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January 25, 2017

Board of Directors
Indianapolis-Marion County Building Authority
200 E. Washington Street, Suite 311
Indianapolis, IN 46204

We have reviewed the audit report prepared by BKD, LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Indianapolis-Marion County Building Authority, as of June 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

Indianapolis-Marion County Building Authority

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

Independent Auditor's Report and Financial Statements

June 30, 2016 and 2015

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
June 30, 2016 and 2015

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Indianapolis-Marion County Building Authority (Authority), a component unit of the Consolidated City of Indianapolis-Marion County, which comprise the statements of assets, deferred outflows, liabilities, deferred inflows and accumulated net revenues as of June 30, 2016 and 2015, and the related statements of net revenues and changes in operating and debt service funds for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 1; this includes determining that the basis of accounting described in Note 1 is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, deferred outflows, liabilities, deferred inflows and accumulated net revenues of the Indianapolis-Marion County Building Authority as of June 30, 2016 and 2015, and its net revenues and changes in operating and debt service funds for the years then ended, on the basis of accounting described in Note 1 to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the Authority's interpretation of the statute under which it was created and provisions of trust indentures and loan agreements executed for the benefit of holders of Authority bonds and notes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 financial statements as a whole.

Other Information

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

Restriction on Use

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
November 21, 2016

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Assets, Deferred Outflows, Liabilities, Deferred Inflows and
Accumulated Net Revenues
June 30, 2016 and 2015

All Properties

Assets and Deferred Outflows of Resources

	2016	2015
Operating Funds		
Current accounts		
Cash and cash equivalents - general	\$ 2,706,075	\$ 2,395,459
Cash - payroll	15,764	10,652
Office imprest funds	1,600	1,600
	2,723,439	2,407,711
Amounts receivable for tenant alterations and improvements - completed and in process	208,816	278,023
Grant receivable	-	5,000,000
Materials and supplies	349,361	352,370
Prepaid insurance and service contracts	42,696	42,287
	3,324,312	8,080,391
Replacement fund (for nonrecurring general maintenance, improvements or replacements)		
Cash and cash equivalents	6,437,567	1,608,031
Subtotal	9,761,879	9,688,422
Debt Service Funds		
Restricted cash and cash equivalents	1,340,354	1,319,438
Building, Site and Project Costs		
Buildings and site improvements	73,433,616	73,433,616
Furnishings and equipment	5,814,643	5,814,643
Subtotal	79,248,259	79,248,259
Deferred Outflows of Resources		
	839,520	347,654
Total assets and deferred outflows of resources	\$ 91,190,012	\$ 90,603,773

Liabilities, Deferred Inflows of Resources and Accumulated Net Revenues

	<u>2016</u>	<u>2015</u>
Operating Liabilities		
Accounts payable	\$ 983,200	\$ 805,531
Accrued liabilities	287,379	376,434
Net pension liability	2,348,028	1,484,521
Amounts withheld from employee wages	35,543	36,583
Unearned maintenance fees	154,080	152,475
Subtotal	<u>3,808,230</u>	<u>2,855,544</u>
Bond and Note Indebtedness		
Accrued interest payable	150,894	184,448
Unearned credit - fixed rentals applicable to the succeeding year	943,000	943,000
Serial bonds and notes payable	6,455,208	7,947,977
Subtotal	<u>7,549,102</u>	<u>9,075,425</u>
Deferred Inflows of Resources - Pension	<u>44,618</u>	<u>344,890</u>
Accumulated Net Revenues		
Operating - unrestricted	1,743,453	1,790,602
Restricted for debt service	397,354	376,438
Restricted for City-County Building Plaza	4,990,086	5,000,000
Net investment in capital assets	72,657,169	71,160,874
Subtotal	<u>79,788,062</u>	<u>78,327,914</u>
Total liabilities, deferred inflows of resources and accumulated net revenues	<u>\$ 91,190,012</u>	<u>\$ 90,603,773</u>

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

**Statements of Net Revenues and Changes in
Operating and Debt Service Funds
Years Ended June 30, 2016 and 2015**

All Properties

	2016			
	Accumulated Net Revenues	Current Accounts	Replacement Fund	Capital and Debt Service Funds
Revenues				
Rental income - fixed	\$ 1,886,000	\$ -	\$ -	\$ 1,886,000
Rental income - additional	8,980,100	8,980,100	-	-
Income from investments	7,591	6,800	765	26
Maintenance fees	2,414,556	2,414,556	-	-
Contractual payments	85,000	85,000	-	-
Grants	-	-	-	-
Other income	226,831	226,831	-	-
	<u>13,600,078</u>	<u>11,713,287</u>	<u>765</u>	<u>1,886,026</u>
Operating Expenses	<u>11,393,061</u>	<u>11,393,061</u>	<u>-</u>	<u>-</u>
Net Revenues Before Other Expenses	<u>2,207,017</u>	<u>320,226</u>	<u>765</u>	<u>1,886,026</u>
Other Expenses				
Interest expense	367,591	-	-	367,591
Nonrecurring repairs	379,278	63,235	316,043	-
	<u>746,869</u>	<u>63,235</u>	<u>316,043</u>	<u>367,591</u>
Net Revenues (Expenses)	<u>1,460,148</u>	<u>256,991</u>	<u>(315,278)</u>	<u>1,518,435</u>
Balances, July 1, as previously reported	78,327,914	38,916,003	680,035	38,731,876
Change in Accounting Principle - see Note 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances, July 1, as restated	<u>78,327,914</u>	<u>38,916,003</u>	<u>680,035</u>	<u>38,731,876</u>
Balances, June 30	<u>\$ 79,788,062</u>	<u>\$ 39,172,994</u>	<u>\$ 364,757</u>	<u>\$ 40,250,311</u>

