disposal of Government Operations*; Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*. The City intends to implement these GASB Statements, as applicable, on their respective effective dates.

S. Subsequent Events

The City evaluated subsequent events through the date the financial statements were issued. The City is not aware of any significant events, that occurred subsequent to December 31, 2013, but prior to the issuance of this report that would have a material impact on the financial statements, or that required recognition or disclosure in the financial statements.

2. Cash Deposits and Investments

As of December 31, 2013, the City had the following cash deposits and investments:

| | |
|---|-------------------|
| Cash and investments | \$ 420,514 |
| Cash and investments with fiscal agents | 173,531 |
| Cash and investments – Fiduciary Funds | <u>21,495</u> |
| Total cash and investments | <u>\$ 615,540</u> |

Deposits

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

The City’s total cash deposits at December 31, 2013 were \$85,890. The City’s cash deposits are insured up to \$250 at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits in excess of the \$250 FDIC limits are partially or fully collateralized by the depository institution and insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

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Investments

Indiana statutes authorize the City to invest in United States obligations and issues of federal agencies, Indiana municipal securities, secured repurchase agreements fully collateralized by U.S. Treasury or U.S. agency obligations, certificates of deposit and open-end money market mutual funds.

It is the policy of the City to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state/local statutes governing the investment of public funds. The primary objectives, in priority order, of the City's investment activities shall be:

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- **Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.
- **Return on Investments:** The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City's investment policy provides that the City seeks to minimize the risk that the market value of securities in its portfolio will decrease due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. All City investments must mature within two years from date of investment unless managed by a bank's trust department and then the maturity length can be longer.

Below is a segmented time distribution for the City's debt investments at December 31, 2013:

| Investment Type | Fair Value | Investment Maturities (in Years) | | |
|---|-------------------|---|-------------------|------------------------|
| | | Less than 1 | 1-5 | Greater than 10 |
| Government Sponsored-Enterprises: | | | | |
| Federal Farm Credit Bank | \$ 14,996 | \$ — | \$ 14,996 | \$ — |
| Federal Home Loan Bank | 40,000 | — | 40,000 | — |
| Federal Home Loan Mortgage Corporation | 24,994 | 9,994 | 15,000 | — |
| Federal National Mortgage Association Discount Note | 10,000 | 10,000 | — | — |
| Total U.S. Government-sponsored enterprise securities | <u>89,990</u> | <u>19,994</u> | <u>69,996</u> | <u>—</u> |
| United States Treasury Notes | 139,936 | 44,974 | 94,962 | |
| United States Government Backed: | | | | |
| Guaranteed Investment Contracts | 1,064 | — | — | 1,064 |
| Money Market Mutual Funds | 114,977 | 114,977 | — | — |
| Repurchase Agreements | 123,940 | 123,940 | — | — |
| Mutual Funds | 362 | 362 | — | — |
| Money Market Mutual Funds | 8,185 | 8,185 | — | — |
| State External Investment Pool – TrustINDiana | 51,196 | 51,196 | — | — |
| | <u>\$ 529,650</u> | <u>\$ 363,628</u> | <u>\$ 164,958</u> | <u>\$ 1,064</u> |

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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies. The City uses the highest integrity when choosing an instrument of investment. The City keeps its credit risk as it pertains to investments at a low rate by requiring all investments of the City be rated in the three highest ratings categories by Moody's Investor Service ("Moody's"), Standard & Poor's Corporation ("Standard & Poor's"), or Fitch's Ratings Service ("Fitch").

At December 31, 2013, the City's investments were rated by Moody's and Standard & Poor's as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Ratings Moody's / S&P</u> |
|---|-------------------|--------------------------------------|
| U.S. Government-Sponsored Enterprises Securities: | | |
| Federal Farm Credit Bank | \$ 14,996 | Aaa /AA + |
| Federal Home Loan Bank | 40,000 | Aaa /AA + |
| Federal Home Loan Mortgage Corporation | 24,994 | Aaa /AA + |
| Federal National Mortgage Association Discount Note | 10,000 | P-1/A-1 |
| Total U.S. Government-Sponsored Enterprise Securities | 89,990 | |
| United States Treasury Notes | 139,936 | Aaa/AA+ |
| United States Government Backed: | | |
| Guaranteed Investment Contracts | 1,064 | Not Rated |
| Money Market Mutual Funds | 114,977 | Aaa /AAA |
| Repurchase Agreements | 123,940 | P-1/A-1 |
| Mutual Funds | 362 | AAA |
| Money Market Mutual Funds | 8,185 | Aaa/AAA |
| State External Investment Pool – TrustINDiana | 51,196 | Not Rated |
| | \$ 529,650 | |

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty. The City's investment policy requires that repurchase agreements be covered by adequate pledge collateral. In order to anticipate market changes and provide a level of security for all funds, the fair value (including accrued interest) of the collateral should be at least 102%.

At December 31, 2013, all City investments and all collateral securities pledged against City investments are held by the counterparty's trust department or agent in the City's name except for \$46,327, which is not held in the City's name. The City's investments in money market mutual funds and the state external investment pool were not subject to custodial credit risk at December 31, 2013, as their existence is not evidenced by securities that exist in physical book entry form.

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Concentration of Credit Risk

The City policy provides that the City may invest up to 30% of their investment pool in negotiable certificates of deposit having maturities of less than two years and in multiples of one million dollars providing that market yields on certificates of deposit exceed treasury bills of comparable maturity duration. The City has no investments in negotiable certificates of deposit at December 31, 2013.

At December 31, 2013, the following investments represent more than 5% of total investments:

U.S. Government-Sponsored Enterprise Securities:

| | |
|--|-----|
| Federal Home Loan Bank | 8% |
| Federal Home Loan Mortgage Company | 5% |
| Repurchase agreements held by JPMorgan Chase | 23% |

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. City's investment policy prohibits investments in foreign investments.

3. Receivables Disaggregation

Accounts receivable as of December 31, 2013, for the City, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>Accounts</u> | <u>Due from Other Governments</u> | <u>Total Accounts Receivable</u> |
|---|-----------------|---|--|
| Governmental Activities: | | | |
| General Fund | \$ 5,547 | \$ 10,965 | \$ 16,512 |
| Revenue Debt Service Fund | — | 168 | 168 |
| Federal Grants | 2 | — | 2 |
| Other Nonmajor Governmental Funds | 588 | 412 | 1,000 |
| Internal Service Fund | — | 16 | 16 |
| Total receivables | <u>6,137</u> | <u>11,561</u> | <u>17,698</u> |
| Allowance for uncollectible accounts | (849) | — | (849) |
| Total governmental activities | <u>\$ 5,288</u> | <u>\$ 11,561</u> | <u>\$ 16,849</u> |
| Amounts not scheduled for collection during the subsequent year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

Accounts receivable includes amounts due from other governments, which represents local income and other taxes (excluding property taxes).

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4. Due from Federal and State Governments

Amounts due under federal and state grants at December 31, 2013 were as follows:

| | Governmental Activities | | | |
|---|--------------------------------|-----------------------|-----------------------------|------------------------------------|
| | General | Federal Grants | Revenue Debt Service | Other Nonmajor Governmental |
| Reimbursements under federal grants: | | | | |
| Department of Housing and Urban Development (HUD) | \$ — | \$ 4,663 | \$ 215 | \$ — |
| Department of Justice (DOJ) | 21 | 1,086 | — | — |
| Environmental Protection Agency (EPA) | — | 12 | — | — |
| Department of Transportation (DOT) | — | 1,802 | — | — |
| U.S. Department of Interior (DOI) | — | 6 | — | — |
| U.S. Department of Commerce (DOC) | — | 89 | — | — |
| Department of Education (DOE) | — | 465 | — | — |
| Department of Homeland Security (DHS) | — | 1,552 | — | — |
| Reimbursements under State of Indiana grants | — | — | — | 90 |
| | <u>\$ 21</u> | <u>\$ 9,675</u> | <u>\$ 215</u> | <u>\$ 90</u> |

At December 31, 2013, the City had available lines of credit or grant authorizations from HUD totaling \$54,543.

5. Long-term Receivables

Long-term receivables as of December 31, 2013 consist of the following:

The City has U.S. Department of Housing and Urban Development (“HUD”) loans outstanding at December 31, 2013 of \$25,742 including accrued interest of \$7,228. The City has provided a reserve of \$25,470 for these receivables given the uncertainty of collection. Many of these loans bear interest at rates ranging from 0% to 10% and mature over the next 30 years. Generally, principal and interest payments are based upon defined net cash flows and are deferred until sufficient cash flow is available. All deferred principal and interest are due at maturity. Loan repayments to the City are restricted for community and economic development purposes that would otherwise be eligible for reimbursement by HUD under Title I of the Housing and Community Development Act of 1974.

The City has loaned Comlux Realty, LLC (“Comlux”) \$6,500 under a Project and Loan Agreement dated August 1, 2011. The loan proceeds were used to finance the construction, acquisition, design, renovation, and equipping of an existing airport hangar building. Over the term of this agreement, which expires in 2021, the City will forgive up to \$500 of the loan if Comlux maintains at least 112 full-time employees at the facilities. During 2013, \$0 of the loan was repaid and \$50 was forgiven. At December 31, 2013, the City has recorded a \$400 reserve against the long-term receivable and the outstanding balance is \$1,900.

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On August 11, 2010, the City entered into two Asset Purchase Agreements with Citizens Energy Group (“CEG”) to sell the City’s water utility and the wastewater collection and treatment facilities. The primary assets sold included the waterworks production and distribution systems, and the wastewater collection and treatment system, including the advanced wastewater treatment facilities. On July 13, 2011, the Indiana Utility Regulatory Commission approved the sale of the City’s water utility and the wastewater collection and treatment facilities to CEG. The sale of the City’s water utility and wastewater collection and treatment facilities to CEG was closed on August 26, 2011.

In connection with the sale, CEG received \$783,085 of net wastewater collection and treatment facilities capital assets with a carrying value of \$783,085 and \$924,537 of net water utility assets with a capital asset carrying value of \$605,439. In return, CEG assumed \$485,483 of wastewater collection and treatment facilities debt (\$434,346 of bonded debt and \$51,137 of bond anticipation notes) and \$951,926 of water utility debt in addition to other water utility and wastewater collection and treatment facilities liabilities. CEG also agreed to fund the future principal and interest payments on general obligation bonds relating to the wastewater collection and treatment facilities (i.e., the sanitary district). At December 31 2013, the outstanding balance of this general obligation debt and the associated long-term receivable is \$35,425 and \$28,700, respectively. The sanitary district general obligations have maturities that extend through January 1, 2018.

During 2013, the City recorded a receivable of \$1,003 in relation to a bond refinancing transaction undertaken by the Bond Bank. The City issues bonds that are then purchased in their entirety by the Bond Bank using proceeds from bonds it concurrently issues to the public market. In this instance, the refinancing transaction only affected one series of bonds that had been previously issued by the Bond Bank. The receivable represents the savings in debt service that are to be passed on to the City by the Bond Bank and realized over the remaining life of the debt. The final principal payment is due January 1, 2018.

The minimum future payments as of December 31, 2013 on long-term receivables are as follows:

| | <u>Governmental Activities</u> |
|-----------------|---------------------------------------|
| | Nonmajor |
| | <u>Governmental Funds</u> |
| 2014 | \$ 585 |
| 2015 | 7,458 |
| 2016 | 8,038 |
| 2017 | 7,497 |
| 2018 | 7,875 |
| 2019-2023 | <u>25,892</u> |
| | 57,345 |
| Less: allowance | <u>(25,870)</u> |
| Total | <u><u>\$ 31,475</u></u> |

As of December 31, 2013, the City had a long-term pledge receivable amount outstanding of \$1,290 in relation to Canal Square. This amount is not recorded in the financial statements. The pledge states that these funds shall be returned to the City only if a sale or refinancing occurs. If either event occurs, the City is entitled to full repayment; however, the City is subordinate to the mortgage and also to the investors (to the extent of their capital contributions).

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6. Capital Assets

Following is a summary of changes in capital assets for the City's governmental activities for the year ended December 31, 2013:

| | <u>January 1, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>December 31, 2013</u> |
|---|----------------------------|-------------------|-------------------|------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 50,289 | \$ 4,404 | \$ 303 | \$ 54,390 |
| Construction in progress | <u>236,585</u> | <u>89,027</u> | <u>111,375</u> | <u>214,237</u> |
| Total capital assets not being depreciated | <u>286,874</u> | <u>93,431</u> | <u>111,678</u> | <u>268,627</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 384,459 | 4,704 | 4,515 | 384,648 |
| Improvements | 152,542 | 11,613 | 1,823 | 162,332 |
| Equipment | 174,750 | 7,899 | 5,590 | 177,059 |
| Infrastructure | <u>2,695,973</u> | <u>176,111</u> | <u>16,191</u> | <u>2,855,893</u> |
| Total capital assets being depreciated | <u>3,407,724</u> | <u>200,327</u> | <u>28,119</u> | <u>3,579,932</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 144,570 | 11,072 | 183 | 155,459 |
| Improvements | 85,820 | 6,536 | 8,867 | 83,489 |
| Equipment | 103,950 | 24,614 | 6,563 | 122,001 |
| Infrastructure | <u>1,913,876</u> | <u>76,842</u> | <u>291</u> | <u>1,990,427</u> |
| Total accumulated depreciation | <u>2,248,216</u> | <u>119,064</u> | <u>15,904</u> | <u>2,351,376</u> |
| Total capital assets being depreciated, net | <u>1,159,508</u> | <u>81,263</u> | <u>12,215</u> | <u>1,228,556</u> |
| Governmental activities capital assets, net | <u>\$ 1,446,382</u> | <u>\$ 174,694</u> | <u>\$ 123,893</u> | <u>\$ 1,497,183</u> |

During 2013, the City recognized \$61,207 in capital asset contributions from the Indiana Department of Transportation for various infrastructure assets that have been improved or newly constructed on behalf of the City. \$4,087 of these contributions are included in unearned revenue in the government-wide statement of net position due to the fact that all eligibility requirements have not been met for revenue recognition.

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Following is a summary of the changes in capital assets for the City's discretely presented component unit, the Housing Agency, for the year ended December 31, 2013:

| | <u>January 1, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>December 31, 2013</u> |
|---|----------------------------|------------------|-------------------|------------------------------|
| Housing Agency | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 17,232 | \$ 896 | \$ 4 | \$ 18,124 |
| Construction in progress | 3,641 | 643 | 3,641 | 643 |
| Total capital assets not being depreciated | <u>20,873</u> | <u>1,539</u> | <u>3,645</u> | <u>18,767</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 182,578 | 16,184 | 3,731 | 195,031 |
| Equipment | 5,993 | 853 | 305 | 6,541 |
| Total capital assets being depreciated | <u>188,571</u> | <u>17,037</u> | <u>4,036</u> | <u>201,572</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 44,424 | 5,163 | 3,686 | 45,901 |
| Equipment | 3,360 | 535 | 303 | 3,592 |
| Total accumulated depreciation | <u>47,784</u> | <u>5,698</u> | <u>3,989</u> | <u>49,493</u> |
| Total capital assets being depreciated, net | <u>140,787</u> | <u>11,339</u> | <u>47</u> | <u>152,079</u> |
| Total Housing Agency | <u>\$ 161,660</u> | <u>\$ 12,878</u> | <u>\$ 3,692</u> | <u>\$ 170,846</u> |

Within the statement of activities, depreciation expense was charged to functions/programs of the City during 2013 as follows:

Governmental Activities:

| | |
|-------------------------------------|-------------------|
| General government | \$ 2,433 |
| Public safety | 14,307 |
| Public works | 88,296 |
| Health and welfare | 46 |
| Cultural and recreation | 7,210 |
| Urban redevelopment and housing | 3,678 |
| Economic development and assistance | 3,094 |
| | <u>\$ 119,064</u> |

Depreciation expense of \$5,698 was charged to the City's discretely presented component unit, the Housing Agency during 2013.

Construction in progress at December 31, 2013 consists of several ongoing projects. These types of projects include but are not limited to security upgrades, recreational facility improvements, and infrastructure improvements.

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At December 31, 2013, the City’s commitments relating to construction in progress include the following:

| | Accrued Expenditures | | |
|--|-----------------------------|--------------------------------------|------------------|
| | <u>Authorized</u> | <u>Through December 31, 2013</u> | <u>Committed</u> |
| Department of Code Enforcement | \$ 138 | \$ 138 | \$ — |
| Department of Parks and Recreation | 4,659 | 4,090 | 569 |
| Department of Public Safety | 13,270 | 13,270 | — |
| Department of Public Works | 233,916 | 188,509 | 45,407 |
| Department of Metropolitan Development | 9,132 | 8,230 | 902 |
| Total governmental activities | <u>\$ 261,115</u> | <u>\$ 214,237</u> | <u>\$ 46,878</u> |

7. Accounts Payable and Other Accrued Liabilities Disaggregation

Accounts payable and other current liabilities as of December 31, 2013 for the City are as follows:

| | Due to | | | | | Accrued | Total |
|---------------------------------|------------------|----------------------------------|------------------------------|-----------------------------------|------------------------------|---|--------------|
| | <u>Vendors</u> | <u>Third-party Contracts</u> | <u>Other Governments</u> | <u>Claims and Settlements</u> | <u>Payroll and Taxes</u> | <u>Payables and Other Current Liabilities</u> | |
| Governmental Activities: | | | | | | | |
| General Fund | \$ 22,954 | \$ — | \$ 81 | \$ — | \$ 19,995 | \$ 43,030 | |
| Federal Grants Fund | 827 | 2,354 | 105 | — | 211 | 3,497 | |
| Other Nonmajor Governmental | 3,516 | — | 475 | — | 4 | 3,995 | |
| Internal Service Fund | — | — | — | 8,363 | — | 8,363 | |
| Total governmental activities | <u>\$ 27,297</u> | <u>\$ 2,354</u> | <u>\$ 661</u> | <u>\$ 8,363</u> | <u>\$ 20,210</u> | <u>\$ 58,885</u> | |

8. Operating Leases and Management Contracts

A. Lessee Arrangements

Marion County Convention and Recreational Facilities Authority (“MCCRFA”)

In 1991, the City entered into a 25-year lease agreement with MCCRFA in relation to the development of a major aircraft maintenance and overhaul center (“Indianapolis Maintenance Center”) on land owned by the Indianapolis Airport Authority (“Airport Authority”). Concurrently, the City leased its interest in the associated site and facilities to the Airport Authority.

The Indianapolis Maintenance Center was operated by United Air Lines, Inc. (“United”) until May 2003, when United vacated the facilities and, through bankruptcy, rejected its lease with the Airport Authority for the site and facilities. Since 2004, a number of companies have entered into leases with the Airport Authority to use a portion of the Indianapolis Maintenance Center facilities for both aviation and non-aviation related businesses. United’s rejection of its lease in bankruptcy and the subsequent re-letting of the facilities does not affect the continuing obligation of the City under its lease agreement with MCCRFA.

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In connection with the above, the City pledged to make annual fixed lease rental payments to MCCRFA in amounts sufficient to fund the debt service requirements on MCCRFA’s Series 1991 Economic Development Lease Rental Revenue Bonds, which were issued to fund MCCRFA’s share of the Indianapolis Maintenance Center project. Such fixed lease rental payments are payable from Marion County Option Income Taxes (“COIT”) or other legally available monies. The City-County Council has covenanted not to take any action to repeal or rescind the COIT or the City’s pledge of fixed lease payments so long as the Commission still owes fixed lease rental payments under its lease with MCCRFA or so long as MCCRFA’s bonds remain outstanding. During 2013, the City paid \$14,215 in fixed lease rental payments in relation to its lease with MCCRFA.

Indianapolis-Marion County Building Authority (“Building Authority”)

The City and the County lease the office building and parking lot facilities they share, among other properties, from the Building Authority. The Building Authority is a separate municipal corporation, acting as a joint building authority, whose purpose is to finance, acquire, construct, improve, renovate, equip, operate, maintain, and manage land, governmental buildings, and communication systems for governmental entities within Marion County. Such facilities are sometimes financed by the Building Authority through the issuance of bonded debt. The Building Authority enters into long-term lease agreements, primarily with the City and the County, which provide for sufficient rent to service the debt (Fixed Rentals) and offset budgeted operating costs (Additional Rentals) of the leased facilities. All of the leases contain renewal and purchase options and provide for annual adjustment to the Additional Rentals based upon the operating expense budgets for the facilities. If the purchase options are not exercised, the leases provide for the transfer, upon expiration of the lease, of ownership of the facilities to the lessee governments free and clear of all obligations of the lease. The governing Indiana statute with respect to each of the Building Authority’s leases provides that the lessee governments shall be obligated to levy annually a tax sufficient to produce each year the necessary funds to pay the lease rentals to the Building Authority. The City currently has no Fixed Rental obligations to the Building Authority. During 2013, the City paid \$2,151 in Additional Rentals. The City’s lease agreements with the Building Authority expire on various dates through December 31, 2022.

The City and the County have also entered into a number of management contracts with the Building Authority. Such contracts provide for the construction, operation and/or maintenance of facilities for use by various departments of the City and the County. In some instances, the City and the County advance funds to the Building Authority for construction of new facilities. In other instances, management contracts are established for existing facilities. Under each of their management contracts, the City and the County designate the Building Authority as their agent and manager for purposes of constructing, maintaining and/or managing the facilities. Like Additional Rentals, annual Maintenance Fees are payable to the Building Authority for facilities covered under management contracts and vary each year based on the operating expense budgets for the facilities. During 2013, the City paid the Building Authority \$1,878 in Maintenance Fees. The City’s management contracts expire on various dates through June 30, 2018.

Other Lessee Arrangements

The City, as lessee, has also entered into various other operating leases for rental of equipment and properties. Total rental expense in relation to these other operating leases was \$2,048 for governmental activities in 2013. The leases expire at various dates through 2035. Minimum future payments on all noncancelable operating leases as of December 31, 2013 are as follows:

| | <u>Governmental</u> <u>Activities</u> |
|-----------------------|--|
| 2014 | \$ 16,378 |
| 2015 | 16,221 |
| 2016 | 16,180 |
| 2017 | 1,837 |
| 2018 | 763 |
| 2019–2023 | 2,536 |
| 2024–2028 | 699 |
| 2029–2033 | 330 |
| 2034–2038 | 133 |
| Total future payments | <u>\$ 55,077</u> |

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B. Lessor Arrangements

City Market

In 2007, the City renewed its long-term operating lease with the Indianapolis City Market Corporation (“Market”), a not-for-profit organization formed for the purpose of operating the Indianapolis City Market. The lease was extended through February 28, 2011 and provided for a five-year renewal option at that time. As of June 2014, the renewal option has not been exercised. The Market is to pay an annual rental fee of one dollar, plus 100% of the net cash flow, if any, remaining after the payment of normal costs of operations and maintenance. In 2013, the City contributed additional subsidies to the Market of \$400.

Circle Centre Mall

In January 1994, the City entered into a long-term operating lease with Circle Centre Development Company, an Indiana general partnership. The lease extends through December 2027 and provides seven options to extend the term for 10 years. No rental payments are due under the lease.

Other Lessor Arrangements

The City is also the lessor in several operating lease agreements with outside parties. These leases include various properties and portions of property acquired by the City. The cost of the leased property is \$2,655. As of December 31, 2013, the leased property had a carrying amount of \$2,031 and current year depreciation of \$70. These properties are leased for terms generally ranging from 5 to 99 years (some for \$0 per year). Total rental income amounted to \$493 in 2013.

Minimum future rental amounts to be received on noncancelable operating leases as of December 31, 2013 are as follows:

| | <u>Activities</u> |
|-----------------------|------------------------|
| 2014 | \$ 425 |
| 2015 | 417 |
| 2016 | 389 |
| 2017 | 328 |
| 2018 | 246 |
| 2019 – 2023 | 655 |
| 2024 – 2028 | 605 |
| 2029 – 2033 | 605 |
| 2034 – 2038 | 605 |
| 2039 – 2043 | 605 |
| Thereafter | <u>2,541</u> |
| Total future receipts | <u><u>\$ 7,421</u></u> |

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9. Long-Term Liabilities

A. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the City's governmental activities and for its discretely presented component unit, the Housing Agency, for the year ended December 31, 2013:

| | Balance, January 1, 2013 | Additions | Reductions | Balance, December 31, 2013 | Due within One Year |
|--|--------------------------------|------------|------------|----------------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds payable | \$ 210,616 | \$ — | \$ 29,816 | \$ 180,800 | \$ 24,645 |
| Tax increment bonds payable | 632,594 | 52,407 | 58,450 | 626,551 | 39,803 |
| Revenue bonds payable | 264,850 | 47,365 | 52,065 | 260,150 | 4,345 |
| Deferred amounts: | | | | | |
| Less: discounts | (100) | — | (100) | — | — |
| Plus: premiums | 33,947 | 11,744 | 6,298 | 39,393 | — |
| Total bonds payable | 1,141,907 | 111,516 | 146,529 | 1,106,894 | 68,793 |
| Notes payable and certificates of participation | 46,150 | — | 17,418 | 28,732 | 2,835 |
| Capital leases payable | 8,175 | — | 137 | 8,038 | 94 |
| Net pension obligation | 401,116 | 62,735 | 65,640 | 398,211 | — |
| Postemployment benefit obligation | 87,645 | 22,715 | 1,607 | 108,753 | — |
| Compensated absences | 33,815 | 29,279 | 28,824 | 34,270 | 16,582 |
| Total governmental activities | \$ 1,718,808 | \$ 226,245 | \$ 260,155 | \$ 1,684,898 | \$ 88,304 |
| Discretely Presented Component Unit - Housing Agency: | | | | | |
| Capital leases payable | \$ 834 | \$ — | \$ 369 | \$ 465 | \$ 285 |
| Notes payable | 58,544 | 13,015 | 46,967 | 24,592 | 9,895 |
| Due to other governmental units | 1,756 | — | — | 1,756 | 129 |
| Unearned revenue and FSS escrow | 3,675 | 561 | 246 | 3,990 | 756 |
| Compensated absences | 221 | 396 | 396 | 221 | 24 |
| Total discretely presented component unit | \$ 65,030 | \$ 13,972 | \$ 47,978 | \$ 31,024 | \$ 11,089 |

Included in additions to bonds payable is \$7,387 representing accretion of capital appreciation, which is not included in the statement of revenues, expenditures, and changes in fund balance. This amount, plus \$92,385 of bonds and notes reported in the statement of revenues, expenditures, and changes in fund balance amount to the \$99,772 of related additions reflected in the rollforward above.

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B. General Obligation Bonds

The City's general obligation bonds provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations, and pledge the full faith and credit, of the City. General obligation bonds outstanding as of December 31, 2013 are as follows:

| | <u>Issue Date</u> | <u>Final Maturity Date</u> | <u>Interest (All Maturities)</u> | <u>Outstanding</u> |
|---|-----------------------|------------------------------------|--------------------------------------|--------------------|
| Civil City Bonds: | | | | |
| Pension Bonds, Series 2005 A | 02/03/2005 | 01/15/2022 | 3.660% – 5.280% | \$ <u>64,885</u> |
| Total Civil City Bonds | | | | <u>64,885</u> |
| Redevelopment District Bonds: | | | | |
| Redevelopment District Refunding Bonds, Series 2009 A | 08/04/2009 | 01/01/2015 | 2.750 – 4.000 | \$ <u>525</u> |
| Total Redevelopment District Bonds | | | | <u>525</u> |
| Sanitary District Bonds: | | | | |
| Sanitary District of 2003 A Refunding | 07/09/2003 | 01/01/2018 | 3.000 – 5.500 | \$ 5,840 |
| Sanitary District of 2007 C Refunding | 11/08/2007 | 01/01/2018 | 5.000 | 28,570 |
| Sanitary District of 2009 A Refunding | 08/04/2009 | 01/01/2015 | 2.750 – 4.000 | <u>1,015</u> |
| Total Sanitary District Bonds | | | | <u>35,425</u> |
| Public Safety Communication System Bonds: | | | | |
| Computer Facilities District Bonds, Series 2008 B | 12/18/2008 | 01/15/2024 | 2.350 – 5.600 | \$ <u>30,660</u> |
| Total Public Safety Communication System Bonds | | | | <u>30,660</u> |

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| | Issue Date | Final Maturity date | Interest (All Maturities) | Outstanding |
|--|-----------------------|------------------------------------|--------------------------------------|--------------------|
| Flood Control District Bonds: | | | | |
| Flood Control District Refunding Bonds, Series 2003 A | 07/09/2003 | 01/01/2018 | 3.000 – 5.500 | \$ 1,155 |
| Flood Control District Refunding Bonds, Series 2007 A | 11/08/2007 | 01/01/2018 | 5.000 | 5,660 |
| Flood Control District Refunding Bonds, Series 2009 A | 08/04/2009 | 02/01/2015 | 2.750 – 4.000 | 355 |
| Total Flood Control District Bonds | | | | 7,170 |
| Metropolitan Thoroughfare District Bonds: | | | | |
| Metropolitan Thoroughfare District Refunding, Series 2003A | 07/09/2003 | 01/01/2018 | 3.00 – 5.500 | \$ 4,448 |
| Metropolitan Thoroughfare District, Series 2003 A | 07/09/2003 | 01/01/2018 | 4.500 – 5.500 | 1,270 |
| Metropolitan Thoroughfare District, Series 2007 A | 11/08/2007 | 01/01/2018 | 5.000 | 21,770 |
| Total Metropolitan Thoroughfare District Bonds | | | | 27,488 |
| Park District Bonds: | | | | |
| Park District of 1993 Refunding, Series 2003 A | 07/09/2003 | 01/01/2018 | 3.000 – 5.500 | \$ 2,487 |
| Park District Refunding Bonds, Series 2007 A | 11/08/2007 | 01/01/2018 | 5.000 | 12,160 |
| Total Park District Bonds | | | | 14,647 |
| Total general obligation bonds recorded in governmental activities | | | | \$ 180,800 |
| Less: matured bonds payable recorded in the debt service funds | | | | (20,275) |
| | | | | \$ 160,525 |

All principal and interest payments for the City's general obligation bonds are due on January 1 and July 1 of the respective year. Accordingly, the City appropriates all payments due on January 1 in the year before payment is due and provides the amount in the Debt Service Funds. All serial bond principal and interest payments due January 1, 2014 have been recorded as matured bonds payable and matured interest payable at December 31, 2013 within the fund statements.

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C. Tax Increment Revenue Bonds

These bonds are issued to provide funds for the construction and maintenance of the City’s infrastructure, such as streets and sidewalks. These bonds will be repaid from amounts levied against the property owners that will benefit by this construction. Tax increment revenue bonds outstanding as of December 31, 2013 are as follows:

| | <u>Issue Dates</u> | <u>Final Maturity Dates</u> | <u>Interest Rates (All Maturities)</u> | <u>Outstanding</u> |
|--|--------------------|-----------------------------|--|--------------------|
| Redevelopment District 1992 Series A | 11/01/92 | 02/01/14 | 6.750% – 6.800% | \$ 15,880 |
| Redevelopment District 1999 Series B: | | | | |
| Capital appreciation | 08/12/99 | 02/01/29 | 5.650 – 5.820 | 241,640 |
| Less: discount | | | | <u>(108,384)</u> |
| | | | | <u>133,256</u> |
| Redevelopment District 2004 Series A | 07/08/04 | 02/01/28 | 3.300 – 5.400 | 10,740 |
| Redevelopment District 2004 Series A, Junior Subordinate | 10/28/04 | 08/01/14 | variable rate | 1,353 |
| Redevelopment District 2004 Series B | 10/28/04 | 08/01/14 | variable rate | 6,825 |
| Redevelopment District 2004 Series C | 10/28/04 | 02/01/16 | variable rate | 3,000 |
| Redevelopment District 2007 Series A | 12/13/07 | 02/01/21 | 4.000 – 4.125 | 5,925 |
| Redevelopment District 2007 Series (Ameriplex) | 12/28/07 | 02/01/23 | 6.200 | 3,975 |
| Redevelopment District 2007 Series (Glendale) | 05/10/07 | 02/01/27 | 5.450 – 6.210 | 4,550 |
| Redevelopment District 2008 Series B | 05/08/08 | 02/01/38 | 3.250 – 5.000 | 56,460 |
| Redevelopment District 2009 Series A | 09/02/09 | 02/01/20 | 3.000 – 5.000 | 145,780 |
| Redevelopment District 2009 Series B | 09/02/09 | 02/01/15 | 1.790 – 3.800 | 5,445 |
| Redevelopment District 2010 Series A | 06/03/10 | 02/01/25 | 5.000 | 5,962 |
| Redevelopment District 2011 Series A | 03/10/11 | 08/01/24 | .500 – 5.000 | 35,140 |
| Redevelopment District 2011 Series C | 05/19/11 | 02/01/36 | 4.000 – 5.750 | 25,425 |
| Redevelopment District 2010 Series (Dow AgroSciences) | 06/22/10 | 02/01/25 | 3.000 – 5.125 | 17,375 |
| Redevelopment District 2010 Series (AIT Laboratories) | 11/04/10 | 02/01/35 | 2.600 – 5.150 | 5,045 |
| Redevelopment District 2012 Series A | 09/25/12 | 08/01/20 | 3.340 | 2,445 |
| Redevelopment District 2013 Series A, Refunding | 05/16/13 | 02/01/29 | 2.000 – 5.000 | 24,970 |
| Redevelopment District 2013 Series A | 05/16/13 | 02/01/30 | 5.000 | 3,915 |
| Economic Development Revenue 2011A Series (North of South) | 04/07/11 | 02/01/36 | 5.000 – 5.750 | 81,640 |
| Economic Development Revenue Taxable 2011B Series (North of South) | 04/07/11 | 02/01/21 | 2.913 – 4.813 | 15,310 |
| Economic Development Revenue Series 2013 A | 05/16/13 | 02/01/30 | 5.000 | 14,270 |
| Economic Development Revenue Series 2013 B | 05/16/13 | 02/01/30 | 5.000 | <u>1,865</u> |
| Total tax increment revenue bonds | | | | <u>\$ 626,551</u> |

All principal and interest payments for the City’s tax increment revenue bonds are due on February 1 and August 1 of the respective year.

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The City has previously issued its Redevelopment District Taxable Junior Subordinate Tax Increment Revenue Refunding Bonds, Series 2004 A and Series 2004 B, in the amount of \$14,600 and \$13,985, respectively, to the Bond Bank, which issued its related Taxable Refunding Notes of 2004, Series A and Series B, in the amount of \$14,600 and \$13,985, respectively. Interest is variable and is calculated on an actual/360-day basis. Interest is adjusted at least quarterly each February 1, May 1, August 1, and November 1, based upon the London InterBank Offering Rate Index (“LIBOR”) plus 110 basis points. The Bond Bank can select either the 30-day LIBOR, 60-day LIBOR, or 90-day LIBOR prior to each interest period. On December 31, 2013, the interest rate on the Series A Bonds was 1.497% and was based on the 30-day LIBOR. The interest rate on the Series 2004 B Bonds on December 31, 2013 was 1.497% and was based on the 30-day LIBOR.

The City has previously issued its Redevelopment District Bonds, Series 2004 C, in the amount of \$17,600 to the Bond Bank, which issued its related Notes of 2004, Series C, in the amount of \$17,600. Interest is variable and is calculated on an actual/360-day basis. Interest is adjusted at least quarterly each February 1, May 1, August 1 and November 1, based upon LIBOR plus 110 basis points. The Bond bank can select either the 30-day LIBOR, 60-day LIBOR or 90-day LIBOR prior to each interest period. On December 31, 2013, the interest rate on the Series 2004 C Bonds was 1.287% and was based on the 30-day LIBOR.

On May 16, 2013, the City issued its Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds of 2013 in the amount of \$24,970. The proceeds, along with funds on hand, were used to currently refund the Redevelopment Bonds of 2002 Series B, which had an outstanding principal amount of \$27,445. The refunding resulted in an accounting loss of \$622 which has been deferred and is being amortized over the life of the bonds. As a result of the refundings, the City reduced its total debt service requirements by \$4,597, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new debt) of \$3,146.

On May 16, 2013, the City issued its Redevelopment District Subordinate Tax Increment Bonds of 2013, Series A in the amount of \$3,915, the proceeds are being used to pay for the costs of certain projects, additions or improvements within the City, including all or any portion of the acquisition of property and the design, construction, renovation, improvement and equipping of certain public infrastructure and other local public improvements, including without limitation, streets, bridges, sidewalks, pedestrian connectors, streetscapes, landscaping, lighting and trailway improvements in an area of the City generally located along a portion of Indiana Avenue and 16th Street and commonly referred to as the 16 Tech. The 16 Tech Project is anticipated to provide basic public infrastructure in the portion of the City in and along Indiana Avenue and 16th Street, in order to allow for and encourage future development of the certified technology park.

On May 16, 2013, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2013 A in the amount of \$14,270. The proceeds from these bonds were used to currently refund all of the City’s outstanding 2012 Bond Anticipation Notes which had an outstanding principal amount of \$15,000. The refunding resulted in an accounting loss of \$309, which has been deferred and is being amortized over the life of bonds. As a result of the refundings, the City realized an economic loss (the difference between the present values of the debt service payments on the old and the new debt) of \$1,552.

On May 16, 2013, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2013 B in the amount of \$1,865. The proceeds are being used for the purpose of paying all or a portion of the costs of completing the construction and equipping of a new fire station facility; which is replacing an existing fire station being relocated as part of a site development project undertaken to allow for future economic development projects. The fire station completion project will be located at or near 700 West 16th Street in the City, and will be located within, or physically connected to, the allocation area.

Included in additions to tax increment bonds payable is \$7,387 representing accretion of capital appreciation, which is not included in the statement of revenues, expenditures, and changes in fund balance. That amount, plus the \$45,020 of bonds and notes described above, amount to the \$52,407 of related additions reflected earlier in the notes.

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Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

| <u>Years Ending December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------|-------------------|-------------------|
| 2014 | \$ 39,803 | \$ 23,336 | \$ 63,139 |
| 2015 | 33,720 | 21,483 | 55,203 |
| 2016 | 35,266 | 19,991 | 55,257 |
| 2017 | 36,703 | 18,422 | 55,125 |
| 2018 | 38,106 | 16,722 | 54,828 |
| 2019 - 2023 | 210,050 | 61,071 | 271,121 |
| 2024 - 2028 | 201,412 | 42,125 | 243,537 |
| 2029 - 2033 | 96,760 | 20,767 | 117,527 |
| 2034 - 2038 | 43,115 | 4,345 | 47,460 |
| | <u>734,935</u> | <u>228,262</u> | <u>963,197</u> |
| Less: deferred interest on capital appreciation bonds | (108,384) | — | (108,384) |
| Total | <u>\$ 626,551</u> | <u>\$ 228,262</u> | <u>\$ 854,813</u> |

D. D. Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at December 31, 2013 are as follows:

| | <u>Issue Dates</u> | <u>Final Maturity Dates</u> | <u>Interest Rates (All Maturities)</u> | <u>Outstanding</u> |
|---|--------------------|-----------------------------|--|--------------------|
| Governmental activities: | | | | |
| Indy Roads Revenue Refunding Bonds Series, 2013 | 09/25/13 | 01/01/19 | 3.000 – 5.000 | \$ 9,010 |
| Facilities Revenue Bonds of 2006 | 02/16/06 | 01/15/21 | 4.000 – 5.000 | 10,675 |
| Facilities Revenue Bonds of 2007 | 12/17/07 | 07/15/21 | 3.750 – 4.125 | 2,320 |
| Stormwater District Revenue Bonds, Series 2011 | 08/10/11 | 01/01/41 | 3.580 | 16,115 |
| Stormwater District Revenue Refunding Bonds Series, 2013 | 10/16/13 | 01/01/26 | 2.000 – 5.000 | 38,355 |
| PILOT Revenue Bonds — 2010 Series A | 08/12/10 | 01/01/40 | 5.000 | 159,515 |
| Economic Development Refunding Bonds Series, 2012A | 12/20/12 | 04/01/30 | 0.60 – 3.0 | 7,585 |
| Economic Development Refunding Bonds Series, 2012B | 12/20/12 | 04/01/39 | 2.000 – 5.000 | 16,575 |
| | | | | <u>260,150</u> |
| Total revenue bonds recorded in governmental activities | | | | 260,150 |
| Less matured bonds payable recorded in debt service funds | | | | (2,270) |
| | | | | <u>\$ 257,880</u> |

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All principal and interest payments for the City’s revenue bonds are due on either January 1 and July 1, January 15 and July 15, or April 1 and October 1 of the respective year. Accordingly, the City appropriates all payments due on January 1 and January 15 in the year before payment is due and provides the amount in the Debt Service Funds. Payments due in April, July, or October will be appropriated in the year due. All revenue bond principal and interest payments due January 1, 2014 and January 15, 2014 have been recorded as matured bonds payable and matured interest payable at December 31, 2013.

On September 25, 2013, the City issued its IndyRoads Refunding Bonds, Series 2013 A, in the amount of \$9,010 to the Bond Bank, which issued its related Series 2013 H in the amount of \$9,010. The proceeds from these bonds, together with other available funds on hand, were used to currently refund all of the City’s outstanding IndyRoads Revenue Bonds, Series 2003, which had an outstanding principal amount of \$9,260. The refundings resulted in an accounting loss of \$114, which has been deferred and is being amortized over the life of the bond. As a result of the refundings, the City reduced its total debt service requirements by \$635, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new debt) of \$618.

On October 16, 2013, the City issued its Stormwater District Revenue Refunding Bonds, Series 2013 A, in the amount of \$38,355 to the Bond Bank, which issued its related Series 2013 D Bonds in the amount of \$38,355. The proceeds from these bonds were used to advance refund all of the City’s outstanding Stormwater District Series 2006 A Bonds, which had outstanding principal amounts of \$38,345. The refundings resulted in an accounting loss of \$3,267, which has been deferred and is being amortized over the life of the 2013 A Bonds. As a result of the refundings, the City reduced its total debt service requirements by \$1,329, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new debt) of \$1,325.

Revenue bond debt service requirements to maturity are as follows:

| Years Ending December 31 | Governmental Activities | |
|-------------------------------------|--------------------------------|-------------------|
| | Principal | Interest |
| 2014 | \$ 4,345 | \$ 11,468 |
| 2015 | 5,295 | 11,926 |
| 2016 | 5,705 | 11,723 |
| 2017 | 5,910 | 11,510 |
| 2018 | 6,140 | 11,282 |
| 2019 - 2023 | 53,595 | 49,278 |
| 2024 - 2028 | 49,470 | 37,002 |
| 2029 - 2033 | 45,495 | 26,409 |
| 2034 - 2038 | 57,665 | 13,864 |
| 2039 - 2043 | 26,530 | 1,362 |
| | <u>\$ 260,150</u> | <u>\$ 185,824</u> |

At December 31, 2013, \$59,790 of defeased revenue bonds remain outstanding and have been removed from the basic financial statements.

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E. Pledged Revenues

The City has pledged specific revenue to secure the repayment of outstanding debt issues. The following table lists those revenues and the corresponding debt issue along with the purpose of the debt, the amount of the pledge remaining, the term of the pledge commitment, the current fiscal year principal and interest on debt, and the amount of pledged revenue collected during the current fiscal year:

| <u>Revenue Bond Issue</u> | <u>General Purpose for Debt</u> | <u>Term of Commitment</u> | <u>Pledged Revenue</u> | <u>Principal and Interest for Fiscal Year Ended December 31, 2013</u> | <u>Pledged Revenues for Fiscal Year Ended December 31, 2013</u> | <u>Total Principal and Interest Remaining on Debt</u> |
|---------------------------|---|---------------------------|--|---|---|---|
| Tax increment revenue | Infrastructure investment in various special taxing districts | Through 2038 | Property tax increment | \$ 47,430 | \$ 82,754 | \$ 798,041 |
| Transportation revenue | Construction, reconstruction, and repair of roads, streets, and sidewalks | Through 2019 | Wheel tax and state transportation distributions | 2,068 | 12,977 | 10,071 |
| Facilities revenue | Improvements and repairs to various city and county-owned buildings | Through 2021 | Rent charged back to City and County agencies | 1,940 | 1,535 | 15,482 |
| Stormwater | Improvements of stormwater handling capabilities | Through 2041 | Net revenues of the stormwater system | 2,673 | 2,673 | 78,172 |
| Economic development | Provide financial incentives and assistance to a private developer for the construction of a downtown hotel | Through 2039 | Parking garage fees | 1,004 | 1,004 | 40,642 |
| PILOT | Construction of certain improvements to the City's public roads, street and sidewalks, and | Through 2040 | Payments in lieu of taxes | 7,910 | 5,875 | 301,607 |

* Certain PILOT revenue bond proceeds, representing capitalized interest, are currently being used to fund bond interest payments.

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F. Notes Payable and Certificates of Participation

1. The City has outstanding notes payable related to HUD Section 108 loan proceeds. The notes payable, with an original amount of \$5,700, were issued in 2000 and 2001. Under the terms of the agreement, the City makes principal and interest payments on each February 1 and August 1, with the last payment being made on August 1, 2020. At December 31, 2013, \$2,100 was still outstanding.
2. On April 29, 2010, the City entered into a Master Lease-Purchase Agreement with the Capital Asset Financing Corporation (“CAFCO”). CAFCO is an Indiana Leasing Trust who acts as the lessor of the equipment, with the City as lessee. A trustee has been appointed to collect and disburse all amounts due under the lease agreements. CAFCO issued Certificates of Participation Series, 2010 A and B for \$6,010 and \$1,360, respectively. The proceeds from the Certificates were used to purchase vehicles for the City’s Departments of Public Safety and Public Works. The basic rent payments and, consequently, the principal and interest components payable to the owners of the Certificates are payable on June 1 and December 1, with the Certificates fully maturing on June 1, 2018. The outstanding balance of the Certificates at December 31, 2013 is \$2,985.
3. On July 30, 2010, the City issued Redevelopment District Notes, Series 2010 C, in the amount of \$2,500. The proceeds from the sale of the Series 2010 C Notes, along with \$197 of cash on hand, were used to pay off the Redevelopment District Limited Recourse Notes, Series 2005 C, which were outstanding in the amount of \$2,500. Principal and interest amounts are paid from tax increment revenues collected in the Barrington (“HOTIF”) allocation area. The notes bear interest at a per annum rate of 3.92%. The outstanding balance at December 31, 2013 is \$2,500, which will mature on July 30, 2015.
4. On August 9, 2010, the City issued Redevelopment District Notes, Series 2010 B, in the amount of \$3,200. The proceeds from the sale of the Series 2010 B Notes, along with \$2,856 of cash on hand, were used to pay off the Series 2005 A and B Redevelopment District Limited Recourse Notes, which were outstanding in the amount of \$3,195 and \$2,750, respectively. Principal and interest amounts are paid from tax increment revenues collected in the Fall Creek/Citizens Consolidated Housing Tax Increment HOTIF area. Interest and principal on the Series 2010 B Notes are payable annually on February 1 and August 1 and fully mature on August 1, 2030. The notes bear interest at a per annum rate of 3.75%. The outstanding balance at December 31, 2013 is \$2,860.
5. On October 8, 2010, the City entered into an agreement with Fifth Third Leasing Company to issue notes in the amount of \$18,800. The proceeds were used to complete energy improvements at various City owned properties. The notes are payable over a 15-year period beginning on January 1, 2013 and fully mature on July 31, 2027. The stated interest rate is 3.23%. The provision of the note agreement guarantees that the City will realize sufficient energy savings to fully cover the note’s debt service. The outstanding balance of the notes at December 31, 2013 is \$18,287.

Annual amounts due on notes payable and certificates of participation to maturity are as follows:

| <u>Years Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|---|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2014 | \$ 2,835 | \$ 877 |
| 2015 | 4,891 | 802 |
| 2016 | 1,933 | 645 |
| 2017 | 1,991 | 589 |
| 2018 | 1,866 | 530 |
| 2019 – 2023 | 8,286 | 1,876 |
| 2024 – 2028 | 6,490 | 547 |
| 2029 – 2033 | 440 | 21 |
| | <u>\$ 28,732</u> | <u>\$ 5,887</u> |

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G. Capital Leases Payable:

On May 20, 2011, the City entered into a 25-year capital lease with 401-Public Safety, LLC to lease 76,000 square feet of the old Eastgate Consumer Mall. This facility houses the Indianapolis Regional Operations Center (“ROC”). The ROC is equipped with the newest crime fighting technology, which will allow the City to better track crime trends and more quickly deploy police, firefighters, and other state and federal resources in case of an emergency. At December 31, 2013, the total capitalized cost of the leased property is \$8,175, which represents the fair value of the leased property, and the capital lease obligation outstanding is \$8,038.

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments as of December.31, 2013:

| | | Governmental | | |
|---|----|---------------------|--|--|
| | \$ | <u>Activities</u> | | |
| 2014 | | 685 | | |
| 2015 | | 685 | | |
| 2016 | | 685 | | |
| 2017 | | 685 | | |
| 2018 | | 685 | | |
| 2019-2023 | | 3,500 | | |
| 2024-2028 | | 3,800 | | |
| 2029-2033 | | 3,800 | | |
| 2034-2038 | | <u>3,040</u> | | |
| | | 17,565 | | |
| Amount representing interest | | <u>(9,527)</u> | | |
| Present value of net minimum lease payments | \$ | <u><u>8,038</u></u> | | |

H. Other Long-Term Liabilities:

1. Net Pension Obligations: As discussed later in these notes, the Police and Firefighters’ Pre-1977 Pension Plans are funded on a “pay-as-you-go” basis.
2. Postemployment Benefit Obligation: As discussed later in these notes, the City provides postemployment healthcare benefits for police and firefighters. Civilian employees may continue healthcare coverage but are required to contribute 100% of their annual premium.
3. Compensated Absences Payable: A long-term liability for benefit and sick leave earned but not paid of \$34,270 at December 31, 2013 is recorded in the government-wide statements.

Other long-term liabilities are generally to be liquidated by the General Fund, with the exception of claims and judgments that are to be liquidated from the Risk Management Internal Service Fund.

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10. Bond Anticipation Notes

On September 30, 2013, the City issued Economic Development Tax Increment Revenue Bond Anticipation Notes, Series 2013 A (“Series 2013A Notes”) in an amount of \$2,325. The proceeds are being used for the relocation, construction, renovation, improvement and equipping of a new headquarters for the Red Cross of Greater Indianapolis to replace the existing headquarters, which will be displaced by the Mass Avenue Development Project. These notes have a maturity date of September 30, 2014 and bear interest at 1.62% per annum.

On November 26, 2013, the City issued Economic Development Tax Increment Revenue Bond Anticipation Notes, Series 2013 B (“Series 2013 B Notes”) in an amount not to exceed \$24,000. The Series 2013 B Notes are structured as a draw-down loan, which will permit the City to draw down funds as needed to pay project costs. As of December 31, 2013, \$15,000 has been drawn down. The proceeds are being used for the construction, renovation, improvement and equipping of a new mixed-use development project, consisting of one or more buildings which will provide approximately 235 apartments and ground-floor retail and will include substantial infrastructure improvements (collectively, the “Mass Ave Development Project”). These notes have a maturity date of September 30, 2014 and bear interest at 1.05% per annum.

| <u>Bond anticipation notes</u> | <u>Balance January 1, 2013</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Balance December 31, 2013</u> |
|--|--|------------------|-----------------|--|
| Economic Development Tax Increment Bond Anticipation Note, Series 2013 A | \$ — | \$ 2,325 | \$ — | \$ 2,325 |
| Economic Development Tax Increment Bond Anticipation Note, Series 2013 B | — | 15,000 | — | 15,000 |
| | <u>\$ —</u> | <u>\$ 17,325</u> | <u>\$ —</u> | <u>\$ 17,325</u> |

11. Conduit Debt

From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition, rehabilitation, and construction of industrial, commercial, and housing facilities and projects deemed to be in the public interest. The bonds are secured by the property financed. The City is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2013, the Council had approved 105 series of Economic Development Revenue Bonds for a total not-to-exceed amount of \$1,287,373. During 2013, of the not-to-exceed amount of \$17,000 that was approved by the Council, bonds in the amount of \$15,355 were issued. The aggregate principal amount outstanding on the City’s conduit debt issued prior to 2001 cannot be determined. However, the aggregate principal amount outstanding at December 31, 2013 since 2001 is \$218,187.

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12. Fund Balance

The following table displays the breakdown of fund balance by purpose in accordance with GASB Statement No. 54:

| | General Fund | Revenue Debt Service Fund | Federal Grants Fund | Economic Development Capital Projects | Nonmajor Governmental Funds | Total |
|---|-------------------------|--|--------------------------------|--|--|-------------------|
| Nonspendable: | | | | | | |
| Permanent fund (principal and interest) | \$ — | \$ — | \$ — | \$ — | \$ 363 | \$ 363 |
| Long-term receivable | — | — | 272 | — | 2,503 | 2,775 |
| | <u>—</u> | <u>—</u> | <u>272</u> | <u>—</u> | <u>2,866</u> | <u>3,138</u> |
| Restricted for: | | | | | | |
| Street maintenance and projects | 25,870 | — | — | — | — | 25,870 |
| Sidewalk, curb, and street repair | — | — | — | — | 5,849 | 5,849 |
| Stormwater management | 16,386 | — | — | — | — | 16,386 |
| Debt service | — | 147,640 | — | — | 23,616 | 171,256 |
| Capital projects | — | — | — | — | 36,665 | 36,665 |
| Operating expenses | — | — | 383 | — | 3,569 | 3,952 |
| Public safety | — | — | — | — | 58 | 58 |
| Economic development projects | — | — | — | 3,737 | — | 3,737 |
| | <u>42,256</u> | <u>147,640</u> | <u>383</u> | <u>3,737</u> | <u>69,757</u> | <u>263,773</u> |
| Committed to: | | | | | | |
| Rebuild Indy projects | 70,198 | — | — | — | — | 70,198 |
| Utility monitoring | 259 | — | — | — | — | 259 |
| | <u>70,457</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>70,457</u> |
| Assigned to: | | | | | | |
| Redevelopment | 14,823 | — | — | — | — | 14,823 |
| Solid waste collection | 9,487 | — | — | — | — | 9,487 |
| Parks and recreation | 3,149 | — | — | — | — | 3,149 |
| Stormwater management | 3,504 | — | — | — | — | 3,504 |
| Operating expenses | 39,961 | — | — | — | — | 39,961 |
| Public safety | 5,891 | — | — | — | — | 5,891 |
| | <u>76,815</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>76,815</u> |
| Unassigned | | | | | | |
| | 91,191 | — | — | — | (2,155) | 89,036 |
| Total fund balance | <u>\$ 280,719</u> | <u>\$ 147,640</u> | <u>\$ 655</u> | <u>\$ 3,737</u> | <u>\$ 70,468</u> | <u>\$ 503,219</u> |

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13. Postemployment Benefits Other Than Pensions

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (“GASB Statement No. 45”), the City recognizes the cost of postemployment healthcare benefits over a period that approximates the employees’ years of service and provides information useful in assessing potential demands on the City’s future cash flows. Recognition of the liability accumulated from prior years is being amortized over 30 years.

A. Plan Description

The City maintains and provides postemployment medical care (“OPEB”) for retired employees through a single-employer defined benefit medical plan, which the City administers. The plan provides medical benefits for eligible retirees, their spouses, and dependents through the City’s group health insurance plans, which cover both active and retired members.

Eligible retirees must meet the following criteria:

Civilian

1. At age 60 with at least 15 or more years of creditable service, or
2. If the member’s age in years plus the years of creditable service equal at least 85 and the member is at least 55 years of age.

Police

1. At least 20 years of service, who are over the age of 52, and less than age 65.

Firefighters

1. At least 20 years of service, who are at least age 52 and less than age 65.

Benefit provisions are established through negotiations between the City and the union representing the City’s employees and are renegotiated each three-year bargaining period. The plan is not accounted for as a trust fund, because an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report.

B. Funding Policy

Contribution requirements are negotiated between the City and union representatives. For fiscal year 2013, the City contributed \$1,607 to the plan and the active officers’ contributions were \$831. From the contributions paid, 60% of the cost of current year premiums for eligible police and fire retired plan members and their spouses are made. Plan members receiving benefits contribute 40% of their premium costs.

Civilian employees who are eligible for retirement may choose to continue their healthcare coverage on the City’s insurance plan until the age of 65 but are required to contribute 100% of their annual premium costs. By providing retirees with access to the City’s healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go financing method through paying the higher rate for active employees each year.

C. Annual OPEB Costs and Net OPEB Obligation

The City’s annual OPEB cost is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 and, in accordance therewith, the City has elected to perform an actuarial valuation of the OPEB on a biennial basis. The last actuarial valuation performed by the City was as of December 31, 2013. The next valuation will be completed as of December 31, 2015. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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The City's annual OPEB cost for the current year and the related information are as follows at December 31, 2013:

| | | |
|--|----|-----------------------|
| Annual required contribution | \$ | 20,975 |
| Interest on net OPEB obligation | | 3,287 |
| Amortization | | (3,383) |
| Adjustment to annual required contribution | | 1,836 |
| Annual OPEB cost (expense) | | <u>22,715</u> |
| Contributions made | | <u>(1,607)</u> |
| Increase in net OPEB obligation | | 21,108 |
| Net OPEB obligation – beginning of year | | <u>87,645</u> |
| Net OPEB obligation – end of year | \$ | <u><u>108,753</u></u> |

The adjustment to annual required contribution in the amount of \$1,836 represents the required current year adjustment to reflect the fact that the City obtains a biennial actuarial valuation. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012, and 2011 were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of OPEB Cost Contributed | Net OPEB Obligation |
|------------------------------|-----------------------------|-----------------------------------|--|--------------------------------|
| 2013 | \$ 22,715 | \$ 1,607 | 7.07 % | \$ 108,753 |
| 2012 | 17,691 | 1,647 | 9.31 | 87,645 |
| 2011 | 16,507 | 1,695 | 10.27 | 71,601 |

D. Funded Status and Funding Progress

The funded status of the plan based on the most recent biennial actuarial valuation for the plan, dated as of December 31, 2013, was as follows:

| | | |
|--|----|-----------------------|
| Actuarial accrued liability | \$ | 161,253 |
| Actuarial value of plan assets | | — |
| Unfunded actuarial accrued liability | \$ | <u><u>161,253</u></u> |
| | | |
| Funded ratio | | 0% |
| Covered payroll | \$ | 266,438 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | | 60.52% |

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the accompanying notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions used for this fiscal year valuation were as follows:

| | |
|----------------------------|---|
| Actuarial valuation date | December 31, 2013 |
| Actuarial cost method | Projected Unit Credit |
| Amortization method | Level percentage of expected payroll |
| Amortization period | 30 years open |
| Actuarial Assumptions: | |
| Discount rate | 3.75% effective annual rate |
| Projected salary increases | 2.75% |
| General inflation rate | 2.50% |
| Healthcare inflation rate | Starting at 6.50% per year and gradually decreasing to 4.50% over a period of 75-85 years, depending on the medical plan |

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14. Pension Plans

A. Plan Descriptions, Funding Policies and Contribution Information

1. Police and Firefighters' Plans

Statutory Plan

Certain police and firefighters are covered by a statutory cost-sharing multiple-employer retirement plan administered by the Indiana Public Retirement System ("INPRS"). This plan covers all police and firefighters hired after April 30, 1977, or hired before May 1, 1977, who have elected to convert to this plan ("Police and Firefighters' Statutory Plan").

State statute regulates the operations of the system, including benefits, vesting, and contributions. Employees covered may retire and receive full benefits upon attainment of age 52 and 20 years of service. An employee with 20 years of service may leave, but will not receive benefits until reaching age 50. The plan also provides for certain death and disability benefits.

Covered employees are required to contribute 6.0% of their compensation. The City currently pays half of the employee contribution in accordance with labor agreements, this is in addition to the annual employer's contribution determined by INPRS based on a valuation using the entry age normal cost method. The rate of employer contribution is 19.7% of each employee's annual compensation. The City's contributions to the plan for the years ended December 31, 2013, 2012, and 2011 were \$30,471, \$30,583, and \$29,639, respectively, equal to the required contributions for the year.

Effective January 1, 2007, the sheriff deputies from Marion County were merged with the former Indianapolis Police Department to form the Indianapolis Metropolitan Police Department, which is part of the City. The pension plan for the former sheriff deputies who are now part of the Indianapolis Metropolitan Police Department is funded by the County, and accordingly, the liability is held by the County in the Marion County Law Enforcement Fund.

Pre-1977 Plans

The City also maintains two single-employer retirement plans covering police and firefighters hired on or before April 30, 1977 ("Police and Firefighters' Pre-1977 Plans"), which are accounted for by the City in a pension trust fund and are funded on a pay-as-you-go basis. No separately issued financial statements are available and the plans are closed to new participants. There are no remaining participant contribution requirements. Retirement benefits are available after 20 years of service. State statute grants authority for these pension plans and sets the regulations covering benefits. Contractually as current employees' salaries increase, benefits paid to plan participants are adjusted. No significant plan assets are accumulated for the payment of future benefits.

During the 2008 State of Indiana Legislative Session, the State agreed to pay the entire annual cost of future pension payments to the police officers and firefighters who are members of the Police and Firefighters' Pre-1977 Plans, beginning in 2009. Since the City still must pay the benefits under the plans and be reimbursed by the State, this is still considered to be a "pay-as-you-go" plan. The payments from the State are estimated each year and any overage and underage are to be adjusted in the next year. The present value of expected future funding to be received from the State of Indiana for pension relief contributions on the Police and Firefighters' Pre-1977 Plans totaled \$775,385 as of January 1, 2013. In 2013, the State of Indiana contributed \$58,714 of pension relief to the Police and Firefighters' Pre-1977 Plans.

2. All Other City Employees' Plan

The City also contributes to the Public Employees' Retirement Fund of Indiana ("PERF"), an agent multiple-employer retirement plan administered by INPRS that acts as a common investment and administrative agent for state employees and employees of participating political subdivisions of the State of Indiana in accordance with Indiana Codes 5-10.2 and 5-10.3. Except for police and firefighters, all full-time employees are eligible to participate in this plan ("All Other City Employees' Plan").

Benefits vest after 10 years of service. City employees who retire at or after age 65 with 10 years of creditable service or at age 60 with 15 years of creditable service are entitled to an annual retirement, payable monthly for life. City employees who have reached 50 years of age and have 15 years of credited service will qualify for early retirement with reduced benefits. Employees who are at least 55 years of age at retirement and have 30 years of creditable service receive a full pension benefit. Any combination of age and years of service greater than 85 (for those older than 55) also qualifies the employee for full retirement benefit. PERF also provides for death and disability benefits. These benefit provisions and all other requirements are established by state statute.

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A contribution of 3% of each employee’s annual compensation is required, which is paid by the City. In addition, the City is required to contribute amounts necessary to fund this plan, using the entry age normal cost method as specified by state statute. The City-financed pension benefits are classified as defined benefits, and the employee-financed pension benefits are classified as defined contributions and depend on the amount contributed by the employee plus accumulated investment earnings.

Indiana’s Deferred Retirement Option Plan (“DROP”), which was enacted into law in 2002, is available to all participants of the Police and Firefighters’ Statutory and Police and Firefighters’ Pre-1977 Plans. Those individuals who elect to participate must remain in active employment, continue to make contributions to the plan and elect a DROP retirement date not less than 12 months and not more than 36 months after the individual’s DROP entry date. Participating individuals remain in the DROP until reaching the applicable mandatory retirement age and may make a DROP election only once in the individual’s lifetime. Upon retirement, a DROP participant will receive a DROP frozen benefit to be paid in a lump-sum distribution or in 3 equal installments commencing on the participant’s DROP retirement date.

INPRS issues publicly available financial reports that include financial statements and required supplementary information for the Police and Firefighters’ Statutory Plan and the All Other City Employees’ Plan. These reports may be obtained by writing to Indiana Public Retirement System, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204.

Except for the Police and Firefighters’ Pre-1977 Plans, the funding policies of INPRS provide for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

The schedules that follow are derived from the respective actuarial reports and City information for the aforementioned four pension plans as of December 31, 2013 and, with regard to contributions for 2013, based on the January 1, 2013 actuarial report for the Police and Firefighters’ Pre-1977 Plans and June 30, 2013 for the Police and Firefighters’ Statutory and All Other City Employees’ Plans.

Census data for the four plans are as follows:

| | Police and Firefighters Statutory | Police and Firefighters Pre-1977 (2) | All Other City Employees |
|--|--|---|---|
| Retirees and beneficiaries currently receiving benefits | N/A (1) | 1,713 | N/A (1) |
| Terminated vested employees not yet receiving benefits | 23 | — | 471 |
| Terminated nonvested employees – refund of contributions | 162 | — | 638 |
| Current employees: | | | |
| Vested | 838 | 40 | 922 |
| Nonvested | 1,569 | — | 711 |
| Subtotal | <u>2,407</u> | <u>40</u> | <u>1,633</u> |
| Working for a different participating municipality | N/A | N/A | 768 |
| Total | <u><u>2,407</u></u> | <u><u>40</u></u> | <u><u>2,401</u></u> |

(1) Retirees and beneficiaries currently receiving benefits are not traceable by employer, since INPRS pays those benefits from a separate plan.

(2) Census data is not separately available for the individual police and firefighters' plans.

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B. Actuarial Methods and Assumptions

The significant actuarial methods and assumptions used in relation to the actuarial valuations for each of the City's pension plans are summarized below:

| <u>Assumptions</u> | <u>Police and Firefighters Statutory</u> | <u>Police and Firefighters Pre-1977</u> | <u>All Other City Employees</u> |
|---|--|---|--|
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal |
| Rate of return on present and future assets | 6.75% | 6.00% | 6.75% |
| Inflation rate | 3.00% | 3.00% | 3.00% |
| Cost of living increase | 2.25% | 3.25% (Non-converted) 2.25% (Converted) | 1.00% |
| Salary increase | 3.25% | 3.25% | 3.25% – 4.5%* * Based on PERF experience 2005 – 2010. |
| Asset valuation method | 4-year smoothing of gains/losses on market value with a 20% corridor | N/A | 4-year smoothing of gains/losses on market value with a 20% corridor |
| Amortization method | Level dollar | Level dollar | Level dollar |
| Amortization period | Open – 30 years | Closed – 30 years | Open – 30 years |

C. Annual Pension Cost and Net Pension Obligations

The following is a schedule of the annual pension cost and net pension obligation for the Police and Firefighters' Pre-1977 Plans and the All Other City Employees' Plan:

| | <u>Police (Pre-1977)</u> | <u>Firefighters (Pre-1977)</u> | <u>Total</u> | <u>All Other City Employees</u> |
|---|------------------------------|------------------------------------|--------------|-------------------------------------|
| Actuarial valuation date | | January 1, 2013 | | June 30, 2013 |
| Annual required contribution | \$ 32,832 | \$ 30,873 | \$ 63,705 | \$ 8,154 |
| Interest on net pension obligation | 12,747 | 10,718 | 23,465 | 677 |
| Adjustment to annual required contribution | (17,643) | (14,835) | (32,478) | (788) |
| Annual pension cost | 27,936 | 26,756 | 54,692 | 8,043 |
| Contributions made | 29,504 | 29,210 | 58,714 | 6,926 |
| Increase (decrease) in net pension obligation | (1,568) | (2,454) | (4,022) | 1,117 |
| Net pension obligation – beginning of year | 212,447 | 178,637 | 391,084 | 10,032 |
| Net pension obligation – end of year | \$ 210,879 | \$ 176,183 | \$ 387,062 | \$ 11,149 |

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D. Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information for the Police and Firefighters' Pre-1977 Plans and the All Other City Employees' Plan is presented below:

| <u>Fiscal Years Ending</u> | <u>Annual Pension Cost</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------------------|------------------------------------|--|-----------------------------------|
| Police Pre-1977 Plan: | | | |
| 2013 | \$ 27,936 | 105.6 % | \$ 210,879 |
| 2012 | 28,125 | 97.7 | 212,447 |
| 2011 | 33,809 | 92.1 | 211,814 |
| Firefighters Pre-1977 Plan: | | | |
| 2013 | 26,756 | 109.2 | 176,183 |
| 2012 | 27,396 | 102.0 | 178,637 |
| 2011 | 31,934 | 93.8 | 179,182 |
| All Other City Employees Plan: | | | |
| 2013 | 8,043 | 86.1 | 11,149 |
| 2012 | 7,891 | 38.1 | 10,032 |
| 2011 | 7,435 | 47.2 | 5,151 |

E. Pension Trust Fund Financial Statements

As separately issued financial statements are not available for the Police and Firefighters' Pre-1977 Plans, summarized financial statements for those funds follow:

Combining Statement of Pension Trust Funds Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
December 31, 2013

| ASSETS | <u>Police Pension</u> | <u>Firefighters Pension</u> | <u>Total</u> |
|------------------------------------|---------------------------|---------------------------------|-----------------|
| Equity in pooled cash | \$ 774 | \$ — | \$ 774 |
| Investments | 1,229 | — | 1,229 |
| Total assets | <u>2,003</u> | <u>—</u> | <u>2,003</u> |
| LIABILITIES | | | |
| Due to other funds | — | 142 | 142 |
| Total liabilities | <u>—</u> | <u>142</u> | <u>142</u> |
| NET POSITION | | | |
| Held in trust for pension benefits | <u>\$ 2,003</u> | <u>\$ (142)</u> | <u>\$ 1,861</u> |

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Combining Statement of Changes in Fiduciary Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
Year Ended December 31, 2013

| | Pension Trust Funds | | |
|---|----------------------------|---------------------------------|-----------------|
| | Police Pension | Firefighters Pension | Total |
| ADDITIONS | | | |
| State of Indiana pension subsidy received from the General Fund | \$ 29,504 | \$ 29,210 | \$ 58,714 |
| Total additions | <u>29,504</u> | <u>29,210</u> | <u>58,714</u> |
| DEDUCTIONS | | | |
| Benefits | 28,470 | 29,568 | 58,038 |
| Total deductions | <u>28,470</u> | <u>29,568</u> | <u>58,038</u> |
| Change in plan net assets | 1,034 | (358) | 676 |
| Net position – beginning of year | <u>969</u> | <u>216</u> | <u>1,185</u> |
| Net position (deficit) – end of year | <u>\$ 2,003</u> | <u>\$ (142)</u> | <u>\$ 1,861</u> |

F. Funded Status

The funded status of the Police and Firefighters' Pre-1977 Plans and the All Other City Employees' Plan as of the most recent actuarial valuation date is as follows:

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age</u> | <u>(Unfunded) Overfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|--|----------------------------------|--|---|---------------------|------------------------|--|
| Police Pre-1977 Plan 1/1/2013 | \$ — | \$ 392,417 | \$ (392,417) | — % | \$ 1,126 | 34,851 % |
| Firefighters Pre-1977 Plan 1/1/2013 | — | 369,514 | (369,514) | — | 795 | 46,480 |
| All Other City Employees Plan 6/30/2013 | 70,381 | 124,394 | (54,013) | 57 | 69,556 | 78 |

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the accompanying notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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15. Contingent Liabilities and Commitments

- A. Various lawsuits are pending against the City. In the opinion of the City's Corporation Counsel, the aggregate potential loss on all outstanding litigation for public liability self-insurance was estimated to be \$3,891 at December 31, 2013. This amount has been accrued for in the Internal Service Fund. Indiana law limits the liability of municipalities to \$700 per person and \$5,000 per occurrence. Additionally, the City is a defendant in various lawsuits for which management has determined that there is a reasonable possibility of an adverse outcome. No accrual has been made in the financial statements for these items, which approximate \$10,395, as the loss is not both probable and estimable.
- B. The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.
- C. Effective December 1, 2008, the City entered into a service agreement with the owner of a resource recovery facility that is in effect until December 31, 2018 with the option of extending the agreement for two additional five-year periods. The City has agreed to deliver a certain amount of "acceptable waste" each year to the facility. The City paid a tipping fee of \$27.00 (not in thousands) per ton for the first three years of the service agreement, which escalates at 2.7% in years four through ten. Beginning in 2013, the tipping fee increased to \$29.25 (not in thousands) per ton. The City also will reimburse the owner of the resource recovery facility for any taxes levied by any governmental entity, other than income taxes, and the leased cost of the facility site. The owner of the resource recovery facility will revenue share 12.5% of its steam revenues, with a minimum guarantee of \$2,317 and a maximum of \$2,474 per year, also adjusting in the remaining years of the contract.
- D. The City has entered into operating agreements on a number of City-owned golf courses, which provide for termination payments to be made to the operator if the City cancels the agreements prematurely. These payments are primarily to cover the costs for improvements made to the courses by the operators. The termination payment declines over the term of the agreements. While the City has no intention to do so, if the agreements were terminated at December 31, 2013, the total termination payments due would be \$5,396.

16. Parking Meter Concession Agreement

Effective December 22, 2010, the City entered into an agreement with a concessionaire to operate and maintain the City's parking meter system, including collecting parking meter revenues and issuing parking tickets for violations related to the parking meter system and residential parking permits. The objective of entering into this agreement was to modernize the parking meter system and to provide residents and visitors with more convenient parking options and to provide the City with funding for infrastructure improvements. In addition to operating and maintaining the City's parking meter system, the concessionaire is responsible for making all capital improvements required to be completed during the 50-year term of the agreement, including implementing multi-space meters in certain locations and installing meters that are capable of accepting electronic payments. The City accounts for this transaction in accordance with the requirements of GASB Statement No. 60.

The City receives a share of all revenues generated from the parking meter system. During 2013, the City's monthly share of the revenue was 30% for parking meter revenues collected between \$0 and \$610 and 60% for all such amounts above \$610 (each tier amount is adjusted for inflation annually). Under the agreement, the City must compensate the concessionaire to offset its losses for certain events, which include, but are not limited to, the City's removal or temporary closure of parking meters, material changes in the rules and regulations affecting the parking meters or residential permits and the City's ownership or operation of certain off-street parking developed after the effective date and located within a quarter of a mile of a parking meter space. The City may terminate the concessionaire agreement but would be required to make a termination payment ranging from \$8,000 to \$19,800 based on the date of termination.

At December 31, 2013, \$18,800 is recorded as a deferred inflow of resources in the government-wide statement of net position. The deferred inflow of resources is being amortized using the straight-line method over the 50-year term of the agreement, and in 2013, \$400 was amortized and recognized as revenue in the government-wide statement of activities.

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17. Related Party Transactions

The legislative body of the City is the same in several respects as that of the County, and the position of the County Executive is the same as the Mayor of Indianapolis. The County provides certain information systems and telephone services to the City. During 2013, the City incurred approximately \$17,630 in information systems costs and \$1,271 in telephone costs, of which approximately \$1,513 is due to the County at December 31, 2013 for these services. During 2013, the County paid the City \$1,127 for fuel charges. As of December 31, 2013 the County owed the City \$907 for court costs. In addition, the City and County both act in capacities of pass through and subrecipient agents for federal and state grants.

The City and County purchase certain insurance policies, which cover risks of both entities. The City and County pay premiums associated with their own respective portions of the coverage. The City provides certain administrative services to the County including purchasing, legal, and other general administration. The City funds such services through a countywide tax levy. The County does not compensate the City for these services. Conversely, Marion County provides, at no compensation, criminal, civil, juvenile, and probate court services to all municipalities and unincorporated areas in the County and administers the property tax administration and collection system for the same jurisdictions and the Marion County jail and lockup.

In 2010, the City entered into an Interlocal Cooperation Agreement to provide \$8,000 of funding annually to the Capital Improvement Board of Managers (of Marion County, Indiana) (“CIB”) to further their mutual purposes, including to better assure their funding sources for Visit Indy, Inc. Visit Indy, Inc. is an important body through which the convention and visitor industry and the commercial, industrial and cultural interests of Indianapolis and its citizens are promoted and publicized, including the CIB’s capital improvements. The agreement renews annually and assumes the same terms and level of funding, subject to certain factors (including the availability of funds), unless either party gives a six-month termination notice prior to the end of the annual cycle.

In connection with a Public Safety Support Agreement dated March 1, 2013, between the City and the CIB, the CIB is to pay a portion of the Marion County Admissions Taxes and Marion County Supplemental Auto Rental Excise Taxes it receives on an annual basis to the City to be used for public safety purposes. For the first 12 months of the agreement, the amount to be received from the CIB amounts to 100% of the recently enacted increases in these taxes. Thereafter, the CIB will pay to the City 25% of the revenue received from these increases, but not to exceed \$3,000 annually. The term of the Public Safety Agreement extends to February 28, 2017 and automatically renews for additional four-year periods until terminated by either party. Under this same agreement, the City has agreed to fund up to \$5 million in repairs to be made to an underground parking facility below Hudnut Commons, an open, landscaped public area in downtown Indianapolis.

18. Interfund Transactions and Balances

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. The composition of interfund receivable and payable balances as of December 31, 2013 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------------------------|------------------------|
| General Fund | Nonmajor Governmental Funds | \$ 490 |
| General Fund | Risk Management Internal Service Fund | 4,076 |
| General Fund | Firefighters Pension Fiduciary Fund | <u>142</u> |
| | | \$ <u><u>4,708</u></u> |

Because of budgetary constraints, the interfund payable in the internal service fund will not be repaid by the end of the next fiscal year, but instead will be recovered over the next two years through increased charges to City departments.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2013
(Dollars in Thousands)

Interfund transfers for the year ended December 31, 2013 consisted of the following:

| <u>Transfers Out</u> | <u>Transfers In</u> | | | | <u>Total</u> |
|---------------------------------------|--------------------------------|----------------------------------|----------------------------|------------------------------------|-------------------|
| | <u>Governmental Activities</u> | | | | |
| | <u>General Fund</u> | <u>Revenue Debt Service Fund</u> | <u>Federal Grants Fund</u> | <u>Nonmajor Governmental Funds</u> | |
| General Fund | \$ 11,837 | \$ 100 | \$ 67 | \$ 5,733 | \$ 5,900 |
| Revenue Debt Service Fund | — | — | — | 13,714 | 25,551 |
| Economic Development Capital Projects | — | 24,345 | — | 4,378 | 28,723 |
| Nonmajor Governmental Funds | 39,201 | — | — | 2,841 | 42,042 |
| Total transfers out | <u>\$ 51,038</u> | <u>\$ 24,445</u> | <u>\$ 67</u> | <u>\$ 26,666</u> | <u>\$ 102,216</u> |

Interfund transfers were used to (1) move revenues from the fund that an ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them or (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization.

19. Explanation of Certain Differences between the Governmental Fund Financial Statements and the Government-wide Financial Statements

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long term—are reported in the statement of net position.

Details of the adjustment for these reconciling items between the *fund balance – total governmental funds* and *net position – governmental activities*, as reported in the government-wide statement of net position at December 31, 2013, follow:

| | |
|--|---------------------|
| Bonds and notes payable and certificates of participation | \$ 1,096,233 |
| Deferred premiums, net of discounts | 39,393 |
| Amounts recorded as matured bonds payable at December 31, 2013 | (22,545) |
| Capital leases payable | 8,038 |
| Net pension obligation | 398,211 |
| Postemployment benefit obligation | 108,753 |
| Compensated absences | <u>34,270</u> |
| Combined adjustment | <u>\$ 1,662,353</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2013
(Dollars in Thousands)

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Details of the adjustments for these reconciling items between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities*, as reported in the government-wide statement of activities at December 31, 2013, follow:

| | |
|--|-------------------|
| Debt issued: | |
| Tax increment bonds, excluding capital appreciation accretion of \$7,387 | \$ 45,020 |
| Revenue bonds | 47,365 |
| Deferred premiums | <u>11,744</u> |
| Combined adjustment | <u>\$ 104,129</u> |
| Repayments: | |
| Bond principal, less decrease in matured bonds payable of \$5,901 | \$ 44,180 |
| Payment to bond escrow agent | 90,250 |
| Notes payable and certificates of participation | <u>17,418</u> |
| Combined adjustment | <u>\$ 151,848</u> |

20. Deficit Fund Balances and Net Position

Negative fund balances by fund are as follows:

| <u>Deficit Fund Balances</u> | <u>December 31, 2013</u> |
|-------------------------------|------------------------------|
| Special Revenue Funds | |
| Drug Free Community | \$ <u>(188)</u> |
| Debt Service Funds | |
| Civil City | \$ (1,199) |
| Public Safety Communications | <u>(157)</u> |
| | <u>\$ (1,356)</u> |
| Internal Service Funds | |
| Risk Management | \$ <u>(7,175)</u> |
| Fiduciary Funds | |
| Firefighters Pension | <u>\$ (142)</u> |

The deficit fund balance for the special revenue funds will be covered by future reimbursements from Marion County. The deficit fund balance for the debt service funds will be covered by a future transfer that will cover the debt service payments. The risk management internal service fund negative fund balance will be covered by future charges to City departments. The pension deficit will be covered by future reimbursements from the State of Indiana.

Required
Supplementary Information

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis (Required Supplementary Information)
Year ended December 31, 2013
(In thousands)

| | <u>Original budget</u> | <u>Final budget</u> | <u>Actual</u> | Variance with final budget – positive (negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Taxes | \$ 304,706 | \$ 301,422 | \$ 304,124 | \$ 2,702 |
| Licenses and permits | 10,237 | 10,238 | 13,351 | 3,113 |
| Charges for services | 52,961 | 53,195 | 52,156 | (1,039) |
| Intergovernmental revenues | 44,756 | 48,715 | 49,596 | 881 |
| Traffic violations and court fees | 3,674 | 3,673 | 3,417 | (256) |
| Intragovernmental revenues | 3,729 | 3,729 | 4,654 | 925 |
| Interest and other operating revenues | 14,639 | 15,017 | 13,980 | (1,037) |
| Total revenues | <u>434,702</u> | <u>435,989</u> | <u>441,278</u> | <u>5,289</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 22,412 | 22,915 | 20,629 | 2,286 |
| Public safety | 358,257 | 358,227 | 349,415 | 8,812 |
| Public works | 100,463 | 101,432 | 96,544 | 4,888 |
| Health and welfare | 98 | 235 | 140 | 95 |
| Cultural and recreation | 13,830 | 13,672 | 13,699 | (27) |
| Urban redevelopment and housing | 5,012 | 4,313 | 2,702 | 1,611 |
| Economic development and assistance | 2,173 | 2,771 | 2,094 | 677 |
| Capital outlays | 76,542 | 77,491 | 67,360 | 10,131 |
| Total expenditures | <u>578,787</u> | <u>581,056</u> | <u>552,583</u> | <u>28,473</u> |
| Deficiency of revenues under expenditures | <u>(144,085)</u> | <u>(145,067)</u> | <u>(111,305)</u> | <u>33,762</u> |
| Other financing sources: | | | | |
| Sale and lease of property | 350 | 350 | 539 | 189 |
| Transfers in | 44,351 | 44,110 | 45,138 | 1,028 |
| Total other financing sources | <u>44,701</u> | <u>44,460</u> | <u>45,677</u> | <u>1,217</u> |
| Revenues under expenditures and other financing uses | <u>(99,384)</u> | <u>(100,607)</u> | <u>(65,628)</u> | <u>34,979</u> |
| Fund balance at beginning of year | 294,202 | 278,636 | 299,150 | 20,514 |
| Cancellation of purchase orders and other | (16,432) | 63,801 | 22,065 | (41,736) |
| Fund balance at end of year | <u>\$ 178,386</u> | <u>\$ 241,830</u> | <u>\$ 255,587</u> | <u>\$ 13,757</u> |

See notes to required supplementary information.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis (Required Supplementary Information)
Year ended December 31, 2013
(In thousands)

| | <u>Original budget</u> | <u>Final budget</u> | <u>Actual</u> | Variance with final budget – positive (negative) |
|---|------------------------|---------------------|---------------|---|
| Revenues: | | | | |
| Charges for services | \$ 349 | \$ 349 | \$ — | \$ (349) |
| Intergovernmental revenues | 43,391 | 50,813 | 30,377 | (20,436) |
| Traffic violations and court fees | 1,420 | 1,420 | 338 | (1,082) |
| Interest and other operating revenues | 6 | 6 | 268 | 262 |
| Other revenues | — | — | 146 | 146 |
| Total revenues | <u>45,166</u> | <u>52,588</u> | <u>31,129</u> | <u>(21,459)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 37 | 42 | 33 | 9 |
| Public safety | 11,088 | 13,778 | 6,905 | 6,873 |
| Public works | 499 | 626 | 254 | 372 |
| Health and welfare | 9,137 | 10,604 | 8,457 | 2,147 |
| Cultural and recreation | 957 | 991 | 888 | 103 |
| Urban redevelopment and housing | 7,566 | 16,111 | 14,907 | 1,204 |
| Economic development and assistance | 7,088 | 6,036 | 66 | 5,970 |
| Capital outlays | 5,124 | 6,645 | 1,326 | 5,319 |
| Total expenditures | <u>41,496</u> | <u>54,833</u> | <u>32,836</u> | <u>21,997</u> |
| Deficiency of revenues under expenditures | 3,670 | (2,245) | (1,707) | 538 |
| Other financing sources: | | | | |
| Transfers in | — | — | 3 | 3 |
| Total other financing sources | <u>—</u> | <u>—</u> | <u>3</u> | <u>3</u> |
| Revenues under expenditures and other financing sources | 3,670 | (2,245) | (1,704) | 541 |
| Fund balance at beginning of year | — | — | — | — |
| Cancellation of purchase orders and other | (3,670) | 2,245 | 1,704 | (541) |
| Fund balance at end of year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

See notes to required supplementary information.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Pension Supplementary Information
Schedules of Funding Progress
(In thousands)

| <u>Asset valuation date</u> | <u>Actuarial value of assets</u> | <u>Actuarial liability (AAL) entry age</u> | <u>Unfunded (overfunded) AAL (UAAL)</u> | <u>Funded ratio</u> | <u>Covered payroll</u> | <u>UAAL as a percentage of covered payroll</u> |
|---------------------------------------|----------------------------------|--|---|---------------------|------------------------|--|
| Police (Pre-1977) Plan | | | | | | |
| 1/1/2013 | \$ — | \$ 392,417 | \$ 392,417 | — % | \$ 1,126 | 34,851 % |
| 1/1/2012 | — | 397,406 | 397,406 | — | 1,504 | 26,423 |
| 1/1/2011 | — | 470,430 | 470,430 | — | 1,571 | 29,947 |
| 1/1/2010 | — | 446,400 | 446,400 | — | 1,825 | 24,459 |
| 1/1/2009 | — | 434,034 | 434,034 | — | 1,593 | 27,246 |
| 1/1/2008 | — | 416,860 | 416,860 | — | 2,983 | 13,975 |
| Firefighters (Pre-1977) Plan | | | | | | |
| 1/1/2013 | — | 369,514 | 369,514 | — | 795 | 46,480 |
| 1/1/2012 | — | 379,065 | 379,065 | — | 1,690 | 22,430 |
| 1/1/2011 | — | 436,557 | 436,557 | — | 2,095 | 20,838 |
| 1/1/2010 | — | 423,741 | 423,741 | — | 2,832 | 14,962 |
| 1/1/2009 | — | 427,480 | 427,480 | — | 2,596 | 16,467 |
| 1/1/2008 | — | 314,836 | 314,836 | — | 2,927 | 10,756 |
| All Other City Employees Plan* | | | | | | |
| 7/1/2013 | 70,381 | 124,394 | 54,013 | 57 | 69,556 | 78 |
| 7/1/2012 | 66,005 | 135,810 | 69,805 | 49 | 77,759 | 90 |
| 7/1/2011 | 74,320 | 126,438 | 52,118 | 59 | 77,098 | 68 |

* Information required for only most recent actuarial valuation and the two preceding valuations

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Postemployment Benefit Obligation Supplementary Information
Schedule of Funding Progress
(In thousands)

| Actuarial valuation date | Actuarial value of assets (a) | Accrued liability (b) | Unfunded accrued liability (UAL) (b-a) | Funded ratio (a/b) | Covered payroll (c) | UAL as a percentage of covered payroll ((b-a)/c) |
|--------------------------------|--|-----------------------------|--|--------------------------|---------------------------|---|
| 12/31/2013 | \$ — | 161,253 | \$ 161,253 | — % | \$ 266,438 | 60.52 % |
| 12/31/2012* | — | 143,950 | 143,950 | — | 265,921 | 54.13 |
| 12/31/2011 | — | 143,950 | 143,950 | — | 270,491 | 53.22 |

* In accordance with GASB Statement No. 45, the City has an actuarial valuation completed biennially.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Required Supplementary Information
December 31, 2013
(In thousands)

1. Budgets and Budgetary Accounting

A) The City of Indianapolis (“City”) is required by state statute and City-County Council (“Council”) ordinance to adopt annual budgets for all subfunds of the General Fund; all Special Revenue Funds except the Cable Franchise PEG Grants Fund; all Debt Service Funds; the City Cumulative Capital Development, the County Cumulative Capital Development, and the Fire Cumulative Capital Projects Funds; and the Police Pension and Firefighters Pension Trust Funds to the object level of control. These budgets require Council approval and are prepared for each departmental division and approved at the five object levels of expenditure (personal services, supplies, other services and charges, capital outlay, and internal charges). In addition, control is achieved for other capital projects funds by the original bond resolutions that are required by state statute to be approved by the Council for all bond issues for taxing units within the consolidated City. These originating bond resolutions serve as the basis for the appropriations for capital projects. These appropriations do not lapse at year-end. All other City sources of finance for capital projects are required to be appropriated within the providing City budgetary fund. Control over spending from funds, which are not subject to the Council appropriation process, is accomplished by the requirement that all disbursements of such funds be made only to a budgeted fund.

The Council may amend appropriations by transferring unencumbered appropriations from one object to another within the same fund, and may also make additional appropriations to the extent of unappropriated fund balances. Transfers of appropriations from one line item to another within the object level of control may be approved by City management. During the year, for the General Fund and Federal Grants Fund, the following supplementary appropriations were properly approved:

| | | General Fund | | Federal Grants Special Revenue Fund |
|-------------------------|----|-------------------------|----|--|
| | \$ | <u> </u> | \$ | <u> </u> |
| Original appropriations | \$ | 578,787 | \$ | 41,496 |
| Revisions | | <u>2,269</u> | | <u>13,337</u> |
| Revised appropriations | \$ | <u>581,056</u> | \$ | <u>54,833</u> |

The budget information disclosed includes the budget ordinances as amended. Internal charges are recorded as expenditures in one fund and negative expenditures in the receiving fund. Budgeted disbursements may exceed estimated revenues as appropriations contemplate the utilization of beginning fund balances. Except for Capital Projects Funds (excluding Cumulative Capital Development Funds) and certain Special Revenue Funds, unencumbered appropriations lapse with the expiration of the budgetary period. All budgets are prepared on the cash basis of accounting with the exception of revenues received in the current year but budgeted for in a prior year and that encumbrances and certain accounts payable are treated as expenditures.

- B) The City’s procedures in establishing the budget are as follows:
- 1) Prior to July 1, the Department Directors, in conjunction with the Mayor’s staff and the City Controller, develop budgets for the subsequent calendar year for the individual divisions within their respective departments.
 - 2) In July, the City Controller prepares the budget ordinances, which are introduced by the Mayor to the Council at the first August Council meeting. In developing these budgets, the City Controller adds the June 30 cash and investment balances to estimated revenues to be received and expenditures to be incurred from July 1 through December 31 in arriving at a December 31 “projected budgetary fund balance.” The projected budgetary fund balance and estimated revenues for the ensuing year are reduced by that year’s budgeted expenditures in developing the amount to be funded from ad valorem property taxes, to the extent of the maximum levy. By using this procedure, any actual results favorable or unfavorable to those estimated for any year are incorporated into the subsequent year’s budget.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Required Supplementary Information
December 31, 2013
(In thousands)

- 3) The Council assigns the introduced budgets to the appropriate Council Committees. In August and September, each Council Committee holds public hearings on the budget of the department or division for which it is responsible.
 - 4) Before Council budget ordinances are approved by the Council, they are advertised by the City Controller twice in a local newspaper prior to the last Council meeting in September. The Council may not pass a budget above the level advertised. The Mayor may veto separate items of an approved budget ordinance, but the Council may override a veto by a two-thirds vote.
 - 5) The Indiana Department of Local Government Finance makes the final review of the budget. It can revise, reduce, or restore on appeal budgets, levies, and tax rates removed by the City-County Council. Except for Debt Service Funds, the Indiana Department of Local Government Finance may not increase a budget, levy, or tax rate above the level originally advertised. If the budgets seek to exceed the tax limits of the state control laws, an excess levy may be granted if the excess levy meets state law requirements, and is approved by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance is required to certify the budgets, levies, and rates by February 15.
 - 6) The City's maximum permissible annual ad valorem property tax levy is restricted by Indiana law, with certain adjustments and exceptions, to the prior year's maximum permissible ad valorem property tax levy adjusted by the average growth factor in nonfarm income in the State of Indiana.
- C) Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Pension Trust Funds. Encumbrances do not lapse with the expiration of the budget period.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Required Supplementary Information
December 31, 2013
(In thousands)

3. Budget/GAAP Reporting Differences

Adjustments necessary to convert the results of 2013 operations from a budgetary basis to a GAAP basis are as follows:

| | <u>General Fund</u> | <u>Federal Grants Special Revenue Fund</u> |
|---|-------------------------|--|
| Revenues over (under) expenditures and other financing sources (uses) (budgetary basis) | \$ (65,628) | \$ (1,704) |
| Adjustments: | | |
| Accrued revenues | 66,687 | 18,832 |
| Accrued expenditures | (59,805) | 2,974 |
| Transfers, net | — | (24,601) |
| Encumbrances | 40,681 | 64 |
| Expenditures from prior year encumbrances | <u>(49,939)</u> | <u>10,642</u> |
| Net change in fund balances (GAAP basis) | <u>\$ (68,004)</u> | <u>\$ 6,207</u> |

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Additional
Supplementary Information

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type
December 31, 2013
(In thousands)

| | <u>Nonmajor Special Revenue</u> | <u>Nonmajor Debt Service</u> | <u>Nonmajor Capital Projects</u> | <u>Nonmajor Permanent Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|---|---|--------------------------------------|--|--|--|
| ASSETS | | | | | |
| Equity in pooled cash | \$ 3,427 | \$ 15,326 | \$ 12,513 | \$ — | \$ 31,266 |
| Cash and investments with fiscal agents | — | 13,538 | 8,113 | 363 | 22,014 |
| Investments | 5,437 | 24,338 | 19,866 | — | 49,641 |
| Property taxes receivable | — | 1,123 | 560 | — | 1,683 |
| Accounts receivable, less allowance | 581 | 272 | 147 | — | 1,000 |
| Due from federal and state governments | 90 | — | — | — | 90 |
| Long-term receivables, less allowance | — | 1,003 | 1,500 | — | 2,503 |
| Total assets | <u>\$ 9,535</u> | <u>\$ 55,600</u> | <u>\$ 42,699</u> | <u>\$ 363</u> | <u>\$ 108,197</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Matured bonds payable | \$ — | \$ 21,055 | \$ — | \$ — | \$ 21,055 |
| Matured interest payable | — | 9,167 | — | — | 9,167 |
| Accounts payable and other accrued liabilities | 120 | 422 | 3,449 | — | 3,991 |
| Accrued payroll and payroll taxes | 4 | — | — | — | 4 |
| Due to other funds | 103 | — | 387 | — | 490 |
| Unearned revenue | 5 | — | — | — | 5 |
| Total liabilities | <u>232</u> | <u>30,644</u> | <u>3,836</u> | <u>—</u> | <u>34,712</u> |
| Deferred inflows of resources | <u>15</u> | <u>2,304</u> | <u>698</u> | <u>—</u> | <u>3,017</u> |
| Fund balances: | | | | | |
| Nonspendable | — | 1,003 | 1,500 | 363 | 2,866 |
| Restricted | 9,476 | 23,616 | 36,665 | — | 69,757 |
| Unassigned | (188) | (1,967) | — | — | (2,155) |
| Total fund balances | <u>9,288</u> | <u>22,652</u> | <u>38,165</u> | <u>363</u> | <u>70,468</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 9,535</u> | <u>\$ 55,600</u> | <u>\$ 42,699</u> | <u>\$ 363</u> | <u>\$ 108,197</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds by Fund Type
Year ended December 31, 2013
(In thousands)

| | Nonmajor Special Revenue | Nonmajor Debt Service | Nonmajor Capital Projects | Nonmajor Permanent Fund | Total Nonmajor Governmental Funds |
|---|---|--------------------------------------|--|--|--|
| Revenues: | | | | | |
| Taxes | \$ 32,815 | \$ 33,492 | \$ 13,005 | \$ — | \$ 79,312 |
| Charges for services | 2,648 | — | — | — | 2,648 |
| Intergovernmental revenues | 347 | — | 3,236 | — | 3,583 |
| Traffic violations and court fees | 1,601 | — | — | — | 1,601 |
| Interest and other operating revenues | 47 | 15,357 | 51 | (9) | 15,446 |
| Total revenues | <u>37,458</u> | <u>48,849</u> | <u>16,292</u> | <u>(9)</u> | <u>102,590</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 458 | — | — | — | 458 |
| Public safety | 486 | — | — | — | 486 |
| Public works | 27 | — | — | — | 27 |
| Economic development and assistance | — | — | 880 | — | 880 |
| Debt service: | | | | | |
| Redemption of bonds and notes | — | 25,697 | 1,285 | — | 26,982 |
| Interest on bonds and notes | — | 30,626 | 1,234 | — | 31,860 |
| Bond and note issuance costs | — | 547 | — | — | 547 |
| Operating lease payments and administration | — | 15,319 | — | — | 15,319 |
| Capital outlays | 308 | — | 25,913 | — | 26,221 |
| Total expenditures | <u>1,279</u> | <u>72,189</u> | <u>29,312</u> | <u>—</u> | <u>102,780</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>36,179</u> | <u>(23,340)</u> | <u>(13,020)</u> | <u>(9)</u> | <u>(190)</u> |
| Other financing sources (uses): | | | | | |
| Sale of capital assets | — | — | 165 | — | 165 |
| Premium on bonds and notes issued | — | 4,827 | — | — | 4,827 |
| Refunding bonds issued | — | 38,355 | — | — | 38,355 |
| Payment to refunded bond escrow agent | — | (38,345) | — | — | (38,345) |
| Proceeds from restructuring of debt | — | 85 | — | — | 85 |
| Transfers in | — | 18,382 | 8,284 | — | 26,666 |
| Transfers out | (39,199) | — | (2,843) | — | (42,042) |
| Total other financing sources (uses) | <u>(39,199)</u> | <u>23,304</u> | <u>5,606</u> | <u>—</u> | <u>(10,289)</u> |
| Net change in fund balances | <u>(3,020)</u> | <u>(36)</u> | <u>(7,414)</u> | <u>(9)</u> | <u>(10,479)</u> |
| Fund balances at beginning of year | 12,308 | 22,688 | 45,579 | 372 | 80,947 |
| Fund balances at end of year | <u>\$ 9,288</u> | <u>\$ 22,652</u> | <u>\$ 38,165</u> | <u>\$ 363</u> | <u>\$ 70,468</u> |

See accompanying independent auditor's report.

General Fund

The General Fund is used to account for all financial resources of the City of Indianapolis except those required to be accounted for in another fund. Thus, all general operating revenues that are not restricted as to use by sources outside of the City are recorded in the General Fund. Further, as required by statute, the financial resources of the General Fund are accounted for in a series of subfunds as follows:

- Consolidated County -** to account for all financial resources for which the taxpayer base is county-wide
- Redevelopment -** to account for all financial resources of the Redevelopment special taxing district for economic development activities
- Solid Waste Collection -** to account for all financial resources of the Solid Waste Collection special service district for refuse collection services
- Solid Waste Disposal -** to account for all financial resources of the Solid Waste Disposal special service district for refuse disposal services
- Public Safety Communications -** to account for all financial resources of the Public Safety Communication division of the Department of Public Safety
- Transportation -** to account for all financial resources of the Metropolitan Thoroughfare special taxing district
- Fire -** to account for all financial resources of the Fire special service district
- Park -** to account for all financial resources of the Park special taxing district
- Metropolitan Police -** to account for all financial resources of the consolidated Indianapolis Metropolitan Police Department
- Storm Water Management -** to account for all financial resources for storm water drainage services

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Subfund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2013
(In thousands)

| | General Fund Total | Intrafund Eliminations | Consolidated County | Redevelop- ment | Solid Waste | | Public Safety Communications |
|---|-----------------------|---------------------------|------------------------|--------------------|------------------|-----------------|---------------------------------|
| | | | | | Collection | Disposal | |
| ASSETS | | | | | | | |
| Equity in pooled cash | \$ 119,215 | \$ — | \$ 83,733 | \$ 5,976 | \$ 4,454 | \$ 485 | \$ 923 |
| Investments | 189,951 | — | 133,614 | 9,488 | 7,073 | 769 | 1,465 |
| Property taxes receivable | 7,775 | — | 973 | 15 | 1,127 | — | — |
| Accounts receivable | 16,512 | — | 4,474 | 5 | 423 | 1,403 | — |
| Allowance for estimated uncollectibles – accounts receivable | (849) | — | — | — | — | — | — |
| Due from other funds | 4,708 | — | 4,708 | — | — | — | — |
| Due from federal and state governments | 21 | — | — | — | — | — | — |
| Total assets | <u>\$ 337,333</u> | <u>—</u> | <u>\$ 227,502</u> | <u>\$ 15,484</u> | <u>\$ 13,077</u> | <u>\$ 2,657</u> | <u>\$ 2,388</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and other accrued liabilities | \$ 23,035 | \$ — | \$ 13,010 | \$ 612 | \$ 1,872 | \$ 2,093 | \$ 170 |
| Accrued payroll and payroll taxes | 19,995 | — | 9,979 | 29 | 246 | — | 94 |
| Unearned revenue | 24 | — | 20 | — | — | — | — |
| Total liabilities | <u>43,054</u> | <u>—</u> | <u>23,009</u> | <u>641</u> | <u>2,118</u> | <u>2,093</u> | <u>264</u> |
| Deferred inflows of resources | <u>13,560</u> | <u>—</u> | <u>1,302</u> | <u>20</u> | <u>1,472</u> | <u>1,363</u> | <u>—</u> |
| Fund balances: | | | | | | | |
| Restricted | 42,256 | — | — | — | — | — | — |
| Committed | 70,457 | — | 70,457 | — | — | — | — |
| Assigned | 76,815 | — | 39,961 | 14,823 | 9,487 | — | 2,124 |
| Unassigned | 91,191 | — | 92,773 | — | — | (799) | — |
| Total fund balances (deficits) | <u>280,719</u> | <u>—</u> | <u>203,191</u> | <u>14,823</u> | <u>9,487</u> | <u>(799)</u> | <u>2,124</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 337,333</u> | <u>\$ —</u> | <u>\$ 227,502</u> | <u>\$ 15,484</u> | <u>\$ 13,077</u> | <u>\$ 2,657</u> | <u>\$ 2,388</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Subfund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2013
(In thousands)

| | <u>Transportation</u> | <u>Fire</u> | <u>Park</u> | <u>Metropolitan Police</u> | <u>Storm Water Management</u> |
|---|-----------------------|-----------------|-----------------|--------------------------------|-----------------------------------|
| ASSETS | | | | | |
| Equity in pooled cash | \$ 8,670 | \$ 1,622 | \$ 1,588 | \$ 3,404 | \$ 8,360 |
| Investments | 13,765 | 2,576 | 2,521 | 5,406 | 13,274 |
| Property taxes receivable | — | 3,564 | 658 | 1,438 | — |
| Accounts receivable | 5,463 | 823 | 199 | 683 | 3,039 |
| Allowance for estimated uncollectibles – accounts receivable | — | — | — | — | (849) |
| Due from other funds | — | — | — | — | — |
| Due from federal and state governments | — | — | — | 21 | — |
| Total assets | <u>\$ 27,898</u> | <u>\$ 8,585</u> | <u>\$ 4,966</u> | <u>\$ 10,952</u> | <u>\$ 23,824</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and other accrued liabilities | \$ 1,549 | \$ 522 | \$ 518 | \$ 1,021 | \$ 1,668 |
| Accrued payroll and payroll taxes | 479 | 4,462 | 434 | 4,197 | 75 |
| Unearned revenue | — | — | — | 4 | — |
| Total liabilities | <u>2,028</u> | <u>4,984</u> | <u>952</u> | <u>5,222</u> | <u>1,743</u> |
| Deferred inflows of resources | <u>—</u> | <u>4,384</u> | <u>865</u> | <u>1,963</u> | <u>2,191</u> |
| Fund balance: | | | | | |
| Restricted | 25,870 | — | — | — | 16,386 |
| Committed | — | — | — | — | — |
| Assigned | — | — | 3,149 | 3,767 | 3,504 |
| Unassigned | — | (783) | — | — | — |
| Total fund balances (deficits) | <u>25,870</u> | <u>(783)</u> | <u>3,149</u> | <u>3,767</u> | <u>19,890</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 27,898</u> | <u>\$ 8,585</u> | <u>\$ 4,966</u> | <u>\$ 10,952</u> | <u>\$ 23,824</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Subfund Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year ended December 31, 2013
(In thousands)

| | General Fund | Intrafund | Consolidated | Redevelop- | Solid Waste | | Public Safety |
|---|-------------------|--------------|-------------------|------------------|-----------------|-----------------|-----------------|
| | Total | eliminations | County | ment | Collection | Disposal | Communications |
| Revenues: | | | | | | | |
| Taxes | \$ 304,495 | \$ — | \$ 124,351 | \$ 1,810 | \$ 29,461 | \$ — | \$ 7,680 |
| Licenses and permits | 13,457 | — | 12,979 | 1 | — | — | — |
| Charges for services | 56,178 | — | 15,378 | 673 | 522 | 8,389 | 147 |
| Other intergovernmental revenues: | | | | | | | |
| Federal revenues | 2,372 | — | 2,080 | — | — | — | — |
| State revenues | 99,766 | — | 3,463 | 1,092 | — | — | — |
| Other revenues | 9,067 | — | 1,195 | — | — | — | 79 |
| Intragovernmental revenue | 4,880 | — | 4,880 | — | — | — | — |
| Traffic violations and court fees | 3,473 | — | 2,177 | — | — | — | — |
| Interest and other operating revenues | 14,277 | — | 3,498 | 291 | 497 | 43 | — |
| Total revenues | <u>507,965</u> | <u>—</u> | <u>170,001</u> | <u>3,867</u> | <u>30,480</u> | <u>8,432</u> | <u>7,906</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 21,107 | — | 21,107 | — | — | — | — |
| Public safety | 408,657 | — | 20,684 | — | — | — | 6,605 |
| Public works | 98,653 | — | 5,924 | — | 31,326 | 9,560 | — |
| Health and welfare | 142 | — | 110 | 32 | — | — | — |
| Cultural and recreation | 12,978 | — | 1,000 | — | — | — | — |
| Urban redevelopment and housing | 3,482 | — | 2,675 | 413 | — | — | — |
| Economic development and assistance | 1,574 | — | 215 | 1,359 | — | — | — |
| Debt service: | | | | | | | |
| Redemption of bonds and notes | 513 | — | 513 | — | — | — | — |
| Interest on bonds and notes | 1,113 | — | 373 | 12 | — | — | — |
| Operating lease payments and administration | 40 | — | 1 | 1 | 1 | — | — |
| Capital outlays | 73,387 | — | 61,517 | 2 | 163 | — | 120 |
| Total expenditures | <u>621,646</u> | <u>—</u> | <u>114,119</u> | <u>1,819</u> | <u>31,490</u> | <u>9,560</u> | <u>6,725</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(113,681)</u> | <u>—</u> | <u>55,882</u> | <u>2,048</u> | <u>(1,010)</u> | <u>(1,128)</u> | <u>1,181</u> |
| Other financing sources (uses): | | | | | | | |
| Sales of capital assets | 539 | — | 465 | 73 | — | — | — |
| Transfers in | 51,038 | (141,949) | 12,797 | 775 | — | — | — |
| Transfers out | (5,900) | 141,949 | (139,313) | (100) | — | — | — |
| Total other financing sources (uses) | <u>45,677</u> | <u>—</u> | <u>(126,051)</u> | <u>748</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Net change in fund balance | (68,004) | — | (70,169) | 2,796 | (1,010) | (1,128) | 1,181 |
| Fund balances at beginning of year | 348,723 | — | 273,360 | 12,027 | 10,497 | 329 | 943 |
| Fund balances (deficits) at end of year | <u>\$ 280,719</u> | <u>\$ —</u> | <u>\$ 203,191</u> | <u>\$ 14,823</u> | <u>\$ 9,487</u> | <u>\$ (799)</u> | <u>\$ 2,124</u> |

See accompanying independent auditor's report.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Subfund Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year ended December 31, 2013
(In thousands)

| | <u>Transportation</u> | <u>Fire</u> | <u>Park</u> | <u>Metropolitan Police</u> | <u>Storm Water Management</u> |
|---|-----------------------|-----------------|-----------------|--------------------------------|-----------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 10,404 | \$ 75,512 | \$ 18,222 | \$ 37,055 | \$ — |
| Licenses and permits | — | 23 | — | 454 | — |
| Charges for services | 3,957 | 381 | 3,940 | 2,181 | 20,610 |
| Other intergovernmental revenues: | | | | | |
| Federal revenues | 164 | 4 | — | 124 | — |
| State revenues | 34,068 | 29,752 | — | 31,391 | — |
| Other revenues | 73 | 3,610 | — | 4,110 | — |
| Intragovernmental revenue | — | — | — | — | — |
| Traffic violations and court fees | — | — | — | 1,296 | — |
| Interest and other operating revenues | 289 | 3,576 | 132 | 5,782 | 169 |
| Total revenues | <u>48,955</u> | <u>112,858</u> | <u>22,294</u> | <u>82,393</u> | <u>20,779</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | — | — | — | — | — |
| Public safety | — | 165,144 | 2,025 | 214,199 | — |
| Public works | 33,908 | — | 7,132 | — | 10,803 |
| Health and welfare | — | — | — | — | — |
| Cultural and recreation | 86 | — | 11,892 | — | — |
| Urban redevelopment and housing | 394 | — | — | — | — |
| Economic development and assistance | — | — | — | — | — |
| Debt service: | | | | | |
| Redemption of bonds and notes | — | — | — | — | — |
| Interest on bonds and notes | — | 155 | 417 | 156 | — |
| Operating lease payments and administration | 4 | 30 | 2 | — | 1 |
| Capital outlays | 6,424 | 441 | 194 | 60 | 4,466 |
| Total expenditures | <u>40,816</u> | <u>165,770</u> | <u>21,662</u> | <u>214,415</u> | <u>15,270</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>8,139</u> | <u>(52,912)</u> | <u>632</u> | <u>(132,022)</u> | <u>5,509</u> |
| Other financing sources (uses): | | | | | |
| Sales of capital assets | — | — | 1 | — | — |
| Transfers in | 1,828 | 46,250 | — | 131,337 | — |
| Transfers out | (2,699) | — | — | (312) | (5,425) |
| Total other financing sources (uses) | <u>(871)</u> | <u>46,250</u> | <u>1</u> | <u>131,025</u> | <u>(5,425)</u> |
| Net change in fund balance | 7,268 | (6,662) | 633 | (997) | 84 |
| Fund balances at beginning of year | <u>18,602</u> | <u>5,879</u> | <u>2,516</u> | <u>4,764</u> | <u>19,806</u> |
| Fund balances (deficits) at end of year | <u>\$ 25,870</u> | <u>\$ (783)</u> | <u>\$ 3,149</u> | <u>\$ 3,767</u> | <u>\$ 19,890</u> |

See accompanying independent auditor's report.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Subfund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | Total General Fund | | Consolidated County | | Redevelopment | | Solid Waste Collection | |
|---|---------------------------|-------------------|----------------------------|-------------------|----------------------|------------------|-------------------------------|------------------|
| | Final budget | Actual | Final budget | Actual | Final budget | Actual | Final budget | Actual |
| Revenues: | | | | | | | | |
| Taxes | \$ 301,422 | \$ 304,124 | \$ 124,071 | \$ 124,351 | \$ 2,217 | \$ 1,810 | \$ 28,984 | \$ 29,461 |
| Licenses and permits | 10,238 | 13,351 | 10,147 | 12,873 | — | 1 | — | — |
| Charges for services | 53,195 | 52,156 | 14,822 | 12,366 | 570 | 673 | 269 | 517 |
| Other intergovernmental revenues: | | | | | | | | |
| Federal revenues | 5,089 | 1,526 | 13 | 1,411 | 18 | — | — | — |
| State revenues | 37,486 | 39,015 | 4,288 | 2,844 | 700 | 1,092 | — | — |
| Other revenues | 6,140 | 9,055 | 2,018 | 1,183 | — | — | — | — |
| Traffic violations and court fees | 3,673 | 3,417 | 2,446 | 2,176 | — | — | — | — |
| Intragovernmental revenues | 3,729 | 4,654 | 3,729 | 4,654 | — | — | — | — |
| Interest and other operating revenues | 15,017 | 13,980 | 3,541 | 3,014 | 148 | 629 | 230 | 423 |
| Total revenues | <u>435,989</u> | <u>441,278</u> | <u>165,075</u> | <u>164,872</u> | <u>3,653</u> | <u>4,205</u> | <u>29,483</u> | <u>30,401</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 22,915 | 20,629 | 22,915 | 20,629 | — | — | — | — |
| Public safety | 358,227 | 349,415 | 24,430 | 21,260 | — | — | — | — |
| Public works | 101,432 | 96,544 | 5,984 | 2,729 | — | — | 31,479 | 31,288 |
| Health and welfare | 235 | 140 | 131 | 105 | 104 | 35 | — | — |
| Cultural and recreation | 13,672 | 13,699 | 1,000 | 1,000 | — | — | — | — |
| Urban redevelopment and housing | 4,313 | 2,702 | 3,351 | 1,880 | 497 | 419 | — | — |
| Economic development and assistance | 2,771 | 2,094 | 188 | 216 | 2,583 | 1,878 | — | — |
| Capital outlays | 77,491 | 67,360 | 62,020 | 52,921 | 358 | 352 | 169 | 166 |
| Total expenditures | <u>581,056</u> | <u>552,583</u> | <u>120,019</u> | <u>100,740</u> | <u>3,542</u> | <u>2,684</u> | <u>31,648</u> | <u>31,454</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(145,067)</u> | <u>(111,305)</u> | <u>45,056</u> | <u>64,132</u> | <u>111</u> | <u>1,521</u> | <u>(2,165)</u> | <u>(1,053)</u> |
| Other financing sources (uses): | | | | | | | | |
| Sales of capital assets | 350 | 539 | 350 | 465 | — | 73 | — | — |
| Transfers in (out) | 44,110 | 45,138 | (128,016) | (126,516) | 775 | 675 | — | — |
| Total other financing sources (uses) | <u>44,460</u> | <u>45,677</u> | <u>(127,666)</u> | <u>(126,051)</u> | <u>775</u> | <u>748</u> | <u>—</u> | <u>—</u> |
| Revenues over (under) expenditures and other financing sources (uses) | <u>(100,607)</u> | <u>(65,628)</u> | <u>(82,610)</u> | <u>(61,919)</u> | <u>886</u> | <u>2,269</u> | <u>(2,165)</u> | <u>(1,053)</u> |
| Fund balances (deficits) at beginning of year | 278,636 | 299,150 | 218,967 | 223,510 | 10,039 | 11,734 | 11,791 | 12,207 |
| Cancellation of purchase orders and other | 63,801 | 22,065 | 29,993 | 17,219 | 1,270 | (399) | 369 | 4 |
| Fund balances (deficits) at end of year | <u>\$ 241,830</u> | <u>\$ 255,587</u> | <u>\$ 166,350</u> | <u>\$ 178,810</u> | <u>\$ 12,195</u> | <u>\$ 13,604</u> | <u>\$ 9,995</u> | <u>\$ 11,158</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Subfund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | Solid Waste Disposal | | Public Safety Communications | | Transportation | | Metropolitan Police | |
|---|----------------------|-----------------|---------------------------------|-----------------|------------------|------------------|---------------------|------------------|
| | Final budget | Actual | Final budget | Actual | Final budget | Actual | Final budget | Actual |
| Revenues: | | | | | | | | |
| Taxes | \$ — | \$ — | \$ 7,623 | \$ 7,680 | \$ 9,167 | \$ 10,035 | \$ 37,017 | \$ 37,054 |
| Licenses and permits | — | — | — | — | — | — | 49 | 454 |
| Charges for services | 8,985 | 8,389 | — | 129 | 3,000 | 3,120 | 1,652 | 2,074 |
| Other intergovernmental revenues: | | | | | | | | |
| Federal revenues | — | — | — | — | 5,000 | 32 | — | 79 |
| State revenues | — | — | — | — | 30,051 | 32,649 | 1,900 | 1,887 |
| Other revenues | — | — | — | 79 | — | 73 | 2,122 | 4,110 |
| Traffic violations and court fees | — | — | — | — | — | — | 1,227 | 1,241 |
| Intragovernmental revenues | — | — | — | — | — | — | — | — |
| Interest and other operating revenues | 10 | 2 | 344 | — | 70 | 289 | 6,880 | 5,783 |
| Total revenues | <u>8,995</u> | <u>8,391</u> | <u>7,967</u> | <u>7,888</u> | <u>47,288</u> | <u>46,198</u> | <u>50,847</u> | <u>52,682</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | — | — | — | — | — | — | — | — |
| Public safety | — | — | 6,756 | 6,745 | — | — | 187,709 | 184,661 |
| Public works | 9,238 | 9,238 | — | — | 35,449 | 34,245 | — | — |
| Health and welfare | — | — | — | — | — | — | — | — |
| Cultural and recreation | — | — | — | — | — | 86 | — | — |
| Urban redevelopment and housing | — | — | — | — | 465 | 403 | — | — |
| Economic development and assistance | — | — | — | — | — | — | — | — |
| Capital outlays | — | — | 248 | 208 | 8,723 | 8,048 | 47 | 40 |
| Total expenditures | <u>9,238</u> | <u>9,238</u> | <u>7,004</u> | <u>6,953</u> | <u>44,637</u> | <u>42,782</u> | <u>187,756</u> | <u>184,701</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(243)</u> | <u>(847)</u> | <u>963</u> | <u>935</u> | <u>2,651</u> | <u>3,416</u> | <u>(136,909)</u> | <u>(132,019)</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | — | — | — | — | — | — | — | — |
| Transfers in (out) | — | — | — | — | (323) | (871) | 130,849 | 131,025 |
| Total other financing sources (uses) | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(323)</u> | <u>(871)</u> | <u>130,849</u> | <u>131,025</u> |
| Revenues over (under) expenditures and other financing sources (uses) | <u>(243)</u> | <u>(847)</u> | <u>963</u> | <u>935</u> | <u>2,328</u> | <u>2,545</u> | <u>(6,060)</u> | <u>(994)</u> |
| Fund balances (deficits) at beginning of year | 595 | (36) | — | 826 | 15,482 | 14,520 | 1,929 | 7,625 |
| Cancellation of purchase orders and other | (1,149) | — | 866 | 63 | 6,876 | 2,369 | 10,294 | 1,545 |
| Fund balances (deficits) at end of year | <u>\$ (797)</u> | <u>\$ (883)</u> | <u>\$ 1,829</u> | <u>\$ 1,824</u> | <u>\$ 24,686</u> | <u>\$ 19,434</u> | <u>\$ 6,163</u> | <u>\$ 8,176</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | Fire | | Park | | Storm Water Management | |
|---|-----------------|-----------------|-----------------|-----------------|------------------------|------------------|
| | Final budget | Actual | Final budget | Actual | Final budget | Actual |
| Revenues: | | | | | | |
| Taxes | \$ 74,579 | \$ 75,511 | \$ 17,764 | \$ 18,222 | \$ — | \$ — |
| Licenses and permits | 42 | 23 | — | — | — | — |
| Charges for services | 286 | 378 | 4,336 | 3,900 | 19,275 | 20,610 |
| Other intergovernmental revenues: | | | | | | |
| Federal revenues | — | 4 | 58 | — | — | — |
| State revenues | 547 | 543 | — | — | — | — |
| Other revenues | 2,000 | 3,610 | — | — | — | — |
| Traffic violations and court fees | — | — | — | — | — | — |
| Intragovernmental revenues | — | — | — | — | — | — |
| Interest and other operating revenues | 3,628 | 3,576 | 46 | 95 | 120 | 169 |
| Total revenues | <u>81,082</u> | <u>83,645</u> | <u>22,204</u> | <u>22,217</u> | <u>19,395</u> | <u>20,779</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | — | — | — | — | — | — |
| Public safety | 136,734 | 134,742 | 2,598 | 2,007 | — | — |
| Public works | — | — | 7,242 | 7,173 | 12,040 | 11,871 |
| Health and welfare | — | — | — | — | — | — |
| Cultural and recreation | — | — | 12,672 | 12,613 | — | — |
| Urban redevelopment and housing | — | — | — | — | — | — |
| Economic development and assistance | — | — | — | — | — | — |
| Capital outlays | 516 | 484 | 294 | 241 | 5,116 | 4,900 |
| Total expenditures | <u>137,250</u> | <u>135,226</u> | <u>22,806</u> | <u>22,034</u> | <u>17,156</u> | <u>16,771</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(56,168)</u> | <u>(51,581)</u> | <u>(602)</u> | <u>183</u> | <u>2,239</u> | <u>4,008</u> |
| Other financing sources (uses): | | | | | | |
| Sale of capital assets | — | — | — | 1 | — | — |
| Transfers in (out) | 46,250 | 46,250 | — | — | (5,425) | (5,425) |
| Total other financing sources (uses) | <u>46,250</u> | <u>46,250</u> | <u>—</u> | <u>1</u> | <u>(5,425)</u> | <u>(5,425)</u> |
| Revenues over (under) expenditures and other financing sources (uses) | (9,918) | (5,331) | (602) | 184 | (3,186) | (1,417) |
| Fund balances (deficits) at beginning of year | 5,012 | 9,160 | 2,597 | 1,963 | 12,224 | 17,641 |
| Cancellation of purchase orders and other | 6,664 | 191 | (187) | 756 | 8,805 | 317 |
| Fund balances (deficits) at end of year | <u>\$ 1,758</u> | <u>\$ 4,020</u> | <u>\$ 1,808</u> | <u>\$ 2,903</u> | <u>\$ 17,843</u> | <u>\$ 16,541</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department and Division</u> | <u>Budgetary account</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|--------------------------|---------------------|---------------|-----------------|
| Executive and Legislative | | | | |
| Office of the Mayor | Consolidated County | | | |
| Personal services | | \$ 4,022 | \$ 3,879 | \$ 143 |
| Supplies | | 11 | 4 | 7 |
| Other services and charges | | 1,013 | 997 | 16 |
| Capital outlay | | 2 | 2 | — |
| Internal charges | | (956) | (961) | 5 |
| Total | | <u>4,092</u> | <u>3,921</u> | <u>171</u> |
| Office of Audit and Performance | Consolidated County | | | |
| Personal services | | 663 | 615 | 48 |
| Supplies | | 3 | 2 | 1 |
| Other services and charges | | 149 | 66 | 83 |
| Capital outlay | | 2 | 2 | — |
| Internal charges | | 2 | — | 2 |
| Total | | <u>819</u> | <u>685</u> | <u>134</u> |
| City-County Council | Consolidated County | | | |
| Personal services | | 1,238 | 1,159 | 79 |
| Supplies | | 6 | 6 | — |
| Other services and charges | | 513 | 424 | 89 |
| Capital outlay | | 3 | — | 3 |
| Total | | <u>1,760</u> | <u>1,589</u> | <u>171</u> |
| Cable Franchise Board | Consolidated County | | | |
| Personal services | | 312 | 312 | — |
| Supplies | | 2 | 2 | — |
| Other services and charges | | 143 | 132 | 11 |
| Capital outlay | | 13 | 13 | — |
| Internal charges | | 3 | 2 | 1 |
| Total | | <u>473</u> | <u>461</u> | <u>12</u> |
| Office of the Corporation Counsel | Consolidated County | | | |
| Personal services | | 2,949 | 2,821 | 128 |
| Supplies | | 7 | 7 | — |
| Other services and charges | | 880 | 879 | 1 |
| Capital outlay | | 5 | — | 5 |
| Internal charges | | (3,410) | (3,410) | — |
| Total | | <u>431</u> | <u>297</u> | <u>134</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department and Division</u> | <u>Budgetary account</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|--------------------------|---------------------|------------------|-----------------|
| Office of Finance and Management | Consolidated County | | | |
| Personal services | | \$ 4,169 | \$ 3,677 | \$ 492 |
| Supplies | | 12 | 7 | 5 |
| Other services and charges | | 2,708 | 2,631 | 77 |
| Capital outlay | | 10 | 2 | 8 |
| Internal charges | | 2 | 1 | 1 |
| Total | | <u>6,901</u> | <u>6,318</u> | <u>583</u> |
| Minority and Women Owned Business | Consolidated County | | | |
| Personal services | | 595 | 543 | 52 |
| Supplies | | 3 | 1 | 2 |
| Other services and charges | | 106 | 93 | 13 |
| Internal charges | | 1 | 1 | — |
| Total | | <u>705</u> | <u>638</u> | <u>67</u> |
| Total – Executive and Legislative | | <u>\$ 15,181</u> | <u>\$ 13,909</u> | <u>\$ 1,272</u> |
| Department of Metropolitan Development | Consolidated County | | | |
| Personal services | | \$ 1,362 | \$ 1,261 | \$ 101 |
| Supplies | | 13 | 6 | 7 |
| Other services and charges | | 2,732 | 1,155 | 1,577 |
| Capital outlay | | 2 | — | 2 |
| Internal charges | | 15 | (9) | 24 |
| Total | | <u>4,124</u> | <u>2,413</u> | <u>1,711</u> |
| Department of Metropolitan Development | Transportation | | | |
| Personal services | | 219 | 204 | 15 |
| Other services and charges | | 246 | 200 | 46 |
| Total | | <u>465</u> | <u>404</u> | <u>61</u> |
| Department of Metropolitan Development | Redevelopment | | | |
| Personal services | | 764 | 656 | 108 |
| Supplies | | 3 | 3 | — |
| Other services and charges | | 2,675 | 1,862 | 813 |
| Capital outlay | | 8 | 2 | 6 |
| Internal charges | | (258) | (189) | (69) |
| Total | | <u>3,192</u> | <u>2,334</u> | <u>858</u> |
| Total – Department of Metropolitan Development | | <u>\$ 7,781</u> | <u>\$ 5,151</u> | <u>\$ 2,630</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department and Division</u> | <u>Budgetary account</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|--------------------------|---------------------|------------------|-----------------|
| Department of Code Enforcement | Consolidated County | | | |
| Personal services | | \$ 8,241 | \$ 7,191 | \$ 1,050 |
| Supplies | | 84 | 42 | 42 |
| Other services and charges | | 8,465 | 6,397 | 2,068 |
| Capital outlay | | 277 | 47 | 230 |
| Internal charges | | 1,141 | 1,134 | 7 |
| Total – Department of Code Enforcement | | <u>\$ 18,208</u> | <u>\$ 14,811</u> | <u>\$ 3,397</u> |
| Department of Public Works | Consolidated County | | | |
| Personal services | | \$ 9,419 | \$ 9,229 | \$ 190 |
| Supplies | | 17,419 | 17,339 | 80 |
| Other services and charges | | 10,309 | 6,587 | 3,722 |
| Capital outlay | | 61,699 | 52,848 | 8,851 |
| Internal charges | | (27,389) | (27,127) | (262) |
| Total | | <u>71,457</u> | <u>58,876</u> | <u>12,581</u> |
| Department of Public Works | Redevelopment | | | |
| Capital outlay | | 350 | 350 | — |
| Total | | <u>350</u> | <u>350</u> | <u>—</u> |
| Department of Public Works | Transportation | | | |
| Personal services | | 18,137 | 17,225 | 912 |
| Supplies | | 3,699 | 3,695 | 4 |
| Other services and charges | | 8,465 | 8,463 | 2 |
| Capital outlay | | 8,723 | 8,048 | 675 |
| Internal charges | | 5,148 | 4,947 | 201 |
| Total | | <u>44,172</u> | <u>42,378</u> | <u>1,794</u> |
| Department of Public Works | Park | | | |
| Personal services | | 4,881 | 4,881 | — |
| Supplies | | 189 | 185 | 4 |
| Other services and charges | | 1,446 | 1,443 | 3 |
| Capital outlay | | 138 | 137 | 1 |
| Internal charges | | 726 | 726 | — |
| Total | | <u>7,380</u> | <u>7,372</u> | <u>8</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department and Division</u> | <u>Budgetary account</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------|--------------------------|---------------------|-------------------|------------------|
| Department of Public Works | Solid Waste Collection | | | |
| Personal services | | \$ 9,194 | \$ 9,009 | \$ 185 |
| Supplies | | 113 | 111 | 2 |
| Other services and charges | | 16,346 | 16,342 | 4 |
| Capital outlay | | 169 | 166 | 3 |
| Internal charges | | 5,826 | 5,826 | — |
| Total | | <u>31,648</u> | <u>31,454</u> | <u>194</u> |
| Department of Public Works | Solid Waste Disposal | | | |
| Other services and charges | | 8,754 | 8,754 | — |
| Internal charges | | 484 | 484 | — |
| Total | | <u>9,238</u> | <u>9,238</u> | <u>—</u> |
| Department of Public Works | Storm Water Management | | | |
| Personal services | | 2,565 | 2,559 | 6 |
| Supplies | | 34 | 33 | 1 |
| Other services and charges | | 7,715 | 7,702 | 13 |
| Capital outlay | | 5,116 | 4,900 | 216 |
| Internal charges | | 1,726 | 1,577 | 149 |
| Total | | <u>17,156</u> | <u>16,771</u> | <u>385</u> |
| Total – Department of Public Works | | <u>\$ 181,401</u> | <u>\$ 166,439</u> | <u>\$ 14,962</u> |
| Department of Public Safety | Consolidated County | | | |
| Personal services | | \$ 4,184 | \$ 4,146 | \$ 38 |
| Supplies | | 209 | 184 | 25 |
| Other services and charges | | 4,783 | 4,573 | 210 |
| Capital outlay | | 7 | 7 | — |
| Internal charges | | 866 | 821 | 45 |
| Total | | <u>10,049</u> | <u>9,731</u> | <u>318</u> |
| Department of Public Safety | Public Safety | | | |
| Personal services | Communications | 2,814 | 2,814 | — |
| Supplies | | 101 | 98 | 3 |
| Other services and charges | | 3,806 | 3,800 | 6 |
| Capital outlay | | 248 | 208 | 40 |
| Internal charges | | 35 | 33 | 2 |
| Total | | <u>7,004</u> | <u>6,953</u> | <u>51</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department and Division</u> | <u>Budgetary account</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|--------------------------|---------------------|-------------------|------------------|
| Department of Public Safety | Fire | | | |
| Personal services | | \$ 126,434 | \$ 124,596 | \$ 1,838 |
| Supplies | | 1,272 | 1,244 | 28 |
| Other services and charges | | 4,945 | 4,933 | 12 |
| Capital outlay | | 516 | 484 | 32 |
| Internal charges | | 4,083 | 3,969 | 114 |
| Total | | <u>137,250</u> | <u>135,226</u> | <u>2,024</u> |
| Department of Public Safety | Metropolitan Police | | | |
| Personal services | | 159,648 | 158,344 | 1,304 |
| Supplies | | 858 | 566 | 292 |
| Other services and charges | | 15,203 | 14,225 | 978 |
| Capital outlay | | 47 | 40 | 7 |
| Internal charges | | 12,000 | 11,526 | 474 |
| Total | | <u>187,756</u> | <u>184,701</u> | <u>3,055</u> |
| Total – Department of Public Safety | | <u>\$ 342,059</u> | <u>\$ 336,611</u> | <u>\$ 5,448</u> |
| Department of Parks and Recreation | Consolidated County | | | |
| Other services and charges | | <u>\$ 1,000</u> | <u>\$ 1,000</u> | <u>\$ —</u> |
| Total | | <u>1,000</u> | <u>1,000</u> | <u>—</u> |
| Department of Parks and Recreation | Park | | | |
| Personal services | | 8,803 | 8,376 | 427 |
| Supplies | | 626 | 604 | 22 |
| Other services and charges | | 5,636 | 5,371 | 265 |
| Capital outlay | | 156 | 104 | 52 |
| Internal charges | | 205 | 207 | (2) |
| Total | | <u>15,426</u> | <u>14,662</u> | <u>764</u> |
| Total – Department of Parks and Recreation | | <u>\$ 16,426</u> | <u>\$ 15,662</u> | <u>\$ 764</u> |
| Total – General Fund – by Department and Division | | <u>\$ 581,056</u> | <u>\$ 552,583</u> | <u>\$ 28,473</u> |

Nonmajor Special Revenue Fund

The Special Revenue Funds include funds that are restricted as to use by the State government and special purpose funds established by authority of the City-County Council.

Parking - to account for revenue from the concession agreement for parking meters; these receipts are used for the repair of sidewalks, curbs, and streets

**Cable Franchise -
PEG Grants** to account for contributions from the two cable franchise agreements to provide for public purpose grants for the capital costs of Public, Educational, or Governmental (PEG) Access Facilities

State of Indiana Grants - to account for all grants received from the State of Indiana

Public Safety Income Tax - to account for public safety income tax receipts

Drug Free Community - to account for drug free community grants

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2013
(In thousands)

| | | <u>Parking</u> | <u>Cable Franchise PEG Grants</u> | <u>State of Indiana Grants</u> | <u>Public Safety Income Tax</u> | <u>Drug Free Community</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|---|----|----------------|---|------------------------------------|-------------------------------------|--------------------------------|---|
| ASSETS | | | | | | | |
| Equity in pooled cash | \$ | 2,037 | \$ 20 | \$ 1,346 | \$ 23 | \$ 1 | \$ 3,427 |
| Investments | | 3,235 | 31 | 2,136 | 35 | — | 5,437 |
| Accounts receivable | | 581 | — | — | — | — | 581 |
| Due from federal and state governments | | — | — | 90 | — | — | 90 |
| Total assets | \$ | <u>5,853</u> | <u>\$ 51</u> | <u>\$ 3,572</u> | <u>\$ 58</u> | <u>\$ 1</u> | <u>\$ 9,535</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and other accrued liabilities | \$ | 4 | \$ — | \$ 30 | \$ — | \$ 86 | \$ 120 |
| Accrued payroll and payroll taxes | | — | — | 4 | — | — | 4 |
| Due to other funds | | — | — | — | — | 103 | 103 |
| Unearned revenue | | — | — | 5 | — | — | 5 |
| Total liabilities | | <u>4</u> | <u>—</u> | <u>39</u> | <u>—</u> | <u>189</u> | <u>232</u> |
| Deferred inflows of resources | | <u>—</u> | <u>—</u> | <u>15</u> | <u>—</u> | <u>—</u> | <u>15</u> |
| Fund balances: | | | | | | | |
| Restricted | | 5,849 | 51 | 3,518 | 58 | — | 9,476 |
| Unassigned | | — | — | — | — | (188) | (188) |
| Total fund balances (deficits) | | <u>5,849</u> | <u>51</u> | <u>3,518</u> | <u>58</u> | <u>(188)</u> | <u>9,288</u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ | <u>5,853</u> | <u>\$ 51</u> | <u>\$ 3,572</u> | <u>\$ 58</u> | <u>\$ 1</u> | <u>\$ 9,535</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
Year ended December 31, 2013
(In thousands)

| | <u>Parking</u> | <u>Cable Franchise PEG Grants</u> | <u>State of Indiana Grants</u> | <u>Public Safety Income Tax</u> | <u>Drug Free Community</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|---|-----------------|---|------------------------------------|-------------------------------------|--------------------------------|---|
| Revenues: | | | | | | |
| Taxes | \$ — | \$ — | \$ — | \$ 32,815 | \$ — | \$ 32,815 |
| Charges for services | 2,648 | — | — | — | — | 2,648 |
| Other intergovernmental revenues: | | | | | | |
| Federal revenues | — | — | 47 | — | — | 47 |
| State revenues | — | — | 139 | — | — | 139 |
| Other revenues | — | — | — | — | 161 | 161 |
| Traffic violations and court fees | 258 | — | 1,343 | — | — | 1,601 |
| Interest and other operating revenues | 15 | — | 8 | 24 | — | 47 |
| Total revenues | <u>2,921</u> | <u>—</u> | <u>1,537</u> | <u>32,839</u> | <u>161</u> | <u>37,458</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | — | — | 109 | — | 349 | 458 |
| Public safety | — | — | 486 | — | — | 486 |
| Public works | — | — | 27 | — | — | 27 |
| Capital outlay | 284 | — | 24 | — | — | 308 |
| Total expenditures | <u>284</u> | <u>—</u> | <u>646</u> | <u>—</u> | <u>349</u> | <u>1,279</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,637</u> | <u>—</u> | <u>891</u> | <u>32,839</u> | <u>(188)</u> | <u>36,179</u> |
| Other financing source uses: | | | | | | |
| Transfers out | (1,500) | — | — | (37,699) | — | (39,199) |
| Total other financing uses | <u>(1,500)</u> | <u>—</u> | <u>—</u> | <u>(37,699)</u> | <u>—</u> | <u>(39,199)</u> |
| Net change in fund balances | 1,137 | — | 891 | (4,860) | (188) | (3,020) |
| Fund balances at beginning of year | 4,712 | 51 | 2,627 | 4,918 | — | 12,308 |
| Fund balances (deficits) at end of year | <u>\$ 5,849</u> | <u>\$ 51</u> | <u>\$ 3,518</u> | <u>\$ 58</u> | <u>\$ (188)</u> | <u>\$ 9,288</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | Parking | | Federal Grants | | State of Indiana Grants | | Public Safety Income Tax | | Drug Free Community | | Totals | |
|---|-----------------|-----------------|----------------|----------------|----------------------------|--------------|-----------------------------|-----------------|------------------------|-----------------|-----------------|-----------------|
| | Final budget | Actual | Final budget | Actual | Final budget | Actual | Final budget | Actual | Final budget | Actual | Final budget | Actual |
| Revenues: | | | | | | | | | | | | |
| Taxes | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 32,815 | \$ 32,815 | \$ — | \$ — | \$ 32,815 | \$ 32,815 |
| Charges for services | 1,250 | 2,233 | 349 | — | — | — | — | — | — | — | 1,599 | 2,233 |
| Other intergovernmental revenues: | | | | | | | | | | | | |
| Federal revenues | — | — | 50,813 | 30,377 | — | — | — | — | — | — | 50,813 | 30,377 |
| State revenues | — | — | — | — | — | 69 | — | — | — | — | — | 69 |
| Other revenues | — | — | — | 146 | — | — | — | — | — | — | — | 146 |
| Traffic violations and court fees | 200 | 94 | 1,420 | 338 | 1,325 | 1,343 | — | — | — | — | 2,945 | 1,775 |
| Interest and other operating revenues | 20 | 15 | 6 | 268 | 16 | 8 | 5 | 24 | — | — | 47 | 315 |
| Total revenues | <u>1,470</u> | <u>2,342</u> | <u>52,588</u> | <u>31,129</u> | <u>1,341</u> | <u>1,420</u> | <u>32,820</u> | <u>32,839</u> | <u>—</u> | <u>—</u> | <u>88,219</u> | <u>67,730</u> |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | — | — | 42 | 33 | 108 | 75 | — | — | 450 | 390 | 600 | 498 |
| Public safety | — | — | 13,778 | 6,905 | 1,764 | 342 | — | — | — | — | 15,542 | 7,247 |
| Public works | — | — | 626 | 254 | 27 | 27 | — | — | — | — | 653 | 281 |
| Health and welfare | — | — | 10,604 | 8,457 | — | — | — | — | — | — | 10,604 | 8,457 |
| Cultural and recreation | — | — | 991 | 888 | — | — | — | — | — | — | 991 | 888 |
| Urban redevelopment and housing | — | — | 16,111 | 14,907 | — | — | — | — | — | — | 16,111 | 14,907 |
| Economic development and assistance | — | — | 6,036 | 66 | — | — | — | — | — | — | 6,036 | 66 |
| Capital outlays | 375 | 18 | 6,645 | 1,326 | 3 | — | — | — | — | — | 7,023 | 1,344 |
| Total expenditures | <u>375</u> | <u>18</u> | <u>54,833</u> | <u>32,836</u> | <u>1,902</u> | <u>444</u> | <u>—</u> | <u>—</u> | <u>450</u> | <u>390</u> | <u>57,560</u> | <u>33,688</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,095</u> | <u>2,324</u> | <u>(2,245)</u> | <u>(1,707)</u> | <u>(561)</u> | <u>976</u> | <u>32,820</u> | <u>32,839</u> | <u>(450)</u> | <u>(390)</u> | <u>30,659</u> | <u>34,042</u> |
| Other financing sources (uses), net: | | | | | | | | | | | | |
| Transfers in (out) | — | (1,500) | — | 3 | (300) | (389) | (37,699) | (37,699) | 450 | 169 | (37,549) | (39,416) |
| Total other financing sources (uses) | <u>—</u> | <u>(1,500)</u> | <u>—</u> | <u>3</u> | <u>(300)</u> | <u>(389)</u> | <u>(37,699)</u> | <u>(37,699)</u> | <u>450</u> | <u>169</u> | <u>(37,549)</u> | <u>(39,416)</u> |
| Revenues over (under) expenditures and other financing sources (uses) | 1,095 | 824 | (2,245) | (1,704) | (861) | 587 | (4,879) | (4,860) | — | (221) | (6,890) | (5,374) |
| Fund balances at beginning of year | 4,252 | 3,740 | — | — | — | — | 4,940 | 4,918 | 22 | — | 9,214 | 8,658 |
| Cancellation of purchase orders and other | (781) | 559 | 2,245 | 1,704 | 861 | (587) | (11) | — | (55) | (21) | 2,259 | 1,655 |
| Fund balances (deficits) at end of year | <u>\$ 4,566</u> | <u>\$ 5,123</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 50</u> | <u>\$ 58</u> | <u>\$ (33)</u> | <u>\$ (242)</u> | <u>\$ 4,583</u> | <u>\$ 4,939</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department and Division</u> | <u>Fund</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|---------------------|------------------|-----------------|
| Executive and Legislative | | | | |
| Mayor's Office | State of Indiana Grants | | | |
| Personal services | | \$ 45 | \$ 44 | \$ 1 |
| Other services and charges | | 63 | 31 | 32 |
| Capital outlay | | 3 | — | 3 |
| Total | | <u>111</u> | <u>75</u> | <u>36</u> |
| | | | | |
| Office of Finance and Management | Federal Grants | | | |
| Personal services | | 8 | 7 | 1 |
| Other services and charges | | 34 | 25 | 9 |
| Total | | <u>42</u> | <u>32</u> | <u>10</u> |
| | | | | |
| Office of Finance and Management | Drug Free Community | | | |
| Other services and charges | | 450 | 390 | 60 |
| Total | | <u>450</u> | <u>390</u> | <u>60</u> |
| | | | | |
| Total - Executive and Legislative | | \$ <u>603</u> | \$ <u>497</u> | \$ <u>106</u> |
| | | | | |
| Department of Metropolitan Development | Federal Grants | | | |
| Personal services | | \$ 2,863 | \$ 2,602 | \$ 261 |
| Supplies | | 23 | 14 | 9 |
| Other services and charges | | 30,624 | 21,671 | 8,953 |
| Capital outlay | | 42 | — | 42 |
| Internal charges | | 488 | 427 | 61 |
| Total | | <u>34,040</u> | <u>24,714</u> | <u>9,326</u> |
| | | | | |
| Total – Department of Metropolitan Development | | \$ <u>34,040</u> | \$ <u>24,714</u> | \$ <u>9,326</u> |
| | | | | |
| Department of Public Works | Parking | | | |
| Capital outlay | | \$ 375 | \$ 18 | \$ 357 |
| Total | | <u>375</u> | <u>18</u> | <u>357</u> |
| | | | | |
| Department of Public Works | Federal Grants | | | |
| Personal services | | 73 | 66 | 7 |
| Other services and charges | | 553 | 188 | 365 |
| Total | | <u>626</u> | <u>254</u> | <u>372</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department and Division</u> | <u>Fund</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|---------------------|------------------|------------------|
| Department of Public Works | State of Indiana Grants | | | |
| Other services and charges | | \$ 27 | \$ 27 | \$ — |
| Total | | <u>27</u> | <u>27</u> | <u>—</u> |
| Total – Department of Public Works | | \$ 1,028 | \$ 299 | \$ 729 |
| Department of Public Safety | Federal Grants | | | |
| Personal services | | \$ 5,651 | \$ 3,284 | \$ 2,367 |
| Supplies | | 1,131 | 491 | 640 |
| Other services and charges | | 5,716 | 1,827 | 3,889 |
| Capital outlay | | 5,488 | 1,325 | 4,163 |
| Internal charges | | 23 | 16 | 7 |
| Total | | <u>18,009</u> | <u>6,943</u> | <u>11,066</u> |
| Department of Public Safety | State of Indiana Grants | | | |
| Personal services | | 816 | 265 | 551 |
| Supplies | | 727 | — | 727 |
| Other services and charges | | 221 | 77 | 144 |
| Total | | <u>1,764</u> | <u>342</u> | <u>1,422</u> |
| Total – Department of Public Safety | | \$ 19,773 | \$ 7,285 | \$ 12,488 |
| Department of Parks and Recreation | Federal Grants | | | |
| Personal services | | \$ 394 | \$ 311 | \$ 83 |
| Supplies | | 6 | 3 | 3 |
| Other services and charges | | 600 | 577 | 23 |
| Capital outlay | | 1,116 | 2 | 1,114 |
| Total | | <u>2,116</u> | <u>893</u> | <u>1,223</u> |
| Total – Department of Parks and Recreation | | \$ 2,116 | \$ 893 | \$ 1,223 |
| Total – Special Revenue Funds – by Department and Division | | \$ <u>57,560</u> | \$ <u>33,688</u> | \$ <u>23,872</u> |

Nonmajor Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of four of the taxing districts. Nonmajor Debt service requirements are funded generally from property tax revenues and other operating revenues.

| | |
|---|---|
| Civil City - | to account for the accumulation of resources for, and the payment of general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Civil City |
| Redevelopment District - | to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Redevelopment District and to account for the accumulation of resources for, and the payment of, long-term lease commitments to the Marion County Convention and Recreation Facilities Authority (MCCRFA) for a leasehold interest in the former United Airlines maintenance facility |
| Public Safety Communications - | to account for the accumulation of resources for, and the payment of, costs associated with the Public Safety Communications System Equipment |
| Sanitary District - | to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Sanitary District |
| Flood Control District - | to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Flood Control District |
| Metropolitan Thoroughfare - District | to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Metropolitan Thoroughfare District |
| Park District - | to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Park District |
| Economic Development District - | to account for accumulation of resources, and payments of long term bonded debt principal, interest, and related costs of bond issues for certain economic development projects |
| PILOT - | to account for accumulation of resources, and payments of long-term debt principal, interest, and related costs of debt issued for certain projects for the Department of Public Works |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2013
(In thousands)

| | Civil City | Redevelopment District | Public Safety Communications | Sanitary District | Flood Control District | Metropolitan Thoroughfare District | Park District | Economic Development District | PILOT | Total Nonmajor Debt Service Funds |
|---|-----------------|---------------------------|------------------------------------|----------------------|------------------------------|--|------------------|-------------------------------------|-----------------|--|
| ASSETS | | | | | | | | | | |
| Equity in pooled cash | \$ 1,459 | \$ 262 | \$ 676 | \$ 3,009 | \$ 1,529 | \$ 2,230 | \$ 1,180 | \$ 2,002 | \$ 2,979 | \$ 15,326 |
| Cash and investments with fiscal agents | 3 | — | 12 | 24 | 69 | 29 | 10 | 13,391 | — | 13,538 |
| Investments | 2,318 | 416 | 1,073 | 4,778 | 2,428 | 3,541 | 1,873 | 3,179 | 4,732 | 24,338 |
| Property taxes receivable | 405 | 222 | 144 | — | — | 227 | 125 | — | — | 1,123 |
| Accounts receivable | 92 | 57 | 38 | — | — | 55 | 30 | — | — | 272 |
| Long-term receivables, less allowance | — | — | — | 389 | 75 | 376 | 163 | — | — | 1,003 |
| Total assets | <u>\$ 4,277</u> | <u>\$ 957</u> | <u>\$ 1,943</u> | <u>\$ 8,200</u> | <u>\$ 4,101</u> | <u>\$ 6,458</u> | <u>\$ 3,381</u> | <u>\$ 18,572</u> | <u>\$ 7,711</u> | <u>\$ 55,600</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | | | |
| Matured bonds payable | \$ 3,125 | \$ 259 | \$ 1,140 | \$ 6,725 | \$ 2,187 | \$ 4,970 | \$ 2,649 | \$ — | \$ — | \$ 21,055 |
| Matured interest payable | 1,630 | 11 | 778 | 873 | 836 | 701 | 383 | — | 3,955 | 9,167 |
| Accounts payable and other accrued liabilities | 224 | 50 | — | 111 | 9 | 19 | 9 | — | — | 422 |
| Total liabilities | <u>4,979</u> | <u>320</u> | <u>1,918</u> | <u>7,709</u> | <u>3,032</u> | <u>5,690</u> | <u>3,041</u> | <u>—</u> | <u>3,955</u> | <u>30,644</u> |
| Deferred inflows of resources | <u>497</u> | <u>273</u> | <u>182</u> | <u>355</u> | <u>70</u> | <u>626</u> | <u>301</u> | <u>—</u> | <u>—</u> | <u>2,304</u> |
| Fund balances: | | | | | | | | | | |
| Nonspendable | — | — | — | 389 | 75 | 376 | 163 | — | — | 1,003 |
| Restricted | — | 364 | — | — | 924 | — | — | 18,572 | 3,756 | 23,616 |
| Unassigned | (1,199) | — | (157) | (253) | — | (234) | (124) | — | — | (1,967) |
| Total fund balances (deficits) | <u>(1,199)</u> | <u>364</u> | <u>(157)</u> | <u>136</u> | <u>999</u> | <u>142</u> | <u>39</u> | <u>18,572</u> | <u>3,756</u> | <u>22,652</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 4,277</u> | <u>\$ 957</u> | <u>\$ 1,943</u> | <u>\$ 8,200</u> | <u>\$ 4,101</u> | <u>\$ 6,458</u> | <u>\$ 3,381</u> | <u>\$ 18,572</u> | <u>\$ 7,711</u> | <u>\$ 55,600</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
Year ended December 31, 2013
(In thousands)

| | Civil City | Redevelopment District | Public Safety Communications | Sanitary District | Flood Control District | Metropolitan Thoroughfare District | Park District | Economic Development District | PILOT | Total Nonmajor Debt Service Funds |
|---|------------|------------------------|------------------------------|-------------------|------------------------|------------------------------------|---------------|-------------------------------|----------|-----------------------------------|
| Revenues: | | | | | | | | | | |
| Property taxes | \$ 8,106 | \$ 11,616 | \$ 3,107 | \$ — | \$ — | \$ 4,331 | \$ 2,210 | \$ 2,134 | \$ — | \$ 31,504 |
| Other taxes | 705 | 357 | 298 | — | — | 416 | 212 | — | — | 1,988 |
| Interest on investments | 1 | — | 1 | 1 | 2 | 2 | 1 | (101) | 13 | (80) |
| Other revenues | — | — | — | 8,451 | — | — | — | 1,111 | 5,875 | 15,437 |
| Total revenues | 8,812 | 11,973 | 3,406 | 8,452 | 2 | 4,749 | 2,423 | 3,144 | 5,888 | 48,849 |
| Expenditures: | | | | | | | | | | |
| Redemption of bonds and notes | 6,177 | 260 | 2,260 | 6,725 | 2,187 | 4,969 | 2,649 | 470 | — | 25,697 |
| Interest on bonds and notes | 3,332 | 19 | 1,577 | 1,758 | 6,534 | 1,377 | 733 | 7,386 | 7,910 | 30,626 |
| Bond issuance costs | — | — | — | — | 488 | — | — | 59 | — | 547 |
| Operating lease payments and administration | 518 | 14,216 | 33 | 1 | 62 | 29 | 16 | 284 | 160 | 15,319 |
| Total expenditures | 10,027 | 14,495 | 3,870 | 8,484 | 9,271 | 6,375 | 3,398 | 8,199 | 8,070 | 72,189 |
| Deficiency of revenues under expenditures | (1,215) | (2,522) | (464) | (32) | (9,269) | (1,626) | (975) | (5,055) | (2,182) | (23,340) |
| Other financing sources (uses): | | | | | | | | | | |
| Premium on bonds | — | — | — | — | 4,827 | — | — | — | — | 4,827 |
| Refunding bonds issued | — | — | — | — | 38,355 | — | — | — | — | 38,355 |
| Payment to refunded bond escrow agent | — | — | — | — | (38,345) | — | — | — | — | (38,345) |
| Proceeds from restructuring of debt | — | — | — | 34 | 5 | 32 | 14 | — | — | 85 |
| Transfers in | — | 2,920 | — | — | 5,425 | 1,710 | 1,000 | 7,327 | — | 18,382 |
| Total other financing sources (uses) | — | 2,920 | — | 34 | 10,267 | 1,742 | 1,014 | 7,327 | — | 23,304 |
| Net change in fund balances | (1,215) | 398 | (464) | 2 | 998 | 116 | 39 | 2,272 | (2,182) | (36) |
| Fund balances (deficits) at beginning of year | 16 | (34) | 307 | 134 | 1 | 26 | — | 16,300 | 5,938 | 22,688 |
| Fund balances (deficits) at end of year | \$ (1,199) | \$ 364 | \$ (157) | \$ 136 | \$ 999 | \$ 142 | \$ 39 | \$ 18,572 | \$ 3,756 | \$ 22,652 |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | Civil City | | Redevelopment District | | Public Safety Communications | |
|---|--------------------------|--------------------------|------------------------|----------------------|------------------------------|------------------------|
| | Final budget | Actual | Final budget | Actual | Final budget | Actual |
| Revenues: | | | | | | |
| Taxes | \$ 8,768 | \$ 8,811 | \$ 12,902 | \$ 11,973 | \$ 3,383 | \$ 3,405 |
| License and Permits | — | — | — | — | — | — |
| Charges for services | — | — | — | — | — | — |
| Intergovernmental | — | — | — | — | — | — |
| Other operating revenues | — | 1 | 7 | (1) | — | 1 |
| Total revenues | <u>8,768</u> | <u>8,812</u> | <u>12,909</u> | <u>11,972</u> | <u>3,383</u> | <u>3,406</u> |
| Expenditures: | | | | | | |
| Economic development and assistance | — | — | — | — | — | — |
| Debt service | 10,026 | 10,026 | 14,550 | 14,494 | 3,870 | 3,870 |
| Total expenditures | <u>10,026</u> | <u>10,026</u> | <u>14,550</u> | <u>14,494</u> | <u>3,870</u> | <u>3,870</u> |
| Deficiency of revenues under expenditures | <u>(1,258)</u> | <u>(1,214)</u> | <u>(1,641)</u> | <u>(2,522)</u> | <u>(487)</u> | <u>(464)</u> |
| Other financing sources (uses), net: | | | | | | |
| Sales of capital assets | — | — | — | — | — | — |
| Bond proceeds | — | — | — | — | — | — |
| Transfers in (out) | — | — | 1,120 | 2,920 | — | — |
| Total other financing sources (uses) | <u>—</u> | <u>—</u> | <u>1,120</u> | <u>2,920</u> | <u>—</u> | <u>—</u> |
| Revenues over (under) expenditures and other financing sources (uses) | <u>(1,258)</u> | <u>(1,214)</u> | <u>(521)</u> | <u>398</u> | <u>(487)</u> | <u>(464)</u> |
| Fund balances (deficits) at beginning of year | — | 12 | 1,631 | (41) | 75 | 295 |
| Cancellation of purchase orders and other | <u>(53)</u> | <u>—</u> | <u>(558)</u> | <u>—</u> | <u>212</u> | <u>—</u> |
| Fund balances (deficits) at end of year | <u><u>\$ (1,311)</u></u> | <u><u>\$ (1,202)</u></u> | <u><u>\$ 552</u></u> | <u><u>\$ 357</u></u> | <u><u>\$ (200)</u></u> | <u><u>\$ (169)</u></u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | <u>Sanitary District</u> | | <u>Flood Control District</u> | | <u>Metropolitan Thoroughfare District</u> | |
|---|--------------------------|---------------|-------------------------------|-----------------|---|----------------|
| | <u>Final budget</u> | <u>Actual</u> | <u>Final budget</u> | <u>Actual</u> | <u>Final budget</u> | <u>Actual</u> |
| Revenues: | | | | | | |
| Taxes | \$ — | \$ — | \$ — | \$ — | \$ 4,731 | \$ 4,747 |
| License and Permits | — | (2) | — | (2) | — | (2) |
| Charges for services | — | — | — | — | — | — |
| Intergovernmental | — | — | — | — | — | — |
| Other operating revenues | 8,531 | 8,452 | — | 2 | — | 2 |
| Total revenues | <u>8,531</u> | <u>8,450</u> | <u>—</u> | <u>—</u> | <u>4,731</u> | <u>4,747</u> |
| Expenditures: | | | | | | |
| Economic development and assistance | — | — | — | — | — | — |
| Debt service | 14,555 | 8,450 | 50,979 | 47,611 | 12,284 | 6,342 |
| Total expenditures | <u>14,555</u> | <u>8,450</u> | <u>50,979</u> | <u>47,611</u> | <u>12,284</u> | <u>6,342</u> |
| Deficiency of revenues under expenditures | <u>(6,024)</u> | <u>—</u> | <u>(50,979)</u> | <u>(47,611)</u> | <u>(7,553)</u> | <u>(1,595)</u> |
| Other financing sources (uses), net: | | | | | | |
| Sales of capital assets | — | — | — | — | — | — |
| Bond proceeds | — | — | — | 43,182 | — | — |
| Transfers in (out) | — | — | 5,425 | 5,425 | — | 1,710 |
| Total other financing sources (uses) | <u>—</u> | <u>—</u> | <u>5,425</u> | <u>48,607</u> | <u>—</u> | <u>1,710</u> |
| Revenues over (under) expenditures and other financing sources (uses) | (6,024) | — | (45,554) | 996 | (7,553) | 115 |
| Fund balances (deficits) at beginning of year | 212 | 108 | 376 | (7) | — | (28) |
| Cancellation of purchase orders and other | 5,921 | 1 | 44,798 | (62) | 7,555 | 21 |
| Fund balances (deficits) at end of year | <u>\$ 109</u> | <u>\$ 109</u> | <u>\$ (380)</u> | <u>\$ 927</u> | <u>\$ 2</u> | <u>\$ 108</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | <u>Revenue</u> | | <u>Park District</u> | | <u>Economic Development</u> | | <u>PILOT</u> | | <u>Totals</u> | |
|---|---------------------|-----------------|----------------------|---------------|-----------------------------|-----------------|---------------------|-----------------|---------------------|-----------------|
| | <u>Final budget</u> | <u>Actual</u> | <u>Final budget</u> | <u>Actual</u> | <u>Final budget</u> | <u>Actual</u> | <u>Final budget</u> | <u>Actual</u> | <u>Final budget</u> | <u>Actual</u> |
| Revenues: | | | | | | | | | | |
| Taxes | \$ 80,597 | \$ 83,949 | \$ 2,462 | \$ 2,423 | \$ 2,028 | \$ 2,134 | \$ — | \$ — | \$ 114,871 | \$ 117,442 |
| License and Permits | — | — | — | (2) | — | — | — | — | — | (8) |
| Charges for services | — | — | — | — | 1,905 | 1,004 | — | — | 1,905 | 1,004 |
| Intergovernmental | 315 | — | — | — | — | 106 | — | — | 315 | 106 |
| Other operating revenues | 2,257 | 1,641 | — | 1 | 12 | (100) | 5,274 | 5,888 | 16,081 | 15,887 |
| Total revenues | <u>83,169</u> | <u>85,590</u> | <u>2,462</u> | <u>2,422</u> | <u>3,945</u> | <u>3,144</u> | <u>5,274</u> | <u>5,888</u> | <u>133,172</u> | <u>134,431</u> |
| Expenditures: | | | | | | | | | | |
| Economic development and assistance | 315 | 315 | — | — | — | — | — | — | 315 | 315 |
| Debt service | 104,023 | 100,272 | 5,968 | 3,384 | 11,344 | 10,666 | 8,070 | 8,070 | 235,669 | 213,185 |
| Total expenditures | <u>104,338</u> | <u>100,587</u> | <u>5,968</u> | <u>3,384</u> | <u>11,344</u> | <u>10,666</u> | <u>8,070</u> | <u>8,070</u> | <u>235,984</u> | <u>213,500</u> |
| Deficiency of revenues under expenditures | <u>(21,169)</u> | <u>(14,997)</u> | <u>(3,506)</u> | <u>(962)</u> | <u>(7,399)</u> | <u>(7,522)</u> | <u>(2,796)</u> | <u>(2,182)</u> | <u>(102,812)</u> | <u>(79,069)</u> |
| Other financing sources (uses), net: | | | | | | | | | | |
| Sales of capital assets | — | 91 | — | — | — | — | — | — | — | 91 |
| Bond proceeds | — | 9,750 | — | — | — | — | — | — | — | 52,932 |
| Transfers in (out) | (13,421) | (1,106) | — | 1,000 | — | 7,327 | — | — | (6,876) | 17,276 |
| Total other financing sources (uses) | <u>(13,421)</u> | <u>8,735</u> | <u>—</u> | <u>1,000</u> | <u>—</u> | <u>7,327</u> | <u>—</u> | <u>—</u> | <u>(6,876)</u> | <u>70,299</u> |
| Revenues over (under) expenditures and other financing sources (uses) | <u>(34,590)</u> | <u>(6,262)</u> | <u>(3,506)</u> | <u>38</u> | <u>(7,399)</u> | <u>(195)</u> | <u>(2,796)</u> | <u>(2,182)</u> | <u>(109,688)</u> | <u>(8,770)</u> |
| Fund balances (deficits) at beginning of year | 6,470 | 5,708 | — | (12) | 2 | 527 | 5,879 | 5,939 | 14,645 | 12,501 |
| Cancellation of purchase orders and other | 32,498 | 4,509 | 3,493 | 10 | 7,107 | (876) | 667 | — | 101,640 | 3,603 |
| Fund balances (deficits) at end of year | <u>\$ 4,378</u> | <u>\$ 3,955</u> | <u>\$ (13)</u> | <u>\$ 36</u> | <u>\$ (290)</u> | <u>\$ (544)</u> | <u>\$ 3,750</u> | <u>\$ 3,757</u> | <u>\$ 6,597</u> | <u>\$ 7,334</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Debt Service Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department</u> | <u>Fund</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|------------------------------------|---------------------|-------------------|------------------|
| Department of Metropolitan Development | Revenue | | | |
| Other services and charges | | \$ 315 | \$ 315 | \$ — |
| Total | | <u>315</u> | <u>315</u> | <u>—</u> |
| Executive and Legislative | Revenue | | | |
| Other services and charges | | 11,500 | 11,500 | — |
| Total | | <u>11,500</u> | <u>11,500</u> | <u>—</u> |
| Non Departmental | Flood Control District | | | |
| Other services and charges | | 50,979 | 47,611 | 3,368 |
| Total | | <u>50,979</u> | <u>47,611</u> | <u>3,368</u> |
| Non Departmental | Metropolitan Thoroughfare District | | | |
| Other services and charges | | 12,284 | 6,342 | 5,942 |
| Total | | <u>12,284</u> | <u>6,342</u> | <u>5,942</u> |
| Non Departmental | Park District | | | |
| Other services and charges | | 5,968 | 3,384 | 2,584 |
| Total | | <u>5,968</u> | <u>3,384</u> | <u>2,584</u> |
| Non Departmental | Public Safety Communicaitons | | | |
| Other services and charges | | 3,870 | 3,870 | — |
| Total | | <u>3,870</u> | <u>3,870</u> | <u>—</u> |
| Non Departmental | Civil City | | | |
| Other services and charges | | 10,026 | 10,026 | — |
| Total | | <u>10,026</u> | <u>10,026</u> | <u>—</u> |
| Non Departmental | Redevelopment District | | | |
| Other services and charges | | 14,550 | 14,494 | 56 |
| Total | | <u>14,550</u> | <u>14,494</u> | <u>56</u> |
| Non Departmental | Revenue | | | |
| Other services and charges | | 92,523 | 88,772 | 3,751 |
| Total | | <u>92,523</u> | <u>88,772</u> | <u>3,751</u> |
| Non Departmental | Sanitary District | | | |
| Other services and charges | | 14,555 | 8,450 | 6,105 |
| Total | | <u>14,555</u> | <u>8,450</u> | <u>6,105</u> |
| Non Departmental | Economic Development | | | |
| Other services and charges | | 11,344 | 10,666 | 678 |
| Total | | <u>11,344</u> | <u>10,666</u> | <u>678</u> |
| Non Departmental | PILOT | | | |
| Other services and charges | | 8,070 | 8,070 | — |
| Total | | <u>8,070</u> | <u>8,070</u> | <u>—</u> |
| Total – Debt Service Funds – by Department | | \$ <u>235,984</u> | \$ <u>213,500</u> | \$ <u>22,484</u> |

See accompanying independent auditor's report.

Nonmajor Capital Project Funds

The Capital Projects Funds are used to account for resources designated to construct or acquire general capital assets. Such resources are derived principally from special district bonds, federal grants, and property tax levies.

Redevelopment District:

General - to account for all financial resources related to projects constructed wholly or in part from Redevelopment District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

Tax Increment - to account for all financial resources related to projects constructed from proceeds of the Redevelopment District Tax Increment bond issues

PILOT Revenue Bonds - to account for all financial resources accumulated and payments made for construction, renovation, rehabilitation, and installation, of certain improvements to the City's public roads, street and sidewalks, and other public facilities

Metropolitan Thoroughfare District - to account for all financial resources related to projects constructed wholly or in part from Metropolitan Thoroughfare District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

Park District - to account for all financial resources related to projects constructed from proceeds of the Park District bond issues

City Cumulative Capital Development - to account for all resources accumulating from a City-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature

County Cumulative Capital Development - to account for all resources accumulating from a County-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature

Tax Revenue Note - to account for all financial resources related to purchases of certain vehicles and other equipment from the proceeds of a tax revenue note

Public Safety Communications - to account for all financial resources related to acquisition of computer hardware and software from proceeds of the Public Safety Communication System and Computer Facilities District bonds

(Continued)

- Landmark Building Preservation -** to account for all financial resources related to costs of major repairs to certain City properties
- Fire Cumulative -** to account for all resources for the fire department accumulating from an ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature
- Storm Water -** to account for all financial resources related to expenditures for construction of storm water removal infrastructure
- Energy Savings -** to account for all financial resources related to expenditures for “energy upgrades” of City and County facilities
- Capital Asset Development -** to account for revenues from operating agreements with outside contractors which are to be used to purchase capital assets for the benefit of the City

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2013
(In thousands)

| | <u>Redevelopment District</u> | | PILOT Revenue Bonds | Metropolitan Thoroughfare District | Park District | City Cumulative Capital Development | County Cumulative Capital Development |
|---|-------------------------------|------------------|------------------------|--|------------------|--|--|
| | General | Tax Increment | | | | | |
| ASSETS | | | | | | | |
| Equity in pooled cash | \$ 391 | \$ 2,660 | \$ — | \$ 1,015 | \$ 7 | \$ 5,383 | \$ 1,140 |
| Cash and investments with fiscal agents | — | 306 | 6,581 | — | — | — | — |
| Investments | 618 | 4,223 | — | 1,612 | 11 | 8,546 | 1,810 |
| Property taxes receivable | — | — | — | — | — | 445 | — |
| Accounts receivable | — | — | 7 | — | — | 115 | 1 |
| Long-term receivables, less allowance | — | 1,500 | — | — | — | — | — |
| Total assets | <u>\$ 1,009</u> | <u>\$ 8,689</u> | <u>\$ 6,588</u> | <u>\$ 2,627</u> | <u>\$ 18</u> | <u>\$ 14,489</u> | <u>\$ 2,951</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and other accrued liabilities | \$ 39 | \$ 205 | \$ 485 | \$ — | \$ — | \$ 1,317 | \$ 548 |
| Due to other funds | — | — | 387 | — | — | — | — |
| Total liabilities | <u>39</u> | <u>205</u> | <u>872</u> | <u>—</u> | <u>—</u> | <u>1,317</u> | <u>548</u> |
| Deferred inflows of resources | — | — | — | — | — | 559 | — |
| Fund balances: | | | | | | | |
| Nonspendable | — | 1,500 | — | — | — | — | — |
| Restricted | 970 | 6,984 | 5,716 | 2,627 | 18 | 12,613 | 2,403 |
| Total fund balances | <u>970</u> | <u>8,484</u> | <u>5,716</u> | <u>2,627</u> | <u>18</u> | <u>12,613</u> | <u>2,403</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,009</u> | <u>\$ 8,689</u> | <u>\$ 6,588</u> | <u>\$ 2,627</u> | <u>\$ 18</u> | <u>\$ 14,489</u> | <u>\$ 2,951</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2013
(In thousands)

| | <u>Tax Revenue Note</u> | <u>Public Safety Communications</u> | <u>Landmark Building Preservation</u> | <u>Fire Cumulative</u> | <u>Storm Water</u> | <u>Energy Savings</u> | <u>Capital Asset Development</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|---|---------------------------------|---|---|----------------------------|------------------------|---------------------------|--------------------------------------|--|
| ASSETS | | | | | | | | |
| Equity in pooled cash | \$ 26 | \$ 306 | \$ 8 | \$ 843 | \$ 152 | \$ — | \$ 582 | \$ 12,513 |
| Cash and investments with fiscal agents | 59 | — | — | — | 1,167 | — | — | 8,113 |
| Investments | 41 | 485 | 15 | 1,339 | 240 | — | 926 | 19,866 |
| Property taxes receivable | — | — | — | 115 | — | — | — | 560 |
| Accounts receivable | — | — | — | 24 | — | — | — | 147 |
| Long-term receivables, less allowance | — | — | — | — | — | — | — | 1,500 |
| Total assets | <u>\$ 126</u> | <u>\$ 791</u> | <u>\$ 23</u> | <u>\$ 2,321</u> | <u>\$ 1,559</u> | <u>\$ —</u> | <u>\$ 1,508</u> | <u>\$ 42,699</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and other accrued liabilities | \$ — | \$ 25 | \$ — | \$ 440 | \$ 199 | \$ — | \$ 191 | \$ 3,449 |
| Due to other funds | — | — | — | — | — | — | — | 387 |
| Total liabilities | <u>—</u> | <u>25</u> | <u>—</u> | <u>440</u> | <u>199</u> | <u>—</u> | <u>191</u> | <u>3,836</u> |
| Deferred inflows of resources | <u>—</u> | <u>—</u> | <u>—</u> | <u>139</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>698</u> |
| Fund balances: | | | | | | | | |
| Nonspendable | — | — | — | — | — | — | — | 1,500 |
| Restricted | 126 | 766 | 23 | 1,742 | 1,360 | — | 1,317 | 36,665 |
| Total fund balances | <u>126</u> | <u>766</u> | <u>23</u> | <u>1,742</u> | <u>1,360</u> | <u>—</u> | <u>1,317</u> | <u>38,165</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 126</u> | <u>\$ 791</u> | <u>\$ 23</u> | <u>\$ 2,321</u> | <u>\$ 1,559</u> | <u>\$ —</u> | <u>\$ 1,508</u> | <u>\$ 42,699</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
Year ended December 31, 2013
(In thousands)

| | Redevelopment District | | PILOT Revenue Bonds | Metropolitan Thoroughfare District | Park District | City Cumulative Capital Development | County Cumulative Capital Development |
|--|------------------------|------------------|------------------------|--|------------------|--|--|
| | General | Tax Increment | | | | | |
| Revenues: | | | | | | | |
| Taxes | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 10,724 | \$ — |
| Other intergovernmental revenues: | | | | | | | |
| Federal revenues | — | — | 392 | — | — | 29 | 315 |
| Other revenues | — | — | — | — | — | — | 2,500 |
| Interest and other operating revenues | <u>2</u> | <u>—</u> | <u>8</u> | <u>6</u> | <u>—</u> | <u>29</u> | <u>5</u> |
| Total revenues | <u>2</u> | <u>—</u> | <u>400</u> | <u>6</u> | <u>—</u> | <u>10,782</u> | <u>2,820</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Economic development and assistance | — | 880 | — | — | — | — | — |
| Debt service: | | | | | | | |
| Redemption of bonds and notes | — | — | — | — | — | 949 | — |
| Interest on bonds and notes | — | — | — | — | — | 71 | — |
| Capital outlays | <u>39</u> | <u>1,052</u> | <u>8,043</u> | <u>—</u> | <u>—</u> | <u>8,232</u> | <u>1,980</u> |
| Total expenditures | <u>39</u> | <u>1,932</u> | <u>8,043</u> | <u>—</u> | <u>—</u> | <u>9,252</u> | <u>1,980</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(37)</u> | <u>(1,932)</u> | <u>(7,643)</u> | <u>6</u> | <u>—</u> | <u>1,530</u> | <u>840</u> |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | — | 165 | — | — | — | — | — |
| Transfers in | — | 7,550 | — | — | — | 604 | 130 |
| Transfers out | — | — | — | — | — | (1,710) | (1,133) |
| Total other financing sources (uses) | <u>—</u> | <u>7,715</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(1,106)</u> | <u>(1,003)</u> |
| Net change in fund balances | <u>(37)</u> | <u>5,783</u> | <u>(7,643)</u> | <u>6</u> | <u>—</u> | <u>424</u> | <u>(163)</u> |
| Fund balances at beginning of year | <u>1,007</u> | <u>2,701</u> | <u>13,359</u> | <u>2,621</u> | <u>18</u> | <u>12,189</u> | <u>2,566</u> |
| Fund balances at end of year | <u>\$ 970</u> | <u>\$ 8,484</u> | <u>\$ 5,716</u> | <u>\$ 2,627</u> | <u>\$ 18</u> | <u>\$ 12,613</u> | <u>\$ 2,403</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
Year ended December 31, 2013
(In thousands)

| | Tax Revenue Note | Public Safety Communications | Landmark Building Preservation | Fire Cumulative | Storm Water | Energy Savings | Capital Asset Development | Total Nonmajor Capital Projects Funds |
|--|------------------------|------------------------------------|--------------------------------------|--------------------|----------------|-------------------|------------------------------|--|
| Revenues: | | | | | | | | |
| Taxes | \$ — | \$ — | \$ — | \$ 2,281 | \$ — | \$ — | \$ — | \$ 13,005 |
| Other intergovernmental revenues: | | | | | | | | |
| Federal revenues | — | — | — | — | — | — | — | 736 |
| Other revenues | — | — | — | — | — | — | — | 2,500 |
| Interest and other operating revenues | (12) | 4 | — | 4 | 1 | — | 4 | 51 |
| Total revenues | (12) | 4 | — | 2,285 | 1 | — | 4 | 16,292 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Economic development and assistance | — | — | — | — | — | — | — | 880 |
| Debt service: | | | | | | | | |
| Redemption of bonds and notes | — | — | — | 155 | — | — | 181 | 1,285 |
| Interest on bonds and notes | — | — | — | 12 | — | 1,137 | 14 | 1,234 |
| Capital outlays | — | 1,450 | — | 1,968 | 2,542 | 8 | 599 | 25,913 |
| Total expenditures | — | 1,450 | — | 2,135 | 2,542 | 1,145 | 794 | 29,312 |
| Excess (deficiency) of revenues over (under) expenditures | (12) | (1,446) | — | 150 | (2,541) | (1,145) | (790) | (13,020) |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | — | — | — | — | — | — | — | 165 |
| Transfers in | — | — | — | — | — | — | — | 8,284 |
| Transfers out | — | — | — | — | — | — | — | (2,843) |
| Total other financing sources (uses) | — | — | — | — | — | — | — | 5,606 |
| Net change in fund balances | (12) | (1,446) | — | 150 | (2,541) | (1,145) | (790) | (7,414) |
| Fund balances at beginning of year | 138 | 2,212 | 23 | 1,592 | 3,901 | 1,145 | 2,107 | 45,579 |
| Fund balances at end of year | \$ 126 | \$ 766 | \$ 23 | \$ 1,742 | \$ 1,360 | \$ — | \$ 1,317 | \$ 38,165 |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Annually Budgeted Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | City Cumulative Capital Development | | County Cumulative Capital Development | | Fire Cumulative | | Totals | |
|---|--|------------------|--|-----------------|--------------------|-----------------|------------------|------------------|
| | Final budget | Actual | Final budget | Actual | Final budget | Actual | Final budget | Actual |
| Revenues: | | | | | | | | |
| Taxes | \$ 10,394 | \$ 10,724 | \$ — | \$ — | \$ 2,312 | \$ 2,281 | \$ 12,706 | \$ 13,005 |
| Other intergovernmental revenues | — | 29 | — | 314 | — | — | — | 343 |
| Interest and other operating revenues | 20 | 29 | 2 | 5 | — | 4 | 22 | 38 |
| Total revenues | <u>10,414</u> | <u>10,782</u> | <u>2</u> | <u>319</u> | <u>2,312</u> | <u>2,285</u> | <u>12,728</u> | <u>13,386</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | 1,362 | 723 | — | — | 500 | 473 | 1,862 | 1,196 |
| Public works | 100 | 74 | — | — | — | — | 100 | 74 |
| Cultural and recreation | 500 | 495 | — | — | — | — | 500 | 495 |
| Capital outlays | 6,950 | 6,403 | 2,500 | 2,025 | 1,838 | 1,649 | 11,288 | 10,077 |
| Total expenditures | <u>8,912</u> | <u>7,695</u> | <u>2,500</u> | <u>2,025</u> | <u>2,338</u> | <u>2,122</u> | <u>13,750</u> | <u>11,842</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,502</u> | <u>3,087</u> | <u>(2,498)</u> | <u>(1,706)</u> | <u>(26)</u> | <u>163</u> | <u>(1,022)</u> | <u>1,544</u> |
| Other financing sources (uses), net: | | | | | | | | |
| Transfers in (out) | 464 | (1,106) | 2,500 | 1,500 | — | — | 2,964 | 394 |
| Total other financing sources (uses) | <u>464</u> | <u>(1,106)</u> | <u>2,500</u> | <u>1,500</u> | <u>—</u> | <u>—</u> | <u>2,964</u> | <u>394</u> |
| Revenues over (under) expenditures and other financing sources (uses) | 1,966 | 1,981 | 2 | (206) | (26) | 163 | 1,942 | 1,938 |
| Fund balances at beginning of year | 8,055 | 8,376 | 769 | 1,753 | 1,281 | 1,486 | 10,105 | 11,615 |
| Cancellation of purchase orders and other | (1,086) | 73 | 422 | 21 | 161 | 28 | (503) | 122 |
| Fund balances at end of year | <u>\$ 8,935</u> | <u>\$ 10,430</u> | <u>\$ 1,193</u> | <u>\$ 1,568</u> | <u>\$ 1,416</u> | <u>\$ 1,677</u> | <u>\$ 11,544</u> | <u>\$ 13,675</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Annually Budgeted Capital Projects Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| <u>Department and Division</u> | <u>Fund</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|---------------------------------------|---------------------|------------------|-----------------|
| Department of Public Works | City Cumulative Capital Improvement | | | |
| Other services and charges | | \$ 100 | \$ 74 | \$ 26 |
| Capital outlay | | 2,200 | 2,168 | 32 |
| Total | | <u>2,300</u> | <u>2,242</u> | <u>58</u> |
| Department of Public Works | County Cumulative Capital Improvement | | | |
| Capital outlay | | 2,500 | 2,025 | 475 |
| Total | | <u>2,500</u> | <u>2,025</u> | <u>475</u> |
| Total – Department of Public Works | | <u>\$ 4,800</u> | <u>\$ 4,267</u> | <u>\$ 533</u> |
| Department of Public Safety | Fire Cumulative | | | |
| Other services and charges | | \$ 500 | \$ 473 | \$ 27 |
| Capital Outlay | | 1,838 | 1,649 | 189 |
| Total | | <u>2,338</u> | <u>2,122</u> | <u>216</u> |
| Department of Public Safety | City Cumulative Capital Improvement | | | |
| Supplies | | 1,148 | 512 | 636 |
| Other services and charges | | 214 | 211 | 3 |
| Capital outlay | | 1,773 | 1,342 | 431 |
| Total | | <u>3,135</u> | <u>2,065</u> | <u>1,070</u> |
| Total – Department of Public Safety | | <u>\$ 5,473</u> | <u>\$ 4,187</u> | <u>\$ 1,286</u> |
| Department of Parks and Recreation | City Cumulative Capital Improvement | | | |
| Supplies | | \$ 25 | \$ 24 | \$ 1 |
| Other services and charges | | 475 | 471 | 4 |
| Capital outlay | | 2,977 | 2,893 | 84 |
| Total – Department of Parks and Recreation | | <u>\$ 3,477</u> | <u>\$ 3,388</u> | <u>\$ 89</u> |
| Total – Capital Projects Funds – by Department and Division | | <u>\$ 13,750</u> | <u>\$ 11,842</u> | <u>\$ 1,908</u> |

Internal Service Funds

Internal Service Funds are used to account for the accumulation of resources to provide for the financing of certain self-insurance programs for all City departments.

The City maintains Risk Management, Public Liability Self-Insurance, and Employee Health Insurance Internal Service Funds.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Internal Service Funds
Combining Statement of Net Position
December 31, 2013
(In thousands)

| | <u>Risk Management</u> | <u>Public Liability Self Insurance</u> | <u>Employee Health Insurance</u> | <u>Total</u> |
|--|----------------------------|--|--------------------------------------|-------------------|
| ASSETS | | | | |
| Equity in pooled cash | \$ — | \$ 1,644 | \$ 2,201 | \$ 3,845 |
| Cash and investments with fiscal agents | 162 | — | — | 162 |
| Investments | — | 2,610 | 3,493 | 6,103 |
| Accounts receivable | 16 | — | — | 16 |
| Total assets | <u>178</u> | <u>4,254</u> | <u>5,694</u> | <u>10,126</u> |
| LIABILITIES | | | | |
| Accounts payable and other accrued liabilities | 3,277 | 3,806 | 1,280 | 8,363 |
| Due to other funds | 4,076 | — | — | 4,076 |
| Total liabilities | <u>7,353</u> | <u>3,806</u> | <u>1,280</u> | <u>12,439</u> |
| NET POSITION | | | | |
| Unrestricted (deficit) | <u>\$ (7,175)</u> | <u>\$ 448</u> | <u>\$ 4,414</u> | <u>\$ (2,313)</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year ended December 31, 2013
(In thousands)

| | <u>Risk Management</u> | <u>Public Liability Self Insurance</u> | <u>Employee Health Insurance</u> | <u>Total</u> |
|--|----------------------------|--|--------------------------------------|--------------|
| Operating revenues: | | | | |
| Charges to other funds | \$ 5,286 | \$ 1,080 | \$ 15,215 | \$ 21,581 |
| Operating expenses: | | | | |
| Administration | 224 | — | — | 224 |
| Claims | 6,006 | 1,092 | 13,193 | 20,291 |
| Total operating expenses | 6,230 | 1,092 | 13,193 | 20,515 |
| Operating income (loss) | (944) | (12) | 2,022 | 1,066 |
| Nonoperating revenue: | | | | |
| Interest on investments | (11) | 14 | (1) | 2 |
| Income (loss) | (955) | 2 | 2,021 | 1,068 |
| Change in net position | (955) | 2 | 2,021 | 1,068 |
| Total net position (deficit) – beginning of year | (6,220) | 446 | 2,393 | (3,381) |
| Total net position (deficit) – end of year | \$ (7,175) | \$ 448 | \$ 4,414 | \$ (2,313) |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Internal Service Funds
Combining Statement of Cash Flows
Year ended December 31, 2013
(In thousands)

| | Risk Management | Public Liability Self Insurance | Employee Health Insurance | Total |
|--|----------------------------|--|--------------------------------------|--------------|
| Cash flows from operating activities: | | | | |
| Receipts from users | \$ 5,270 | \$ 1,080 | \$ 16,920 | \$ 23,270 |
| Payments for administration | (224) | — | — | (224) |
| Payments for claims | (5,206) | (4,840) | (13,549) | (23,595) |
| Net cash provided by (used in) operating activities | (160) | (3,760) | 3,371 | (549) |
| Cash flows from investing activities: | | | | |
| Sales and maturities of investments | — | 561 | — | 561 |
| Investment purchases | — | — | (2,572) | (2,572) |
| Interest on investments | (11) | 14 | (1) | 2 |
| Net cash provided by (used in) investing activities | (11) | 575 | (2,573) | (2,009) |
| Net increase (decrease) in cash | (171) | (3,185) | 798 | (2,558) |
| Cash, beginning of year | 333 | 4,829 | 1,403 | 6,565 |
| Cash, end of year | \$ 162 | \$ 1,644 | \$ 2,201 | \$ 4,007 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ (944) | \$ (12) | \$ 2,022 | \$ 1,066 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in accounts receivable | (16) | — | 1,705 | 1,689 |
| Increase (decrease) in accounts payable | 800 | (3,748) | (356) | (3,304) |
| Net cash provided by (used in) operating activities | \$ (160) | \$ (3,760) | \$ 3,371 | \$ (549) |

See accompanying independent auditor's report.

Fiduciary Funds

The Fiduciary Funds are classified into two subgroupings - Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Receipts and expenditures of each fund are governed by terms of trust indentures, statutes, ordinances, etc.

The City maintains the following Fiduciary Funds:

PENSION TRUST FUNDS

- Police Pension -** to account for the (1) payment of pension benefits to police pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund (1977 Fund) pension plan and (2) payment of pension benefits to police pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund
- Firefighters Pension -** to account for the (1) payment of pension benefits to firefighter pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund pension plan and (2) payment of pension benefits to firefighter pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund

AGENCY FUNDS

- Sanitation 15 Year Law -** to account for property owner assessment receipts held by the City as agent for City-approved developer constructed sewer systems Barrett Law projects, with construction costs repaid by the property owners over a period not to exceed 15 years
- UAL Personal Property -** to account for amounts received, that, in accordance with the related bond indenture, are to be transferred to the debt service for the Indianapolis Airport Authority Special Facility Revenue Bonds of 1995
- E-911 Allocation -** to account for assets, obligations, and activities of the E-911 dispatch programs
- DPS Retiree Health Insurance -** to account for assets, obligations, and activities of certain Police and Firefighter Retiree Health Insurance costs
- IMPD Confiscated Cash -** to account for assets, obligations, and activities of amounts, which have been confiscated pending final court disposition
- Other -** to account for all contractor receipts for sanitary Barrett Law project engineering fees held by the City as agent for engineer payment upon project acceptance and for franchise security deposits held by the City as agent for franchised performance

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Combining Statement of Pension Trust Funds Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
December 31, 2013
(In thousands)

| | Police Pension | Firefighters Pension | Total |
|------------------------------------|---------------------------|---------------------------------|--------------|
| ASSETS | | | |
| Equity in pooled cash | \$ 774 | \$ — | \$ 774 |
| Investments | 1,229 | — | 1,229 |
| Total assets | 2,003 | — | 2,003 |
| LIABILITIES | | | |
| Due to other funds | — | 142 | 142 |
| Total liabilities | — | 142 | 142 |
| NET POSITION | | | |
| Held in trust for pension benefits | \$ 2,003 | \$ (142) | \$ 1,861 |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
Year ended December 31, 2013
(In thousands)

| | Pension Trust Funds | | |
|---|----------------------------|---------------------------------|-----------------|
| | <u>Police Pension</u> | <u>Firefighters Pension</u> | <u>Total</u> |
| ADDITIONS | | | |
| State of Indiana pension subsidy received from the General Fund | \$ 29,504 | \$ 29,210 | \$ 58,714 |
| Total additions | <u>29,504</u> | <u>29,210</u> | <u>58,714</u> |
| DEDUCTIONS | | | |
| Benefits | <u>28,470</u> | <u>29,568</u> | <u>58,038</u> |
| Change in plan net position | 1,034 | (358) | 676 |
| Net position – beginning of year | <u>969</u> | <u>216</u> | <u>1,185</u> |
| Net position (deficit) – end of year | <u>\$ 2,003</u> | <u>\$ (142)</u> | <u>\$ 1,861</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Police and Firefighters' Pre-1977 Pension Trust Funds
Schedule of Revenues and Expenditures
Budget and Actual – Budgetary Basis
Year ended December 31, 2013
(In thousands)

| | Police Pension | | | Firefighters Pension | | |
|---|-----------------------|-----------------|-----------------|-----------------------------|-----------------|-------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| Revenues: | | | | | | |
| Intergovernmental | \$ 31,500 | \$ 29,504 | \$ (1,996) | \$ 33,600 | \$ 29,210 | \$ (4,390) |
| Total revenues | <u>31,500</u> | <u>29,504</u> | <u>(1,996)</u> | <u>33,600</u> | <u>29,210</u> | <u>(4,390)</u> |
| Expenditures: | | | | | | |
| Personal services | 30,522 | 28,476 | 2,046 | 31,453 | 29,558 | 1,895 |
| Total expenditures | <u>30,522</u> | <u>28,476</u> | <u>2,046</u> | <u>31,453</u> | <u>29,558</u> | <u>1,895</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 978</u> | <u>\$ 1,028</u> | <u>\$ 50</u> | <u>\$ 2,147</u> | <u>\$ (348)</u> | <u>\$ (2,495)</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Combining Statement of Agency Funds Net Position
December 31, 2013
(In thousands)

| | <u>Sanitation 15 Year Law</u> | <u>UAL Personal Property</u> | <u>E-911 Allocation</u> | <u>DPS Retiree Health Insurance</u> | <u>IMPD Confiscated Cash</u> | <u>Other</u> | <u>Total</u> |
|--|-----------------------------------|--------------------------------------|-----------------------------|---|--------------------------------------|---------------|------------------|
| ASSETS | | | | | | | |
| Equity in pooled cash | \$ 117 | \$ 3,142 | \$ 2,218 | \$ 576 | \$ 1,183 | \$ 297 | \$ 7,533 |
| Investments | 186 | 4,988 | 3,522 | 915 | 1,877 | 471 | 11,959 |
| Accounts receivable | — | — | 993 | — | — | — | 993 |
| Total assets | <u>\$ 303</u> | <u>\$ 8,130</u> | <u>\$ 6,733</u> | <u>\$ 1,491</u> | <u>\$ 3,060</u> | <u>\$ 768</u> | <u>\$ 20,485</u> |
| LIABILITIES | | | | | | | |
| Accounts payable and other accrued liabilities | <u>\$ 303</u> | <u>\$ 8,130</u> | <u>\$ 6,733</u> | <u>\$ 1,491</u> | <u>\$ 3,060</u> | <u>\$ 768</u> | <u>\$ 20,485</u> |
| Total liabilities | <u>\$ 303</u> | <u>\$ 8,130</u> | <u>\$ 6,733</u> | <u>\$ 1,491</u> | <u>\$ 3,060</u> | <u>\$ 768</u> | <u>\$ 20,485</u> |

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2013
(In thousands)

| | <u>Balance January 1, 2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31, 2013</u> |
|--|--|------------------|-------------------|--|
| SANITATION 15 YEAR LAW FUND | | | | |
| Assets: | | | | |
| Cash and investments | \$ 274 | \$ 29 | \$ — | \$ 303 |
| Total assets | <u>\$ 274</u> | <u>\$ 29</u> | <u>\$ —</u> | <u>\$ 303</u> |
| Liabilities: | | | | |
| Accounts payable and other accrued liabilities | \$ 274 | \$ 29 | \$ — | \$ 303 |
| Total liabilities | <u>\$ 274</u> | <u>\$ 29</u> | <u>\$ —</u> | <u>\$ 303</u> |
| UAL PERSONAL PROPERTY | | | | |
| Assets: | | | | |
| Cash and investments | \$ 8,130 | \$ — | \$ — | \$ 8,130 |
| Total assets | <u>\$ 8,130</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 8,130</u> |
| Liabilities: | | | | |
| Accounts payable and other accrued liabilities | \$ 8,130 | \$ — | \$ — | \$ 8,130 |
| Total liabilities | <u>\$ 8,130</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 8,130</u> |
| E – 911 ALLOCATION | | | | |
| Assets: | | | | |
| Cash and investments | \$ 2,415 | \$ 6,888 | \$ 3,563 | \$ 5,740 |
| Accounts receivable | 478 | 993 | 478 | 993 |
| Total assets | <u>\$ 2,893</u> | <u>\$ 7,881</u> | <u>\$ 4,041</u> | <u>\$ 6,733</u> |
| Liabilities: | | | | |
| Accounts payable and other accrued liabilities | \$ 2,893 | \$ 7,881 | \$ 4,041 | \$ 6,733 |
| Total liabilities | <u>\$ 2,893</u> | <u>\$ 7,881</u> | <u>\$ 4,041</u> | <u>\$ 6,733</u> |

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2013
(In thousands)

| | Balance January 1, 2013 | Additions | Deductions | Balance December 31, 2013 |
|--|--|------------------|-------------------|--|
| DPS RETIREE HEALTH INSURANCE | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,531 | \$ 2,544 | \$ 2,584 | \$ 1,491 |
| Total assets | \$ 1,531 | \$ 2,544 | \$ 2,584 | \$ 1,491 |
| Liabilities: | | | | |
| Accounts payable and other accrued liabilities | \$ 1,531 | \$ 2,544 | \$ 2,584 | \$ 1,491 |
| Total liabilities | \$ 1,531 | \$ 2,544 | \$ 2,584 | \$ 1,491 |
| IMPD CONFISCATED CASH | | | | |
| Assets: | | | | |
| Cash and investments | \$ 2,095 | \$ 981 | \$ 16 | \$ 3,060 |
| Total assets | \$ 2,095 | \$ 981 | \$ 16 | \$ 3,060 |
| Liabilities: | | | | |
| Accounts payable and other accrued liabilities | \$ 2,095 | \$ 981 | \$ 16 | \$ 3,060 |
| Total liabilities | \$ 2,095 | \$ 981 | \$ 16 | \$ 3,060 |
| OTHER | | | | |
| Assets: | | | | |
| Cash and investments | \$ 769 | \$ — | \$ 1 | \$ 768 |
| Total assets | \$ 769 | \$ — | \$ 1 | \$ 768 |
| Liabilities: | | | | |
| Accounts payable and other accrued liabilities | \$ 769 | \$ — | \$ 1 | \$ 768 |
| Total liabilities | \$ 769 | \$ — | \$ 1 | \$ 768 |
| TOTAL – ALL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and investments | \$ 15,214 | \$ 10,442 | \$ 6,164 | \$ 19,492 |
| Accounts receivable | 478 | 993 | 478 | 993 |
| Total assets | \$ 15,692 | \$ 11,435 | \$ 6,642 | \$ 20,485 |
| Liabilities: | | | | |
| Accounts payable and other accrued liabilities | \$ 15,692 | \$ 11,435 | \$ 6,642 | \$ 20,485 |
| Total liabilities | \$ 15,692 | \$ 11,435 | \$ 6,642 | \$ 20,485 |

Statistical Section

CITY OF INDIANAPOLIS

Statistical Section

Table of Contents

This section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Schedule #'s

Schedules 1–5

REVENUE CAPACITY

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Schedules 6–10

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Schedules 11–15

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Schedules 16–18

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Schedules 19–20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF INDIANAPOLIS
Net Position by Component
Schedule 1
Last Nine Fiscal Years
(Accrual basis of accounting)
(In thousands)

| | Fiscal Year | | | | | | | | |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Governmental activities: | | | | | | | | | |
| Net investment in capital assets | \$ 964,135 | \$ 968,197 | \$ 1,009,258 | \$ 963,536 | \$ 920,186 | \$ 961,358 | \$ 605,824 | \$ 621,413 | \$ 682,291 |
| Restricted | 122,202 | 193,243 | 175,864 | 195,743 | 214,479 | 209,948 | 188,976 | 124,511 | 122,379 |
| Unrestricted (deficit) | <u>(273,286)</u> | <u>(366,071)</u> | <u>(402,821)</u> | <u>(354,287)</u> | <u>(416,849)</u> | <u>(534,850)</u> | <u>(274,303)</u> | <u>(337,574)</u> | <u>(441,977)</u> |
| Total governmental activities net position | <u>\$ 813,051</u> | <u>\$ 795,369</u> | <u>\$ 782,301</u> | <u>\$ 804,992</u> | <u>\$ 717,816</u> | <u>\$ 636,456</u> | <u>\$ 520,497</u> | <u>\$ 408,350</u> | <u>\$ 362,693</u> |

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Changes in Net Position
Schedule 2
Last Nine Fiscal Years
(Accrual basis of accounting)
(In thousands)

| | Fiscal Year | | | | | | | | |
|--|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|---------------------|---------------------|--------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Expenses | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 43,646 | \$ 45,133 | \$ 46,890 | \$ 34,652 | \$ 88,824 | \$ 65,883 | \$ 60,880 | \$ 45,395 | \$ 36,467 |
| Public safety | 280,370 | 281,214 | 401,015 | 382,716 | 395,465 | 428,230 | 442,327 | 448,007 | 447,016 |
| Public works | 228,881 | 229,993 | 234,673 | 227,589 | 267,286 | 276,331 | 252,332 | 196,687 | 204,217 |
| Health and welfare | 4,598 | 4,962 | 5,621 | 5,354 | 5,112 | 4,079 | 4,496 | 3,890 | 6,015 |
| Cultural and recreation | 32,892 | 31,739 | 38,250 | 34,296 | 33,506 | 30,275 | 30,705 | 22,413 | 18,465 |
| Urban redevelopment and housing | 38,482 | 40,837 | 33,207 | 30,594 | 34,813 | 48,407 | 47,262 | 31,493 | 28,124 |
| Economic development and assistance | 11,804 | 14,126 | 22,315 | 26,247 | 28,491 | 45,441 | 79,164 | 97,983 | 41,862 |
| Interest | 56,192 | 63,262 | 62,178 | 73,774 | 74,039 | 63,280 | 69,382 | 55,920 | 55,480 |
| Total governmental activities expenses | <u>696,865</u> | <u>711,266</u> | <u>844,149</u> | <u>815,222</u> | <u>927,536</u> | <u>961,926</u> | <u>986,548</u> | <u>901,788</u> | <u>837,646</u> |
| Program Revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| General government | 12,471 | 13,672 | 14,025 | 13,980 | 14,816 | 17,712 | 18,551 | 20,982 | 22,245 |
| Public safety | 13,388 | 16,394 | 18,486 | 17,773 | 20,135 | 16,911 | 22,818 | 27,576 | 19,698 |
| Public works | 95,148 | 117,667 | 144,653 | 162,167 | 176,591 | 181,742 | 135,233 | 35,520 | 37,427 |
| Health and welfare | 952 | 864 | 864 | 901 | 375 | 289 | 31 | 74 | 675 |
| Cultural and recreation | 5,003 | 5,230 | 4,968 | 4,845 | 4,645 | 4,179 | 4,374 | 3,426 | 3,129 |
| Urban redevelopment and housing | 1,378 | 1,667 | 1,943 | 2,251 | 7,187 | 3,259 | 3,565 | 1,357 | 1,330 |
| Economic development and assistance | 1,450 | 1,033 | 966 | 675 | 298 | 477 | 692 | 791 | 1,051 |
| Operating grants and contributions | 113,844 | 123,417 | 142,344 | 107,546 | 137,557 | 157,126 | 161,033 | 143,556 | 138,311 |
| Capital grants and contributions | 93,315 | 63,466 | 69,657 | 31,167 | 32,637 | 25,652 | 51,681 | 30,217 | 77,797 |
| Total governmental activities program revenues | <u>336,949</u> | <u>343,410</u> | <u>397,906</u> | <u>341,305</u> | <u>394,241</u> | <u>407,347</u> | <u>397,978</u> | <u>263,499</u> | <u>301,663</u> |
| Net (Expense) Revenue | (359,916) | (367,856) | (446,243) | (473,917) | (533,295) | (554,579) | (588,570) | (638,289) | (535,983) |
| General Revenues and Other Changes in Net Position | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property tax | 229,238 | 221,904 | 256,969 | 247,908 | 274,655 | 265,801 | 256,517 | 277,122 | 280,883 |
| Wheel tax | 13,396 | 12,921 | 12,756 | 13,432 | 13,549 | 11,890 | 12,193 | 12,433 | 12,983 |
| County option income tax | 45,489 | 57,452 | 110,426 | 188,486 | 117,764 | 187,880 | 170,092 | 174,342 | 154,273 |
| Other taxes | 18,469 | 17,769 | 16,947 | 19,040 | 19,841 | 19,544 | 20,753 | 21,998 | 19,949 |
| Grants and contributions not restricted by function | 6,708 | 16,945 | 13,503 | 4,872 | 11,916 | 9,411 | 8,483 | 12,745 | 12,978 |
| Investment earnings not restricted by function | 8,535 | 18,099 | 17,967 | 11,000 | 3,625 | 3,743 | 4,054 | 3,481 | 3,416 |
| Miscellaneous | 1,214 | 5,084 | 4,607 | 11,870 | 4,769 | 3,950 | 15,110 | 24,021 | 20,133 |
| Transfers | — | — | — | — | — | — | (18,777) | — | — |
| Special item - termination payment | — | — | — | — | — | (29,000) | — | — | — |
| Special item - gain on sale of water and wastewater utilities | — | — | — | — | — | — | 4,186 | — | — |
| Total governmental activities general revenues and other changes in net position | <u>323,049</u> | <u>350,174</u> | <u>433,175</u> | <u>496,608</u> | <u>446,119</u> | <u>473,219</u> | <u>472,611</u> | <u>526,142</u> | <u>504,615</u> |
| Change in Net Position | | | | | | | | | |
| Governmental activities | <u>\$ (36,867)</u> | <u>\$ (17,682)</u> | <u>\$ (13,068)</u> | <u>\$ 22,691</u> | <u>\$ (87,176)</u> | <u>\$ (81,360)</u> | <u>\$ (115,959)</u> | <u>\$ (112,147)</u> | <u>\$ (31,368)</u> |

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Program Revenues by Function/Program
Schedule 3
Last Nine Fiscal Years
(Accrual basis of accounting)
(In thousands)

| | Fiscal Year | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Function/Program | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 12,535 | \$ 14,154 | \$ 14,459 | \$ 14,595 | \$ 16,372 | \$ 23,693 | \$ 31,250 | \$ 25,197 | \$ 28,022 |
| Public safety | 64,480 | 71,887 | 98,792 | 70,569 | 103,991 | 104,023 | 104,691 | 113,605 | 91,203 |
| Public works | 212,890 | 216,308 | 242,473 | 222,155 | 233,101 | 227,920 | 211,232 | 85,696 | 139,321 |
| Health and welfare | 3,106 | 2,939 | 3,503 | 3,755 | 2,000 | 2,485 | 3,678 | 4,611 | 7,118 |
| Cultural and recreation | 7,694 | 8,775 | 9,333 | 7,127 | 7,073 | 6,663 | 4,380 | 4,935 | 11,527 |
| Urban redevelopment and housing | 26,563 | 26,986 | 26,836 | 19,749 | 29,841 | 40,528 | 38,588 | 21,638 | 15,832 |
| Economic development and assistance | 9,681 | 2,361 | 2,510 | 3,355 | 1,863 | 2,035 | 4,159 | 7,817 | 8,640 |
| Total governmental activities program revenues | <u>\$ 336,949</u> | <u>\$ 343,410</u> | <u>\$ 397,906</u> | <u>\$ 341,305</u> | <u>\$ 394,241</u> | <u>\$ 407,347</u> | <u>\$ 397,978</u> | <u>\$ 263,499</u> | <u>\$ 301,663</u> |

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Fund Balances - Governmental Funds
Schedule 4
Last Nine Fiscal Years
(Modified accrual basis of accounting)
(In thousands)

| | Fiscal Year | | | | | |
|------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| General Fund: | | | | | | |
| Reserved | \$ 92,086 | \$ 73,618 | \$ 37,412 | \$ 33,865 | \$ 48,759 | \$ 32,866 |
| Unreserved | 125,526 | 136,643 | 79,182 | 83,292 | 162,602 | 133,765 |
| Total general fund | <u>\$ 217,612</u> | <u>\$ 210,261</u> | <u>\$ 116,594</u> | <u>\$ 117,157</u> | <u>\$ 211,361</u> | <u>\$ 166,631</u> |
| All other governmental funds: | | | | | | |
| Reserved | \$ 152,398 | \$ 179,519 | \$ 198,655 | \$ 230,856 | \$ 307,052 | \$ 362,565 |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | 1,558 | 511 | 148 | (503) | 184 | 14,442 |
| Capital projects funds | 19,132 | 75,784 | 100,381 | 103,328 | 64,895 | 87,575 |
| Debt service funds | — | — | — | — | (1,930) | 178 |
| Permanent fund | 336 | 345 | 361 | 377 | 376 | 376 |
| Total all other governmental funds | <u>\$ 173,424</u> | <u>\$ 256,159</u> | <u>\$ 299,545</u> | <u>\$ 334,058</u> | <u>\$ 370,577</u> | <u>\$ 465,136</u> |
| | <u>2011 (a)</u> | <u>2012</u> | <u>2013</u> | | | |
| General Fund: | | | | | | |
| Nonspendable | \$ — | \$ — | \$ — | | | |
| Restricted | 20,930 | 34,950 | 42,256 | | | |
| Committed | 215,273 | 134,151 | 70,457 | | | |
| Assigned | 51,434 | 96,691 | 76,815 | | | |
| Unassigned | 84,750 | 82,931 | 91,191 | | | |
| Total General Fund | <u>\$ 372,387</u> | <u>\$ 348,723</u> | <u>\$ 280,719</u> | | | |
| All other governmental funds: | | | | | | |
| Nonspendable | \$ 6,631 | \$ 1,872 | \$ 3,138 | | | |
| Restricted | 403,782 | 259,101 | 221,517 | | | |
| Committed | 1,000 | — | — | | | |
| Assigned | — | — | — | | | |
| Unassigned | (10,020) | (5,586) | (2,155) | | | |
| Total all other governmental funds | <u>\$ 401,393</u> | <u>\$ 255,387</u> | <u>\$ 222,500</u> | | | |

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

(a) Effective in 2011, the City implemented GASB Statement No. 54; the new fund balance classifications are disclosed above.

CITY OF INDIANAPOLIS
Changes in Fund Balances - Governmental Funds
Schedule 5
Last Nine Fiscal Years
(Modified accrual basis of accounting)
(In thousands)

| | Fiscal Year | | | | | | | | |
|---|------------------|------------------|--------------------|------------------|-------------------|------------------|-------------------|---------------------|---------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Revenues: | | | | | | | | | |
| Taxes | \$ 308,197 | \$ 310,178 | \$ 295,784 | \$ 445,216 | \$ 556,816 | \$ 474,935 | \$ 458,035 | \$ 487,666 | \$ 467,820 |
| Licenses and permits | 8,319 | 13,097 | 14,441 | 15,898 | 11,887 | 12,488 | 14,573 | 14,632 | 13,457 |
| Charges for services | 109,272 | 130,946 | 158,671 | 159,169 | 200,817 | 198,623 | 155,277 | 61,207 | 58,826 |
| Intergovernmental revenues | 122,092 | 131,323 | 158,782 | 112,674 | 152,128 | 168,344 | 172,171 | 171,362 | 164,365 |
| Intragovernmental revenues | 2,962 | 3,804 | 3,401 | 2,497 | 3,338 | 2,674 | 2,929 | 1,650 | 4,880 |
| Traffic violations and court fees | 4,320 | 4,441 | 4,185 | 11,309 | 13,602 | 6,291 | 9,514 | 6,707 | 5,429 |
| Interest and other operating revenues | 17,465 | 30,737 | 44,429 | 25,631 | 14,378 | 15,144 | 27,394 | 37,630 | 31,816 |
| Total revenues | 572,627 | 624,526 | 679,693 | 772,394 | 952,966 | 878,499 | 839,893 | 780,854 | 746,593 |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 25,694 | 24,193 | 25,024 | 18,190 | 21,842 | 42,446 | 35,980 | 25,015 | 21,721 |
| Public safety | 251,297 | 261,140 | 343,222 | 345,965 | 352,790 | 388,364 | 407,409 | 414,456 | 416,774 |
| Public works | 116,336 | 117,032 | 129,584 | 131,156 | 133,258 | 150,988 | 174,235 | 100,806 | 101,172 |
| Health and welfare | 4,453 | 4,778 | 5,430 | 5,221 | 4,928 | 4,053 | 4,471 | 3,865 | 5,973 |
| Cultural and recreation | 26,017 | 25,501 | 28,883 | 28,085 | 25,431 | 22,581 | 23,933 | 14,579 | 13,864 |
| Urban redevelopment and housing | 29,827 | 27,946 | 28,355 | 23,962 | 30,093 | 44,037 | 40,733 | 27,374 | 24,033 |
| Economic development and assistance | 7,359 | 1,773 | 12,614 | 20,289 | 24,308 | 42,111 | 73,758 | 95,236 | 37,981 |
| Capital outlays | 82,928 | 117,918 | 194,529 | 138,879 | 138,754 | 226,218 | 246,409 | 151,228 | 105,394 |
| Debt service: | | | | | | | | | |
| Redemption of bonds and notes | 64,270 | 96,412 | 92,076 | 78,811 | 78,607 | 93,793 | 80,162 | 68,114 | 61,598 |
| Interest on bonds and notes | 48,032 | 54,514 | 54,809 | 63,886 | 68,255 | 55,388 | 57,971 | 50,892 | 51,981 |
| Swap termination payment | — | — | — | — | 28,780 | — | — | — | — |
| Bond and note issuance costs | 1,616 | 2,026 | 3,760 | 1,160 | 2,758 | 4,987 | 4,130 | 614 | 5,705 |
| Advance funding escrow | — | — | — | — | 649 | — | 3,318 | — | 36,705 |
| Operating lease payments and administration | 19,213 | 19,054 | 19,636 | 15,399 | 15,167 | 15,439 | 15,781 | 16,339 | 16,047 |
| Total expenditures | 677,042 | 752,287 | 937,922 | 871,003 | 925,620 | 1,090,405 | 1,168,290 | 968,518 | 898,948 |
| Excess (deficiency) of revenues under expenditures | (104,415) | (127,761) | (258,229) | (98,609) | 27,346 | (211,906) | (328,397) | (187,664) | (152,355) |
| Other financing sources (uses): | | | | | | | | | |
| Proceeds of financing from capital lease | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 8,175 | \$ — | \$ — |
| Proceeds from execution of parking meter contract | — | — | — | — | — | 20,000 | — | — | — |
| Proceeds from restructuring of debt | — | — | — | — | — | — | — | — | 85 |
| Sales of capital assets | 393 | 455 | 939 | 363 | 645 | 910 | 1,574 | 1,608 | 795 |
| Bond and notes issued | 158,971 | 199,999 | 198,915 | 129,675 | 87,281 | 229,732 | 146,495 | 17,915 | 5,780 |
| Premium on bonds and notes issued | — | 2,691 | 5,381 | 1,647 | 15,451 | 11,093 | 6,810 | 2,509 | 11,744 |
| Refunding bonds issued | — | — | 89,410 | — | 133,775 | — | 39,000 | 24,415 | 86,605 |
| Payment to refunded bond escrow agent | — | — | (86,697) | — | (133,775) | — | (25,979) | (28,453) | (53,545) |
| Transfers in | 44,935 | 45,313 | 60,253 | 82,245 | 59,105 | 108,357 | 141,489 | 65,313 | 102,216 |
| Transfers out | (44,935) | (45,313) | (60,253) | (82,245) | (59,105) | (108,357) | (160,266) | (65,313) | (102,216) |
| Total other financing sources (uses) | 159,364 | 203,145 | 207,948 | 131,685 | 103,377 | 261,735 | 157,298 | 17,994 | 51,464 |
| Special item—sale of wastewater collection and treatment facilities: | | | | | | | | | |
| Assumption of bond anticipation note by CEG | — | — | — | — | — | — | 51,137 | — | — |
| Proceeds from sale of wastewater collection and treatment facilities | — | — | — | — | — | — | 262,600 | — | — |
| Assumption of additional liabilities by CEG | — | — | — | — | — | — | 1,134 | — | — |
| Transfer of debt service reserve and unspent bond proceeds to CEG | — | — | — | — | — | — | (1,759) | — | — |
| Total special item | — | — | — | — | — | — | 313,112 | — | — |
| Net change in fund balances (deficits) | \$ 54,949 | \$ 75,384 | \$ (50,281) | \$ 33,076 | \$ 130,723 | \$ 49,829 | \$ 142,013 | \$ (169,670) | \$ (100,891) |
| Debt service as a percentage of noncapital expenditures | 19% | 23% | 19% | 19% | 18% | 17% | 15% | 15% | 15% |
| Debt service expenditures | \$ 112,302 | \$ 150,926 | \$ 146,885 | \$ 142,697 | \$ 146,862 | \$ 149,181 | \$ 138,133 | \$ 119,006 | \$ 113,579 |
| Noncapital expenditures | 604,393 | 657,704 | 781,184 | 746,880 | 809,808 | 892,858 | 932,309 | 803,222 | 781,499 |

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Tax Revenues by Source - Governmental Funds
Schedule 6
Last Nine Fiscal Years
(Modified accrual basis)
(In thousands)

| Fiscal year | Property | | Local income tax | | Wheel tax | | Other (a) | | Total taxes |
|--------------------|-----------------|-------------|-------------------------|---------|------------------|--------|------------------|--------|--------------------|
| 2005 | \$ | 230,073 | \$ | 46,236 | \$ | 13,396 | \$ | 18,492 | \$ 308,197 |
| 2006 | | 222,202 | | 57,345 | | 12,921 | | 17,710 | 310,178 |
| 2007 | | 194,501 | | 71,571 | | 12,756 | | 16,956 | 295,784 |
| 2008 | | 243,042 | | 170,651 | | 13,432 | | 18,091 | 445,216 |
| 2009 | | 345,163 (b) | | 174,560 | | 13,550 | | 23,543 | 556,816 |
| 2010 | | 255,772 | | 187,880 | | 11,890 | | 19,393 | 474,935 |
| 2011 | | 255,230 | | 170,092 | | 12,193 | | 20,520 | 458,035 |
| 2012 | | 279,254 | | 174,342 | | 12,433 | | 21,637 | 487,666 |
| 2013 | | 280,596 | | 154,273 | | 12,978 | | 19,973 | 467,820 |

(a) Includes financial institution and other local taxes.

(b) Property tax revenue includes \$115 million of 2008 property taxes that were not distributed until 2009 due to the delay in property tax billings.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Assessed Value and Estimated Actual Value of Taxable Property
Schedule 7
Last Nine Fiscal Years
(In thousands)

| <u>Fiscal year</u> | <u>Residential property</u> | <u>Commercial property</u> | <u>Industrial property</u> | <u>Personal property</u> | <u>Other</u> | <u>Total taxable assessed value (a) (b)</u> | <u>Total direct tax rate</u> | <u>Estimated actual taxable value</u> | <u>Taxable assessed value as a percentage of actual taxable value (a)</u> |
|--------------------|-----------------------------|----------------------------|----------------------------|--------------------------|--------------|---|------------------------------|---------------------------------------|---|
| 2005 | \$ 20,253,137 | \$ 12,183,743 | \$ 1,614,660 | \$ 7,229,661 | \$ 508,322 | \$ 41,789,523 | 0.9553 % | \$ 41,789,523 | 100% |
| 2006 | 20,737,062 | 11,877,672 | 1,604,481 | 7,770,818 | 482,842 | 42,472,875 | 0.9425 | 42,472,875 | 100 |
| 2007 | 24,627,515 | 15,930,401 | 2,733,130 | 5,935,716 | 597,690 | 49,824,452 | 0.8746 | 49,824,452 | 100 |
| 2008 | 24,790,420 | 14,694,619 | 2,598,170 | 5,454,450 | 332,284 | 47,869,943 | 0.8920 | 47,869,943 | 100 |
| 2009 | 18,016,590 | 14,553,256 | 2,813,644 | 5,657,964 | 324,992 | 41,366,446 | 0.8634 | 41,366,446 | 100 |
| 2010 | 16,775,664 | 14,576,670 | 3,044,559 | 5,745,524 | 324,320 | 40,466,737 | 0.8673 | 40,466,737 | 100 |
| 2011 | 16,287,697 | 13,923,228 | 3,221,540 | 5,449,472 | 895,749 | 39,777,686 | 0.9525 | 39,777,686 | 100 |
| 2012 | 15,978,644 | 13,498,295 | 3,298,832 | 5,467,373 | 868,354 | 39,111,498 | 1.0034 | 39,111,498 | 100 |
| 2013 | 16,191,259 | 13,110,440 | 3,189,252 | 5,841,671 | 888,684 | 39,221,306 | 0.9802 | 39,221,306 | 100 |

Note: Tax-exempt property for 2013 of \$814,696 represents charitable organizations and other deductions. Government property is generally not assessed.

- (a) Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.
- (b) In 2013, total taxable assessed value includes \$3,528,040 of assessed valuation for Marion County Tax Increment Financing Districts.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Direct and Overlapping Governments - Property Tax Rates (a) (b)
Schedule 8
Last Nine Fiscal Years
(Rate per \$100 of assessed value)

| Fiscal Year | City of Indianapolis | | | Overlapping rates | | | | | | Total direct and overlapping rates |
|-------------|----------------------|----------------------|--------------------|---------------------|------------------------|------------------------------------|--------------------|--------|--------|------------------------------------|
| | Operating millage | Debt service millage | Total city millage | County direct rates | | Total City-County Council approved | Other direct rates | | | |
| | | | | County | Municipal corporations | | School | State | Other | |
| 2005 | 0.9184 | 0.0369 | 0.9553 | 0.4163 | 0.3750 | 1.7466 | 1.6744 | 0.0024 | 0.0516 | 3.4750 |
| 2006 | 0.9056 | 0.0369 | 0.9425 | 0.3555 | 0.3751 | 1.6731 | 1.7172 | 0.1538 | 0.0523 | 3.5964 |
| 2007 | 0.8372 | 0.0374 | 0.8746 | 0.5741 | 0.3420 | 1.7907 | 1.8713 | 0.0024 | 0.0522 | 3.7166 |
| 2008 | 0.8683 | 0.0237 | 0.8920 | 0.4847 | 0.3521 | 1.7288 | 1.7668 | 0.0024 | 0.0510 | 3.5490 |
| 2009 | 0.8073 | 0.0561 | 0.8634 | 0.3513 | 0.3254 | 1.5401 | 1.1569 | 0.0000 | 0.0578 | 2.7548 |
| 2010 | 0.8041 | 0.0632 | 0.8673 | 0.3534 | 0.3282 | 1.5489 | 1.3692 | 0.0000 | 0.0615 | 2.9796 |
| 2011 | 0.8807 | 0.0718 | 0.9525 | 0.3665 | 0.3685 | 1.6875 | 1.4065 | 0.0000 | 0.0615 | 3.1555 |
| 2012 | 0.9116 | 0.0918 | 1.0034 | 0.4007 | 0.3958 | 1.7999 | 1.2711 | 0.0000 | 0.0670 | 3.1380 |
| 2013 | 0.9069 | 0.0733 | 0.9802 | 0.3932 | 0.4314 | 1.8048 | 1.4829 | 0.0000 | 0.0607 | 3.3484 |

- (a) Rate of District 101 (Indianapolis-Center Township), which is the only rate that includes all major services.
(b) Data presented is per the tax rate schedule certified by the Department of Local Government Finance (DLGF).

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Principal Property Tax Payers
Schedule 9
Current Fiscal Year and Nine Years Ago
(In thousands)

| Principal taxpayers | 2013 | | | Principal taxpayers | 2004 | | |
|--|----------------------------|------|---|--|--------------------------------|------|---|
| | Taxable assessed value (a) | Rank | Percentage of total city taxable assessed value | | Taxable assessed value (b) (c) | Rank | Percentage of total city taxable assessed value |
| Eli Lilly and Company | \$ 1,130,547 | 1 | 2.882 % | Eli Lilly and Company | \$ 790,468 | 1 | 1.980 % |
| Citizens Energy Group | 440,801 | 2 | 1.124 | South Western Bell | 397,080 | 2 | 0.994 |
| Indianapolis Power and Light Company | 408,967 | 3 | 1.043 | Indianapolis Power and Light | 361,426 | 3 | 0.905 |
| Convention Headquarters Hotels, LLC | 174,342 | 4 | 0.445 | Simon Property Group, Inc. | 275,553 | 4 | 0.690 |
| Federal Express Corporation | 165,049 | 5 | 0.421 | AIMCo | 263,419 | 5 | 0.660 |
| Cw Monument Circle Inc. | 142,726 | 6 | 0.364 | General Motors Corporation | 199,030 | 6 | 0.498 |
| Indiana Bell Telephone Company, Inc. | 135,904 | 7 | 0.347 | Federal Express Corp | 194,385 | 7 | 0.487 |
| Allison Transmission Inc. | 120,901 | 8 | 0.308 | International Truck and Engine | 178,911 | 8 | 0.448 |
| American United Life Insurance Company | 97,784 | 9 | 0.249 | Visteon Corporation | 152,576 | 9 | 0.382 |
| Castleton Square, LLC | 90,661 | 10 | 0.231 | American United Life Insurance Company | 118,127 | 10 | 0.296 |
| Rolls-Royce Corporation | 80,618 | 11 | 0.206 | Wal-Mart | 114,234 | 11 | 0.286 |
| SVC Manufacturing | 80,606 | 12 | 0.206 | Monument Circle, LLC | 108,647 | 12 | 0.272 |
| Indianapolis Motor Speedway, LLC | 79,736 | 13 | 0.203 | Rolls-Royce | 103,894 | 13 | 0.260 |
| Keystone Investors, LLC | 79,545 | 14 | 0.203 | Marsh Supermarkets, Inc. | 97,845 | 14 | 0.245 |
| Ingredion Inc. | 73,799 | 15 | 0.188 | Roche Diagnostics Corp. | 91,370 | 15 | 0.229 |
| Circle Centre Development Co. | 69,406 | 16 | 0.177 | | \$ <u>3,446,965</u> | | <u>8.632 %</u> |
| Verizon Wireless | 66,482 | 17 | 0.170 | | | | |
| HUB Properties GA, LLC | 62,116 | 18 | 0.158 | | | | |
| MT Acquisitions, LLC | 61,389 | 19 | 0.157 | | | | |
| Hertz Indianapolis Two, LLC | 52,371 | 20 | 0.134 | | | | |
| | \$ <u>3,613,750</u> | | <u>9.216 %</u> | | | | |

- (a) Represents the March 1, 2012 valuations for taxes due and payable in 2013 as represented by the taxpayer. Amounts in thousands. Net assessed valuation was determined using public records from the Marion County Treasurer's Office.
- (b) Represents the March 1, 2003 valuations for taxes due and payable in 2004 as represented by the taxpayer. Amounts in thousands. Net assessed valuation was determined using public records from the Marion County Treasurer's Office.
- (c) Data presented as originally published in the 2004 Comprehensive Annual Financial Report.

CITY OF INDIANAPOLIS
Property Tax Levies and Collections
Schedule 10
Last Three Fiscal Years
(In thousands)

| Fiscal year ended December 31 | Taxes levied for the fiscal year | Collected within the fiscal year of the levy | | Collections in subsequent years (a) | Total collections to date | |
|--|---|---|-------------------------------|--|----------------------------------|-------------------------------|
| | | Amount | Percentage of levy | | Amount (b) | Percentage of levy |
| 2011 | \$ 184,301 | \$ 175,069 | 95.0 % | \$ 8,403 | \$ 183,472 | 99.6 % |
| 2012 | 195,321 | 185,118 | 94.8 | 7,044 | 192,162 | 98.4 |
| 2013 | 186,122 | 179,501 | 96.4 | — | 179,501 | 96.4 |

(a) Beginning in 2011, delinquent collections were broken down by original levy year in information provided by the Marion County Treasurer.

Data regarding the prior year collections is not available and therefore is not included in this table.

(b) Tax increment revenues are not included in the collected amounts because there is no separate tax levy for them.

CITY OF INDIANAPOLIS
Ratios of Outstanding Debt by Type
Schedule 11
Last Nine Fiscal Years
(In thousands, except per capita)

| Fiscal year | Governmental activities | | | | | | Percentage of personal income (a) | Per capita (a) |
|-------------|------------------------------|---------------------|-------------------|---|----------------|------------------------------------|-----------------------------------|----------------|
| | General obligation bonds (b) | Tax increment bonds | Revenue bonds (b) | Notes payable and certificates of participation | Capital leases | Total Governmental Activities Debt | | |
| 2005 | \$ 338,642 | \$ 468,392 | \$ 249,193 | \$ 42,648 | \$ 2,020 | \$ 1,100,895 | 1.84% | \$ 1,438 |
| 2006 | 320,385 | 438,863 | 406,626 | 47,628 | 1,112 | 1,214,614 | 1.93 | 1,527 |
| 2007 | 305,051 | 442,678 | 567,104 | 29,239 | 151 | 1,344,223 | 2.03 | 1,669 |
| 2008 | 319,441 | 490,169 | 572,965 | 27,384 | — | 1,409,959 | 2.09 | 1,773 |
| 2009 | 293,756 | 517,964 | 590,715 | 25,816 | — | 1,428,251 | 2.13 | 1,767 |
| 2010 | 265,900 | 536,092 | 728,684 | 41,335 | — | 1,572,011 | 2.30 | 1,947 |
| 2011 | 218,188 | 650,409 | 271,313 | 37,300 | 8,175 | 1,185,385 | 1.64 | 1,445 |
| 2012 | 210,616 | 632,594 | 264,850 | 46,150 | 8,175 | 1,162,385 | 1.42 | 1,392 |
| 2013 | 180,800 | 626,551 | 260,150 | 28,732 | 8,038 | 1,104,271 | 1.35 | 1,309 |

(a) See schedule 16 for personal income and population data. These ratios are calculated using personal income and population.

(b) Effective August 26, 2011, the City's water and wastewater utilities were sold to Citizens Energy Group. As part of the sale, CEG assumed \$1,408,369 of revenue bonds and agreed to fund the remaining sanitary district general obligation debt in the amount of \$41,803 as it comes to maturity through 2018.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Ratios of Net General Bonded Debt Outstanding
Schedule 12
Last Nine Fiscal Years
(In thousands, except per capita)

| Fiscal year | Net general bonded debt outstanding | | | Total | Percentage of actual taxable value of property (b) | Per capita (a) |
|-------------|-------------------------------------|--|--|------------|--|----------------|
| | General obligation bonds | Less: Amounts available in debt service fund | | | | |
| 2005 | \$ 338,642 | \$ 20,073 | | \$ 318,569 | 0.762 % | \$ 416.26 |
| 2006 | 320,385 | 22,866 | | 297,519 | 0.700 | 374.01 |
| 2007 | 305,051 | 27,282 | | 277,769 | 0.557 | 344.85 |
| 2008 | 319,441 | 26,783 | | 292,658 | 0.611 | 367.91 |
| 2009 | 293,756 | 28,946 | | 264,810 | 0.640 | 327.55 |
| 2010 | 265,900 | 27,681 | | 238,219 | 0.589 | 294.98 |
| 2011 | 218,188 | (c) 7,935 | | 210,253 | 0.529 | 256.27 |
| 2012 | 210,616 | (c) 29,816 | | 180,800 | 0.462 | 216.57 |
| 2013 | 180,800 | (c) 24,645 | | 156,155 | 0.398 | 185.15 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (a) Population data can be found in schedule 16.
- (b) Property value data can be found in schedule 7.
- (c) As part of the purchase agreement of the wastewater facilities, CEG agreed to fund the remaining sanitary district general obligation debt in the amount of \$41,803 as it comes to maturity through 2018.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2013
(In thousands)

| | Map reference (see introduction (e)) | Assessed value (d) | Bonding limit | | Bonds outstanding (h) |
|---|---|-----------------------|---------------|---------------------|----------------------------|
| | | | % | Dollar amount | |
| Direct Debt: | | | | | |
| City of Indianapolis: | | | | | |
| Civil City | 2 | \$ 33,385,304 | 0.67% | \$ 223,682 | \$ 64,885 |
| Park District | 1 | 35,693,267 | 0.67% | 239,145 | 14,647 |
| Redevelopment District | 2 | 33,385,304 | (f) | — | 525 |
| Flood Control District | 1 | 35,693,267 | 0.67% | 239,145 | 7,170 |
| Metropolitan Thoroughfare District | 1 | 35,693,267 | 1.33% | 474,720 | 27,488 |
| Sanitary District | 8 | 32,921,017 | 4.00% | 1,316,841 | 35,425 |
| Solid Waste Disposal District | 7 | 33,428,589 | 2.00% | 668,572 | — |
| Public Safety Communications and Computer Facilities District | 1 | 35,693,267 | 0.67% | 239,145 | 30,660 |
| Total City General Obligation Debt | | | | <u>\$ 3,401,250</u> | <u>\$ 180,800</u> |
| Other Direct Debt | | | | | |
| Tax increment bonds | | | | | 626,551 |
| Revenue bonds | | | | | 260,150 |
| Note payable and certificate of participations | | | | | 28,732 |
| Capital leases | | | | | 8,038 |
| Total City Direct Debt | | | | | <u><u>\$ 1,104,271</u></u> |
| Overlapping: | | | | | |
| Marion County | 1 | \$ 35,693,267 | 0.67% | \$ 239,145 | \$ — |
| Municipal Corporations: | | | | | |
| Indianapolis Airport Authority | 1 | \$ 35,693,267 | 0.67% | \$ 239,145 | \$ — |
| Health and Hospital Corporation | 1 | 35,693,267 | 0.67% | 239,145 | 208,865 |
| Capital Improvement Board of Managers | 1 | 35,693,267 | 0.67% | 239,145 | — |
| Indianapolis-Marion County Building Authority | 1 | 35,693,267 | (b) | — | 10,740 |
| Indianapolis-Marion County Public Library | 4 | 34,789,454 | 0.67% | 233,089 | 73,705 |
| Indianapolis Public Transportation Corporation | 2 | 33,779,081 | 0.67% | 226,320 | 4,675 |
| Total Municipal Corporations | | | | <u>\$ 1,176,844</u> | <u>\$ 297,985</u> |
| School Districts: | | | | | |
| Beech Grove | 9 | \$ 371,520 | (g) | \$ 63,063 | \$ 4,402 |
| Decatur | 9 | 1,080,729 | (g) | 161,460 | 3,224 |
| Franklin | 9 | 1,754,835 | (g) | 268,823 | — |
| Indianapolis Public Schools | 9 | 9,494,872 | (g) | 600,032 | 23,047 |
| Lawrence | 9 | 4,722,452 | (g) | 244,362 | 25,245 |
| Perry | 9 | 3,066,711 | (g) | 178,537 | 15,950 |
| Pike | 9 | 4,561,987 | (g) | 110,925 | 28,600 |
| Speedway | 9 | 532,292 | (g) | 10,646 | 900 |

(Continued)

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2013
(In thousands)

| | Map reference (see introduction (e)) | Assessed value (d) | Bonding limit | | Bonds outstanding (h) |
|--------------------------------------|---|-----------------------|---------------|---------------------|--------------------------|
| | | | % | Dollar amount | |
| School Districts (continued): | | | | | |
| Warren | 9 | \$ 2,290,026 | (g) | \$ 45,801 | \$ 2,428 |
| Washington | 9 | 5,503,911 | (g) | 151,698 | 4,000 |
| Wayne | 9 | 2,374,326 | (g) | 292,167 | 20,345 |
| Total School Districts | | <u>\$ 35,753,661</u> | | <u>\$ 2,127,514</u> | <u>\$ 128,141</u> |
| Other Cities and Towns: | | | | | |
| Beech Grove | 2 | \$ 393,777 | 0.67% | \$ 2,638 | \$ 1,865 |
| Lawrence | 2 | 1,338,609 | 0.67% | 8,969 | 4,790 |
| Southport | 2 | 43,285 | 0.67% | 290 | 285 |
| Speedway | 2 | 532,292 | 0.67% | 3,566 | 4,185 |
| Total Other Cities and Towns | | <u>\$ 2,307,963</u> | | <u>\$ 15,463</u> | <u>\$ 11,125</u> |
| Townships: | | | | | |
| Center | 3 | \$ 5,329,872 | 0.67% | \$ 35,710 | \$ — |
| Decatur | 3 | 1,085,891 | 0.67% | 7,275 | — |
| Franklin | 3 | 1,889,008 | 0.67% | 12,656 | — |
| Lawrence | 3 | 5,059,333 | 0.67% | 33,898 | 1,745 |
| Perry | 3 | 3,333,302 | 0.67% | 22,333 | — |
| Pike | 3 | 4,335,892 | 0.67% | 29,050 | 5,600 |
| Warren | 3 | 3,095,239 | 0.67% | 20,738 | — |
| Washington | 3 | 7,678,792 | 0.67% | 51,448 | — |
| Wayne | 3 | 3,640,990 | 0.67% | 24,395 | 850 |
| Total Townships | | <u>\$ 35,448,319</u> | | <u>\$ 237,503</u> | <u>\$ 8,195</u> |
| Excluded Library Districts: | | | | | |
| Beech Grove | 4 | \$ 371,520 | 0.67% | \$ 2,489 | \$ — |
| Speedway | 4 | 532,292 | 0.67% | 3,566 | 380 |
| Total Excluded Library Districts | | <u>\$ 903,812</u> | | <u>\$ 6,055</u> | <u>\$ 380</u> |
| Ben Davis Conservancy District | | \$ 898 | (c) | \$ — | \$ — |
| Total overlapping debt | | | | | <u>\$ 445,826</u> |
| Total direct and overlapping debt | | | | | <u>\$ 1,550,097</u> |

(Continued)

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2013
(In thousands)

- (a) Excludes revenue bonds not payable from ad valorem taxes.
- (b) There is no debt limit for the Indianapolis-Marion County Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Building Authority's enabling legislation.
- (c) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.
- (d) Represents the March 1, 2012 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2013.
- (e) See Introductory Section.
- (f) There is no statutory constitutional debt limitation to the Redevelopment Districts.
- (g) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.
- (h) Governmental activities debt of the overlapping governments is not readily available; only general obligation debt is reported in this column.

CITY OF INDIANAPOLIS
Computation of Legal Debt Margin (a)(c)
Schedule 14
December 31, 2013
(In thousands)

| | <u>Assessed value (b)</u> | <u>Debt limit percentage</u> | <u>Debt limit</u> | <u>Bonds outstanding</u> | <u>Legal debt margin</u> | <u>Total net debt applicable to the limit as a percentage of debt limit</u> |
|---|-------------------------------|----------------------------------|-------------------|------------------------------|------------------------------|---|
| Civil City | \$ 33,385,304 | 0.67% | \$ 223,682 | \$ 64,885 | \$ 158,797 | 29.01% |
| Park District | 35,693,267 | 0.67% | 239,145 | 14,647 | 224,498 | 6.12% |
| Redevelopment District | 33,385,304 | (b) | — | 525 | — | — |
| Flood Control District | 35,693,267 | 0.67% | 239,145 | 7,170 | 231,975 | 3.00% |
| Metropolitan Thoroughfare District | 35,693,267 | 1.33% | 474,720 | 27,488 | 447,232 | 5.79% |
| Sanitary District | 32,921,017 | 4.00% | 1,316,841 | 35,425 | 1,281,416 | 2.69% |
| Solid Waste Disposal District | 33,428,589 | 2.00% | 668,572 | — | 668,572 | — |
| Public Safety Communications and Computer Facilities District | 35,693,267 | 0.67% | 239,145 | 30,660 | 208,485 | 12.82% |

(a) No bonding authority payable from ad valorem taxes.

(b) There is no statutory constitutional debt limitation applicable to the Redevelopment District.

(c) Due to the extreme complexity of the taxing district structure, the City has not presented the required ten years of data as showing more than one year of data is extremely cumbersome. Previous years data can be found in the Comprehensive Annual Financial Reports from prior years.

CITY OF INDIANAPOLIS
Pledged Revenue Coverage
Schedule 15
Last Nine Fiscal Years
(In thousands)

| Fiscal year | Wheel tax bonds | | | | |
|-------------|-----------------------|--------------|----------|--|----------|
| | Wheel tax revenue (a) | Debt service | | | Coverage |
| | | Principal | Interest | | |
| 2005 | \$ 14,406 | \$ 4,775 | \$ 1,913 | | 2.15 |
| 2006 | 15,866 | 5,005 | 1,701 | | 2.37 |
| 2007 | 15,712 | 3,180 | 1,144 | | 3.63 |
| 2008 | 13,432 | 5,480 | 1,238 | | 2.00 |
| 2009 | 12,367 | 5,740 | 983 | | 1.84 |
| 2010 | 11,890 | 3,570 | 762 | | 2.74 |
| 2011 | 12,194 | 1,355 | 592 | | 6.26 |
| 2012 | 12,433 | 1,415 | 532 | | 6.39 |
| 2013 | 12,983 | 1,525 | 543 | | 6.28 |

| City cumulative funds (b) | Redevelopment revenue bonds | | | |
|---------------------------|-----------------------------|--------------|----------|----------|
| | Principal | Debt service | | Coverage |
| | | Principal | Interest | |
| \$ 520 | \$ 390 | \$ 107 | | 1.05 |
| 556 | 400 | 101 | | 1.11 |
| 522 | 410 | 83 | | 1.06 |
| 510 | 400 | 70 | | 1.09 |
| 375 | 440 | 57 | | 0.75 |
| 475 | 425 | 42 | | 1.02 |
| 471 | 440 | 26 | | 1.01 |
| — | 455 | — | | — |
| — | — | — | | — |

| Tax increment revenues (c) | Property tax increment bonds | | | |
|----------------------------|------------------------------|--------------|----------|----------|
| | Principal | Debt service | | Coverage |
| | | Principal | Interest | |
| \$ 56,932 | \$ 25,227 | \$ 24,207 | | 1.15 |
| 47,348 | 32,404 | 24,198 | | 0.84 |
| 32,325 | 28,065 | 21,346 | | 0.65 |
| 57,717 | 28,150 | 24,298 | | 1.10 |
| 112,951 | 24,760 | 24,458 | | 2.29 (d) |
| 66,615 | 43,236 | 22,420 | | 1.01 |
| 60,980 | 56,145 | 22,745 | | 0.77 |
| 74,006 | 36,009 | 12,960 | | 1.51 |
| 82,754 | 29,701 | 17,729 | | 1.74 |

| Fiscal year | Facilities revenue bonds | | | | |
|-------------|--------------------------|--------------|----------|--|----------|
| | Charge back (e) | Debt service | | | Coverage |
| | | Principal | Interest | | |
| 2005 | \$ NA | \$ NA | \$ NA | | NA |
| 2006 | NA | NA | NA | | NA |
| 2007 | 1,256 | 610 | 712 | | 0.95 |
| 2008 | 1,593 | 885 | 834 | | 0.93 |
| 2009 | 1,793 | 1,105 | 784 | | 0.95 |
| 2010 | 2,210 | 1,190 | 739 | | 1.15 |
| 2011 | 1,947 | 1,240 | 691 | | 1.01 |
| 2012 | 1,853 | 1,300 | 632 | | 0.96 |
| 2013 | 1,535 | 1,365 | 575 | | 0.79 |

| Parking fees (f) | Economic development bonds | | | |
|------------------|----------------------------|--------------|----------|----------|
| | Principal | Debt service | | Coverage |
| | | Principal | Interest | |
| \$ 1,699 | \$ — | \$ 1,309 | | 1.30 |
| 1,940 | 100 | 1,487 | | 1.22 |
| 1,659 | — | 1,647 | | 1.01 |
| 2,060 | 60 | 1,898 | | 1.05 |
| 2,250 | 135 | 1,994 | | 1.06 |
| 1,654 | 98 | 1,384 | | 1.12 |
| 1,365 | 104 | 1,096 | | 1.14 |
| 1,669 | — | 1,548 | | 1.08 |
| 1,004 | 255 | 749 | | 1.00 |

| Net revenues of the stormwater system (g) | Stormwater revenue bonds | | | |
|---|--------------------------|--------------|----------|----------|
| | Principal | Debt service | | Coverage |
| | | Principal | Interest | |
| \$ NA | \$ NA | \$ NA | | NA |
| 1,650 | — | 1,650 | | 1.00 |
| 2,121 | — | 2,121 | | 1.00 |
| 3,051 | 930 | 2,121 | | 1.00 |
| 3,054 | 970 | 2,084 | | 1.00 |
| 3,060 | 1,015 | 2,045 | | 1.00 |
| 3,220 | 1,190 | 2,030 | | 1.00 |
| 3,975 | 1,435 | 2,540 | | 1.00 |
| 2,673 | 780 | 1,893 | | 1.00 |

| Fiscal year | PILOT revenue bonds | | | | |
|-------------|-------------------------------|--------------|--------------|--|----------|
| | Payments in lieu of taxes (h) | Debt service | | | Coverage |
| | | Principal | Interest (i) | | |
| 2005 | \$ NA | \$ NA | \$ NA | | NA |
| 2006 | NA | NA | NA | | NA |
| 2007 | NA | NA | NA | | NA |
| 2008 | NA | NA | NA | | NA |
| 2009 | NA | NA | NA | | NA |
| 2010 | 5,574 | — | 3,054 | | 1.83 |
| 2011 | 14,214 | — | 7,910 | | 1.80 |
| 2012 | 5,264 | — | 7,910 | | 0.67 |
| 2013 | 5,875 | — | 7,910 | | 0.74 |

Note: NA stands for not applicable.

- (a) Wheel taxes on vehicles
- (b) City cumulative capital development fund revenue transfers
- (c) Property tax increment revenues collected in TIF districts
- (d) Does not include \$128,210 of refunding bonds.
- (e) Charge back to City-County agencies
- (f) Fees from parking garage
- (g) Improvements of stormwater handling capabilities
- (h) Payments in lieu of taxes wastewater system
- (i) Certain PILOT revenue bond proceeds, representing capitalized interest, have been used to fund bond interest payments.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Demographic and Economic Statistics
 Schedule 16
 Last Nine Fiscal Years

| <u>Calendar year</u> | <u>Population (a)</u> | <u>Personal income (thousands of dollars) (b)</u> | <u>Per capita personal income (b)</u> | <u>Median age (c)</u> | <u>Education level in years of schooling (a)</u> | <u>School enrollment (d)</u> | <u>Unemployment rate (e)</u> |
|----------------------|-----------------------|---|---------------------------------------|-----------------------|--|------------------------------|------------------------------|
| 2005 | 765,310 | \$ 59,683,000 | \$ 36,391 | 34.80 | 12 | 135,705 | 4.80% |
| 2006 | 795,484 | 63,058,000 | 37,849 | 35.90 | 12 | 137,757 | 4.40 |
| 2007 | 805,489 | 66,073,000 | 38,980 | 35.50 | 12 | 140,546 | 4.50 |
| 2008 | 795,458 | 67,449,000 | 39,318 | 35.50 | 12 | 145,569 | 5.60 |
| 2009 | 808,466 | 67,186,598 | 38,532 | 35.80 | 12 | 159,089 | 8.50 |
| 2010 | 807,584 | 68,313,593 | 38,796 | 33.60 | 12 | 159,865 | 8.40 |
| 2011 | 820,445 | 72,160,847 | 37,232 | 33.00 | 12 | 143,053 | 8.90 |
| 2012 | 834,852 | 81,676,417 | 36,902 | 33.70 | 12 | 146,175 | 8.30 |
| 2013 | 843,393 | 81,676,417 (f) | 38,812 | 33.90 | 12 | 149,697 | 6.80 |

(a) U.S. Census Bureau

(b) Bureau of Economic Analysis

(c) Stats Indiana

(d) Indiana Department of Education

(e) Bureau of Labor Statistics

(f) This information will be released by the Bureau of Economic Analysis in August 2014; therefore, prior year numbers were utilized.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last nine years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Principal Employers
Schedule 17
December 31, 2013

| Employer | 2013 (b) | | |
|--|------------------|-------------|--|
| | Employees | Rank | Percentage of total city employment (a) |
| Indiana University Health | 20,292 | 1 | 4.69% |
| St Vincent Hospitals & Health Services | 11,075 | 2 | 2.56% |
| Eli Lilly and Company | 10,500 | 3 | 2.42% |
| Wal-Mart | 9,000 | 4 | 2.08% |
| Marsh Supermarkets | 8,890 | 5 | 2.05% |
| Community Health Network | 8,100 | 6 | 1.87% |
| Indianapolis Public Schools | 6,123 | 7 | 1.41% |
| Fed Ex Express | 6,000 | 8 | 1.39% |
| Franciscan St. Francis Health | 5,576 | 9 | 1.29% |
| IUPUI | 5,100 | 10 | 1.18% |

- (a) Percentage of total City employment is calculated by using total 2013 Employed Labor Force, which can be found at www.stats.indiana.edu.
- (b) Largest employers can be found at www.indypartnership.com (Indy Partnership).
- (c) The 2004 Principal Employer data is unavailable.

CITY OF INDIANAPOLIS
Full-Time Equivalent City Government Employees by Function/Program
 Schedule 18
 Last Eight Fiscal Years

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | 250 | 264 | 268 | 266 | 236 | 206 | 230 | 211 |
| Protection of People | | | | | | | | |
| Police Department | 1,635 | 1,588 | 1,593 | 1,610 | 1,636 | 1,624 | 1,542 | 1,527 |
| Fire Department (a) | 792 | 978 | 1,092 | 1,116 | 1,300 | 1,268 | 1,221 | 1,155 |
| Other (Civilian) | 367 | 385 | 390 | 309 | 291 | 270 | 262 | 348 |
| Public Works | 647 | 648 | 637 | 618 | 670 | 661 | 683 | 620 |
| Parks and Recreation | 160 | 165 | 162 | 150 | 142 | 131 | 114 | 99 |
| Redevelopment | <u>218</u> | <u>227</u> | <u>244</u> | <u>222</u> | <u>227</u> | <u>226</u> | <u>206</u> | <u>204</u> |
| Total full-time City employees | <u>4,069</u> | <u>4,255</u> | <u>4,386</u> | <u>4,291</u> | <u>4,502</u> | <u>4,386</u> | <u>4,258</u> | <u>4,164</u> |

(a) Effective in 2007, Washington and Warren Township Fire Departments merged with the Indianapolis Fire Department; followed by Perry Township in 2009, Franklin Township in 2010 and Lawrence Township in 2011.

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Operating Indicators by Function/Program
Schedule 19
Last Eight Fiscal Years

| <u>Function/program</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | |
| Building permits issued | 48,858 | 41,470 | 34,517 | 33,619 | 33,915 | 34,966 | 38,803 | 38,384 |
| Building inspections conducted | 65,314 | 23,278 | 33,193 | 37,224 | 32,370 | 32,034 | 35,509 | 29,891 |
| Households assisted with entitlement grants | 3,767 | 4,131 | 5,168 | 6,872 | 3,430 | 3,090 | 1,789 | 2,233 |
| Police | | | | | | | | |
| Physical arrests | 37,740 | 44,903 | 52,247 | 51,944 | 50,264 | 60,883 | 55,965 | 52,337 |
| Parking violations | 22,335 | 12,692 | 10,912 | 8,575 | 8,953 | 7,277 | 3,778 | 2,362 |
| Traffic violations | 42,278 | 43,780 | 68,937 | 36,850 | 20,600 | 34,434 | 30,328 | 36,953 |
| Fire | | | | | | | | |
| Emergency responses (a) | 68,240 | 65,966 | 136,198 | 122,620 | 154,755 | 137,476 | 151,950 | 150,535 |
| Dispatched fire runs | 52,948 | 15,783 | 16,331 | 18,457 | 17,236 | 17,714 | 18,682 | 18,744 |
| Inspections | 2,155 | 4,552 | 4,663 | 4,663 | 6,936 | 12,524 | 8,231 | 10,960 |
| Refuse collection | | | | | | | | |
| Refuse collected (tons per day) | 816 | 890 | 1,075 | 1,048 | 1,038 | 997 | 924 | 960 |
| Leaves collected (tons per year) | 10,341 | 6,762 | 6,741 | 7,610 | 6,044 | 7,603 | 4,907 | 6,359 |
| Other public works | | | | | | | | |
| Street resurfacing (miles) | 99 | 99 | 155 | 237 | 515 | 389 | 139 | 175 |
| Pothole work orders completed (b) | 13,246 | 9,009 | 12,094 | 18,590 | 16,645 | 23,821 | 13,410 | 14,512 |
| Parks and recreation | | | | | | | | |
| Number of shelter rental reservations | 2,150 | 2,988 | 2,066 | 2,514 | 2,216 | 2,007 | 2,279 | 2,176 |
| Number of day camp registrations | 3,658 | 3,413 | 3,128 | 3,135 | 3,403 | 3,428 | 3,143 | 3,107 |
| Community park and facility attendance | 5,238,625 | 7,636,927 | 6,636,487 | 6,820,927 | 6,804,867 | 6,954,806 | 7,321,222 | 7,844,919 |

(a) The increase in emergency responses is attributable to the township fire departments merging with the Indianapolis Fire Department.

(b) Work order can consist of one pothole or multiple potholes.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Capital Asset Statistics by Function/Program
Schedule 20
Last Eight Fiscal Years

| <u>Function/program</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety | | | | | | | | |
| Police stations | 5 | 6 | 7 | 7 | 6 | 6 | 6 | 6 |
| Police vehicles and other rolling stock | 1,778 | 2,057 | 2,015 | 2,005 | 2,309 | 2,054 | 2,033 | 1,908 |
| Fire stations | 26 | 35 | 35 | 38 | 45 | 45 | 44 | 44 |
| Fire vehicles and other rolling stock | 178 | 259 | 258 | 277 | 302 | 297 | 282 | 276 |
| Emergency management vehicles and other rolling stock | 11 | 10 | 9 | 12 | 12 | 14 | 16 | 17 |
| Animal control vehicles and other rolling stock | 28 | 31 | 29 | 27 | 27 | 31 | 27 | 34 |
| Other Public Works | | | | | | | | |
| Streets (miles) | 3,161 | 3,193 | 3,215 | 3,233 | 3,238 | 3,244 | 3,299 | 3,307 |
| Sidewalks (miles) | 2,702 | 2,705 | 2,707 | 2,706 | 2,707 | 2,706 | 2,815 | 3,097 |
| Bridges | 512 | 513 | 512 | 512 | 512 | 512 | 527 | 541 |
| Traffic signal installations | 1,124 | 1,125 | 1,125 | 1,127 | 1,128 | 1,128 | 1,130 | 1,132 |
| Miles of storm sewers and drainage | 1,478 | 1,494 | 1,500 | 1,513 | 1,517 | 1,517 | 1,525 | 1,536 |
| Public works vehicle and other rolling stock | 538 | 551 | 537 | 582 | 546 | 673 | 672 | 652 |
| Cultural and Recreation | | | | | | | | |
| Parks | 192 | 192 | 192 | 206 | 207 | 207 | 207 | 207 |
| Park properties – acreage | 11,018 | 11,140 | 11,160 | 11,140 | 11,168 | 11,168 | 11,161 | 11,161 |
| Playgrounds | 131 | 131 | 127 | 128 | 127 | 127 | 126 | 126 |
| Golf courses | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Swimming pools – outdoors | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Swimming pools – indoors | 6 | 6 | 8 | 5 | 5 | 5 | 5 | 5 |
| Recreational centers | 25 | 25 | 25 | 25 | 25 | 25 | 24 | 24 |

Sources: Various City department reports.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

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

Single Audit Report
Year Ended December 31, 2013

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

December 31, 2013

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City of Indianapolis
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

| Federal Grantor/Pass-Through Grantor | Pass-Through Grantor Number | Program Title | CFDA Number | Amount Passed Through to Subrecipients | Total Federal Expenditures |
|---|-----------------------------|---|-------------|--|----------------------------|
| U.S. Department of Agriculture: | | | | | |
| Indiana State Department of Education | 74902 | Summer Food Service Program for Children | 10.559 | \$ - | \$ 574,816 |
| Total U.S. Department of Agriculture | | | | <u>-</u> | <u>574,816</u> |
| U.S. Department of Housing and Urban Development: | | | | | |
| | | Economic Development Support for Planning Organizations | 11.302 | - | 99,023 |
| | | Community Development Block Grants/Entitlement Grants | 14.218 | 9,608,936 | 12,952,305 |
| | | Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | - | 4,976,986 |
| State of Indiana Office of Community and Rural Affairs | DR2-09-084 | Emergency Solutions Grants Program | 14.231 | 928,924 | 986,952 |
| | | Supportive Housing Program | 14.235 | 715,792 | 715,792 |
| | | Shelter Plus Care | 14.238 | 1,876,119 | 1,876,119 |
| | | Home Investment Partnerships Program | 14.239 | 3,289,369 | 3,553,566 |
| | | Housing Opportunities for Persons with AIDS | 14.241 | 797,854 | 819,362 |
| | | Continuum of Care Program | 14.267 | 1,390,292 | 1,413,386 |
| | | Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants | 14.704 | - | 350,308 |
| | | Lead Hazard Reduction Demonstration Grant Program | 14.905 | - | 131,519 |
| Total U.S. Department of Housing and Urban Development | | | | <u>18,607,286</u> | <u>27,875,318</u> |
| U.S. Department of Interior: | | | | | |
| | | Migratory Bird Monitoring, Assessment and Conservation | 15.655 | - | 30,315 |
| Total U.S. Department of Interior | | | | <u>-</u> | <u>30,315</u> |
| U.S. Department of Justice: | | | | | |
| | | Alcohol Tobacco and Firearms Joint Operations | 16.XXX | - | 9,125 |
| | | DEA Overtime | 16.XXX | - | 8,901 |
| | | FBI Overtime | 16.XXX | - | 197,368 |
| Department of Agriculture | N/A | Supplemental Nutrition Assistance Program | 16.XXX | - | 17,352 |
| | | US Marshall Overtime | 16.XXX | - | 36,214 |
| | | Total 16.XXX | | <u>-</u> | <u>268,960</u> |
| Marion County, Indiana | N/A | Federal Equitable Share Law Enforcement - Forfeitures | 16.922 | - | 447,260 |
| | | Services for Trafficking Victims | 16.320 | 55,044 | 73,488 |
| Indiana State Police | A2-10-100931 | Missing Children's Assistance | 16.543 | - | 14,781 |
| | | National Institute of Justice Research, Evaluation, and Development Project Grants | 16.560 | - | 4,980 |
| Indiana Criminal Justice Institute | 10VALE216, 13VS2367 | Crime Victim Assistance | 16.575 | - | 129,544 |
| | | Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | 16.590 | 263,603 | 443,414 |
| | | Community Capacity Development Office | 16.595 | - | 7,364 |
| | | Bulletproof Vest Partnership Program | 16.607 | - | 31,275 |
| Indiana Criminal Justice Institute | 11-JF-010 | Community Prosecution and Project Safe Neighborhoods | 16.609 | - | 35,000 |
| | | Public Safety Partnership and Community Policing Grants | 16.710 | - | 593,473 |
| | | ARRA - Recovery Act - Public Safety Partnership and Community Policing Grants | 16.710 | - | 514,829 |
| | | Total 16.710 | | <u>-</u> | <u>1,108,302</u> |

City of Indianapolis
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2013

| Federal Grantor/Pass-Through Grantor | Pass-Through Grantor Number | Program Title | CFDA Number | Amount Passed Through to Subrecipients | Total Federal Expenditures |
|---|--|---|-------------|--|----------------------------|
| <i>Edward Byrne Memorial Justice Assistance Grant Cluster:</i> | | | | | |
| Indiana Criminal Justice Institute | 10-DJ-019, 10-DJ-057, D3-13-7632, D3-13-7656 | Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | \$ 85,743 | \$ 476,919 |
| Marion County, Indiana Prosecutor's Office | N/A | Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 56,366 | 178,383 |
| | | Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | - | 7,726 |
| | | Total 16.738 | | 142,109 | 663,028 |
| | | ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories | 16.804 | 66,944 | 95,321 |
| | | | | 209,053 | 758,349 |
| Total Edward Byrne Memorial Justice Assistance Grant Cluster | | | | | |
| | | Congressionally Recommended Awards | 16.753 | - | (9,747) |
| | | ARRA - Recovery Act - Internet Crimes Against Children Task Force Program | 16.800 | - | (580) |
| | | | | 527,700 | 3,312,390 |
| Total U.S. Department of Justice | | | | | |
| U.S. Department of Transportation: | | | | | |
| Indiana Department of Transportation | A249-09-320756, A249-11-320139, A249-11-320618, A249-13-320455 | Highway Planning and Construction | 20.205 | - | 1,621,103 |
| Metropolitan Planning Organization | N/A | Highway Planning and Construction | 20.205 | - | 20,457 |
| Indiana Department of Transportation | A249-10-320265 | ARRA - Recovery Act - Highway Planning and Construction | 20.205 | - | 4,095 |
| | | Total 20.205 | | - | 1,645,655 |
| Indianapolis Public Transportation Corporation (INDYGO) | D2011-ALTA-013 | Federal Transit-Capital Investment Grants | 20.500 | - | 326,117 |
| | | Alternatives Analysis | 20.522 | - | 1,657,277 |
| <i>Highway Safety Cluster:</i> | | | | | |
| Marion County, Indiana Prosecutor's Office | N/A | State and Community Highway Safety | 20.600 | - | 112,657 |
| Indiana Criminal Justice Institute | D3-14-8255, 1251 | State and Community Highway Safety | 20.600 | - | 33,424 |
| Indiana Department of Transportation | | State and Community Highway Safety | 20.600 | - | (106,553) |
| Marion County, Indiana Prosecutor's Office | N/A | Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | - | 154,678 |
| Indiana Criminal Justice Institute | D3-14-8137 | Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | - | 31,949 |
| | | | | - | 226,155 |
| | | | | - | 3,855,204 |
| Total U.S. Department of Transportation | | | | | |
| Department of Treasury: | | | | | |
| Department of Homeland Security | N/A | U.S. Secret Service | 21.XXX | - | 3,481 |
| | | | | - | 3,481 |
| Total U.S. Department of Treasury | | | | | |
| Environmental Protection Agency: | | | | | |
| | | Urban Waters Small Grant | 66.044 | 37,484 | 37,484 |
| | | Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | - | 196,288 |
| | | | | 37,484 | 233,772 |
| Total Environmental Protection Agency | | | | | |
| U.S. Department of Energy: | | | | | |
| | | ARRA - Recovery Act - Energy Efficiency and Conservation Block Grant Program (EECBG) | 81.128 | 1,387,708 | 2,403,653 |
| | | | | 1,387,708 | 2,403,653 |
| Total U.S. Department of Energy | | | | | |
| U.S. Department of Education: | | | | | |
| Indianapolis Parks Foundation | N/A | Fund for the Improvement of Education | 84.215 | - | 3,371 |
| Indiana Department of Education | A58-0-10DL-049 | Twenty-First Century Community Learning Centers | 84.287 | - | 303,257 |
| Indianapolis Parks Foundation | N/A | Twenty-First Century Community Learning Centers | 84.287 | - | (135) |
| | | | | - | 303,122 |
| | | | | - | 306,493 |
| Total U.S. Department of Education | | | | | |

City of Indianapolis
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2013

| Federal Grantor/Pass-Through Grantor | Pass-Through Grantor Number | Program Title | CFDA Number | Amount Passed Through to Subrecipients | Total Federal Expenditures |
|---|---|---|----------------|---|----------------------------------|
| U.S. Department of Homeland Security: | | | | | |
| | | Customs Joint Operations | 97.XXX | \$ - | \$ 42,480 |
| Indiana Department of Homeland Security | C-44P-3-229B | National Urban Search and Rescue (US&R) Response System | 97.025 | - | 1,392,127 |
| | | Hazard Mitigation Grant | 97.039 | - | 54,454 |
| Indiana Department of Natural Resources | EMC2009CA7008 | Assistance to Firefighters Grant | 97.044 | - | 155,413 |
| | | Cooperating Technical Partners | 97.045 | - | - |
| Indiana Department of Homeland Security | C44P-7-405 | Urban Areas Security Initiative - FFY 2008 Funding | 97.067 | - | (2,623) |
| Indiana Department of Homeland Security | C44P-1-068A | Urban Areas Security Initiative - FFY 2009 Funding | 97.067 | - | (59,888) |
| Indiana Department of Homeland Security | C44P-3-003B | Urban Areas Security Initiative - FFY 2010 Funding | 97.067 | 375,000 | 1,165,622 |
| Indiana Department of Homeland Security | C44P-3-368B | Urban Areas Security Initiative - FFY 2012 Funding | 97.067 | - | 466,602 |
| Indiana Department of Homeland Security | C44P-2-061A | Metropolitan Medical Response System - FFY 2010 Funding | 97.067 | 317,419 | 317,419 |
| Indiana Department of Homeland Security | C44P-2-052, C44P-1-248A | State Homeland Security Program (SHSP) - FFY 2010 Funding | 97.067 | - | 180,872 |
| Indiana Department of Homeland Security | C44P-2-404A, C44P-2-421A | State Homeland Security Program (SHSP) - FFY 2011 Funding | 97.067 | - | 64,597 |
| Indiana Department of Homeland Security | C44P-0-073A | Law Enforcement Terrorism Prevention Program (LETPP) - FFY 2011 Funding | 97.067 | - | (5,158) |
| | | Total 97.067 | | <u>692,419</u> | <u>2,127,443</u> |
| Indiana Department of Homeland Security | C44P-9-350A, C44P-0-126A, C44P-263A and C44P-3-042 | Buffer Zone Protection Plan (BZPP) | 97.078 | - | 15,714 |
| | | Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | - | 1,200,855 |
| Total U.S. Department of Homeland Security | | | | <u>692,419</u> | <u>4,988,486</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 21,252,597</u> | <u>\$ 43,583,928</u> |

N/A - Pass-through grantor number not available or not applicable

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Notes to Schedule

1. This schedule includes the federal awards activity of City of Indianapolis, Indiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. The accompanying schedule of expenditures of federal awards presents the activity of federal awards programs received by the City of Indianapolis, Indiana, a component unit of the Consolidated City of Indianapolis - Marion County. The City's reporting entity is defined in note 1 to the City's financial statements. For the purposes of the schedule of expenditures of federal awards, federal awards include grants, contracts and loans entered into directly between the City and agencies and departments of the federal government or passed through other government agencies or other organizations. The City's federal awards are defined as being those administered directly by the City. The schedule of expenditures of federal awards also includes awards under the American Recovery and Reinvestment Act of 2009 (ARRA) and such awards are identified in the program title column.
3. The accompanying schedule does not include expenditures related to federal awards administered by the Indianapolis Housing Agency, a discretely presented component unit of the City because their federal awards programs are reported upon separately.

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

Mr. Jason D. Dudich, Controller and the
Audit Committee
City of Indianapolis, Indiana

We have audited, 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, the basic financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Indianapolis (City), a component unit of the Consolidated City of Indianapolis-Marion County as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financials statements and have issued our report thereon dated June 27, 2014, which contained an "other matter" paragraph regarding a change in its method of accounting and contained a reference to the report of other auditors. Other auditors audited the financial statements of the Indianapolis Housing Agency, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-002 and 2013-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City's Response to Findings

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

We also noted certain matters that we reported to the City's management in a separate letter dated June 27, 2014.

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
June 27, 2014

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards

Independent Auditor's Report

Mr. Jason D. Dudich, Controller and the
Audit Committee
City of Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Indianapolis (City) with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

The City's basic financial statements include the operations of the Indianapolis Housing Agency (Housing Agency), as discretely presented component unit, which received \$52,338,976 in federal awards which are not included in the schedule during the year ended December 31, 2013. Our audit, described below, did not include the operation of the Housing Agency because the Housing Agency engaged other auditors to perform an audit in accordance with OMB Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 27, 2014, which contained an unmodified opinion on those financial statements. Our report included a reference to other auditors who audited the discretely present component unit of the City. Our audit also included a reference to a change in its method of accounting during 2013. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
September 16, 2014

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2013

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

7. Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster |
|--------------------|---|
| 14.218 | CDBG - Entitlement Grants Cluster |
| 14.238 | Shelter Plus Care |
| 14.239 | HOME Investment Partnerships Program |
| 14.267 | Continuum of Care Program |
| 20.522 | Alternative Analysis |
| 81.128 | ARRA - Energy Efficiency and Conservation Block Grant (EECBG) |
| 97.067 | Homeland Security Grant Program |

8. Dollar threshold used to distinguish between Type A and Type B programs as defined in OMB Circular A133: \$1,307,518

9. Auditee qualified as a low-risk auditee as defined in OMB Circular A-133? Yes No

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2013

Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding |
|-------------------------|--|
| 2013-001 | <p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City’s internal control environment over financial reporting did not detect adjustments that were needed to prevent the financial statements from being materially misstated. (Material Weakness)</p> <p>Context: The City’s Office of Finance and Management (OFM) is primarily responsible for the financial reporting process. The financial records are maintained on a cash basis throughout the year. At year end, OFM converts the cash basis fund financial statements to the modified accrual basis of accounting. Additionally, a manual conversion process occurs outside the accounting system to convert the fund financial statements to the government-wide financial statements. During the 2013 audit, various adjustments were identified that affected the City’s financial statements.</p> <p>Effect: Misstatements in the financial statements.</p> <p>Cause: The City’s internal control environment did not identify these adjustments because not all account reconciliations, analyses or financial data can be subjected to a timely review. Additionally, the year-end close process requires that financial information be captured that is not being reported on an interim basis. Errors are made in compiling information for financial reporting purposes and/or such information is not communicated timely to OFM by City departments and agencies. These issues are exacerbated by a lack of personnel resources.</p> <p>Recommendation: OFM should establish and maintain an effective review process over financial reporting. Additionally, OFM should improve the processes in place for communicating with individual departments and agencies to ensure that financial information is accurately captured and timely transmitted for financial reporting purposes.</p> <p>Views of Responsible Officials and Planned Corrective Action: Personnel constraints and in addition, working with a new accounting system, did create issues that contributed to the need for the audit adjustments. We continue to improve the review process as is evidenced by the number of audit adjustments being substantially reduced when compared to the prior year.</p> |

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2013

| Reference Number | Finding |
|---------------------|---|
| 2013-002 | <p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City’s internal controls over financial reporting were not adequately designed to identify and record donated capital assets, with the exception of certain infrastructure costs funded by the Indiana Department of Transportation (INDOT). (Significant Deficiency)</p> <p>Context: Different departments within the City receive donated capital assets throughout the year. During 2013, additional information came to light through the Department of Parks and Recreation (DPR) regarding certain donated capital assets that had been donated during the current and prior years. Additionally, OFM was unaware of a parking site that had been donated to the City by the Indianapolis-Marion County Building Authority during 2013. Several significant adjustments were proposed during the 2013 audit.</p> <p>Effect: Misstatements in the financial statements.</p> <p>Cause: OFM is responsible for the City’s accounting and financial reporting process, but was not aware of the assets that had been donated to the City. This is largely due to a lack of adequate communication on the part of the individual departments and agencies within the City.</p> <p>Recommendation: Management should establish and maintain controls to identify and record all capital assets that are donated to the City. Capital asset amounts and associated contribution revenue should be recorded on a timely basis, utilizing information obtained from the individual City departments and agencies that receive the donated capital assets.</p> <p>Views of Responsible Officials and Planned Corrective Action: Since becoming aware of these issues, management has meet with representatives from INDOT. Based on those discussions, we were able to establish procedures that will allow us to obtain the necessary information to record the donated assets in a more timely manner. In addition, a request will be made quarterly to each department to report any donated assets that were received in that quarter.</p> |

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2013

| Reference Number | Finding |
|---------------------|---|
| 2013-003 | <p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City’s internal control environment allows certain “super-users” the ability to prepare, approve and post journal entries with no secondary review required. (Significant Deficiency)</p> <p>Context: The City has established permissions within its accounting system (PeopleSoft) that allow certain individuals to prepare, approve and post journal entries within the system without further system or nonsystem approvals.</p> <p>Effect: Potential misstatements and/or fraud could occur in the financial statements and not be detected.</p> <p>Cause: The individuals that have the ability to record journal entries without a secondary review or approval bear the responsibility to prepare the financial statements and work closely with each other in their financial reporting capacity.</p> <p>Recommendation: A secondary review of a complete listing of super-user generated journal entries should be performed on a monthly (or at least quarterly) basis by an individual at least one level above that of the super-user. The listing of journal entries should be generated by someone other than one of the super-users. This review should be performed on a timely basis and the reviewer should sign or initial the listing of journal entries to evidence his/her review and ultimate approval.</p> <p>Views of Responsible Officials and Planned Corrective Action: The role of super-user is limited to only two positions in the Auditor’s Office and two in OFM. There are two source codes in the system; one for the Auditor and one for OFM. All other journals go through the normal approval process. This access allows for journal entries to the general ledger to be posted without further approvals. These same individuals cannot create a requisition, purchase order or voucher without further approvals being required. While we understand the concern with this access, to remove such would severely restrict the ability of these individuals to perform their jobs during critical points throughout the year, such as year-end close. We continue to work with our support team to create a report that can be reviewed and approved by upper management for those transactions that are created and posted by each of the super-users. We will also review the approval process to determine the appropriateness of the transactions that are being posted via these source codes to ensure that they are either extraordinary or time-sensitive transactions.</p> |

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2013

Findings Required to be Reported by *OMB Circular A-133*

| Reference Number | Finding |
|-----------------------------|----------------|
| None | |

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

| Reference Number | Summary of Finding | Status |
|------------------|---|------------------------------------|
| 2012-001 | <p>Financial Reporting</p> <p>The City's Office of Finance and Management (OFM) is primarily responsible for the financial reporting process. The financial records are maintained on a cash basis throughout the year. At year end, OFM converts the cash basis fund financial statements to the modified accrual basis of accounting. Additionally, a manual conversion process occurs outside the accounting system to convert the fund financial statements to the government-wide financial statements. During the audit, various adjustments were identified that affected the City's financial statements.</p> | Unresolved - see finding 2013-001. |
| 2012-002 | <p>IT Vendor Controls</p> <p>The City's third-party IT vendor is primarily responsible for monitoring the successful completion of automated scheduled jobs between legacy systems and the PeopleSoft general ledger. Inappropriate controls in place on automated activity.</p> | Resolved. |
| 2012-003 | <p>Donated Capital Assets</p> <p>Certain infrastructure assets of the City are constructed or improved through a shared funding arrangement with INDOT. Typically, a significant portion of the funding for these projects is provided by INDOT through the use of federal award program monies. INDOT is generally responsible for managing these infrastructure projects and provides periodic information to the City for use in recording the associated capital asset costs and contribution revenue. Historically, the City has only recorded the State of Indiana's contributed share of such projects upon receipt of final certified costs from INDOT. This has led to long delays between the time a given project is placed in use, or is available for service, and when the State's share of the costs and corresponding contribution revenue is ultimately recorded in the City's accounting system.</p> | Unresolved - see finding 2013-002. |
| 2012-004 | <p>Accounting System "Super Users"</p> <p>Effective January 1, 2012, the City began using a new accounting system (PeopleSoft). In connection with the implementation of this new system, the City established permissions within the system that allow certain individuals to prepare, approve and post journal entries within the system without further system or nonsystem approvals.</p> | Unresolved - see finding 2013-003. |
| 2012-005 | <p>Reporting - Shelter Plus Care</p> <p>The Shelter Plus Care program did not report any of its subrecipients as required by the Federal Financial Assistance Transparency Act (FFATA) during 2012.</p> | Resolved. |

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

| Reference Number | Summary of Finding | Status |
|-------------------------|---|---------------|
| 2012-006 | Reporting - HOME Investment Partnership The City did begin FFATA reporting for the Home Investment Partnerships Program during 2012, however, one contract did not get reported as required. | Resolved. |
| 2012-007 | Reporting - Shelter Plus Care For the year ended December 31, 2012, the City did not submit the Annual Progress Report within 90 days of year end for several Shelter Plus Care (SPC) programs. | Resolved. |
| 2012-008 | Subrecipient Monitoring - Shelter Plus Care Seven of the nine Shelter Plus Care subrecipient agreements reviewed, that were effective in 2012, listed the incorrect CFDA number. | Resolved. |
| 2012-009 | Special Tests and Provisions - HOME Investment Partnership For the year ended December 31, 2012, the City's tenant-based rental assistance and rental units only had 86.5 percent of the families meeting the criteria specified per 24 CFR Section 92.216. | Resolved. |
| 2012-010 | Subrecipient Monitoring - Justice Assistance Grant Cluster The only subrecipient under the Justice Assistance Grant (JAG) program was Marion County. There were findings in the Marion County A-133 audit report related to this program. While the City was aware of the findings, no formal evaluation or management decisions on the findings were issued. | Resolved |
| 2012-011 | Reporting - Energy Efficiency and Conservation Block Grant Information reported to the Department of Energy did not match supporting documents or supporting documentation could not be located. In addition, reports were not submitted within the required time frame. | Resolved. |
| 2012-012 | Equipment and Real Property Management - Homeland Security Grant Program One item of equipment costing approximately \$29,700 was purchased with federal funds under the Homeland Security grant and was not recorded in the City's capital asset listing and, therefore, would not be included in the City's annual physical inventory so that it could be properly tracked, safeguarded and maintained. | Resolved. |