2015

Accumulated Net Revenues	Current Accounts	Replacement Fund	Capital and Debt Service Funds
\$ 1,892,000	\$ -	\$ -	\$ 1,892,000
8,570,100	8,570,100	-	-
1,867	1,340	526	1
2,431,800	2,431,800	-	-
100,000	100,000	-	-
5,000,000	5,000,000	-	-
19,411	19,411	-	-
<u>18,015,178</u>	<u>16,122,651</u>	<u>526</u>	<u>1,892,001</u>
<u>10,868,979</u>	<u>10,868,979</u>	<u>-</u>	<u>-</u>
<u>7,146,199</u>	<u>5,253,672</u>	<u>526</u>	<u>1,892,001</u>
431,483	-	-	431,483
399,338	108,545	290,793	-
<u>830,821</u>	<u>108,545</u>	<u>290,793</u>	<u>431,483</u>
<u>6,315,378</u>	<u>5,145,127</u>	<u>(290,267)</u>	<u>1,460,518</u>
73,335,127	35,093,467	970,302	37,271,358
<u>(1,322,591)</u>	<u>(1,322,591)</u>	<u>-</u>	<u>-</u>
<u>72,012,536</u>	<u>33,770,876</u>	<u>970,302</u>	<u>37,271,358</u>
<u>\$ 78,327,914</u>	<u>\$ 38,916,003</u>	<u>\$ 680,035</u>	<u>\$ 38,731,876</u>

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

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

Organization

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

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

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

Basis of Accounting

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting noted above requires management to make estimates and assumptions affecting the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimated amounts.

Cash Equivalents

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2016 and 2015, cash equivalents consisted of money market mutual funds.

Investments

Investments are stated at fair value.

Depreciation, Improvements, Additions and Major Repairs and Replacements

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

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

The Authority has set aside \$1,447,481 and \$1,608,031 of the \$1,743,453 and \$1,790,602 of Operating - Unrestricted Accumulated Net Revenues at June 30, 2016 and 2015, respectively, for nonrecurring general maintenance, improvements or replacements in accordance with various lease agreements, leaving a balance of \$295,972 and \$182,571 for remaining operating purposes at June 30, 2016 and 2015, respectively.

Interest Capitalization

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

Materials and Supplies

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

Compensated Absences

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

Cost-Sharing Defined-Benefit Pension Plan

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

Bond Issuance Costs

Bond issuance costs are expensed as incurred.

Unearned Income

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

Original Issue Discounts and Premiums

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

Deferred Outflows of Resources

As of June 30, 2016 and 2015, deferred outflows of resources consisted of the following components:

	<u>2016</u>	<u>2015</u>
Differences between expected and actual experience - CCB	\$ 100,788	\$ -
Changes of assumptions - CCB	198,487	-
Net differences between projected and actual earning on pension plan investments - CCB	175,084	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions - CCB	25,765	-
Deferred pension contributions - CCB	324,384	302,614
Deferred loss on refunding - MCJ II	<u>15,012</u>	<u>45,040</u>
Total deferred outflows of resources	<u>\$ 839,520</u>	<u>\$ 347,654</u>

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Adoption of New Accounting Standard

The Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (GASB 68)* during 2015. The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. With the implementation of GASB 68, the Authority recorded a net pension liability of \$1,484,521 as of June 30, 2015, which was not previously included on the statement of assets, deferred outflows, liabilities, deferred inflows and accumulated net revenues. This amount represents the Authority's proportionate share of the net pension liability of the Public Employee's Retirement Fund of Indiana. Adoption of GASB 68 resulted in a decrease of \$1,322,591 in the previously reported accumulated net revenues as of June 30, 2014.

In addition, deferred inflows of \$344,890 and deferred outflows of \$302,614 as of June 30, 2015 were recognized within the statement of assets, deferred outflows, liabilities, deferred inflows and accumulated net revenues, as a result of the Authority's adoption of GASB 68.

During 2016, the Authority adopted and implemented GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* and GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68 and No. 73*. The implementation of these three GASB Statements did not impact the net position or the change in net position of the Authority.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

Note 2: Deposits, Investments and Investment Income

Cash and investments included in the statement of assets, deferred outflows, liabilities, deferred inflows and accumulated net revenues consist of the following:

	2016	2015
Current accounts	\$ 2,723,439	\$ 2,407,711
Replacement funds	6,437,567	1,608,031
Total operating funds	9,161,006	4,015,742
Debt service funds	1,340,354	1,319,438
	\$ 10,501,360	\$ 5,335,180

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

	2016	2015
Cash deposits	\$ 9,148,032	\$ 4,002,437
Money market mutual funds	1,353,328	1,332,743
	\$ 10,501,360	\$ 5,335,180

Deposits

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

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

Investments

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

At June 30, 2016 and 2015, the Authority had the following investment securities, all of which mature within one year:

	2016	2015
Money market mutual funds	\$ 1,353,328	\$ 1,332,743

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

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy for credit risk requires compliance with the provisions of Indiana statutes. Further, Indiana statutes require that if the Authority invests in money market mutual funds, the underlying securities must be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service. At June 30, 2016 and 2015, the Authority's investments in money market mutual funds were rated AAA by Standard & Poor's.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral that is in the possession of an outside party. The Authority's investment in money market mutual funds was not subject to custodial credit risk at June 30, 2016 and 2015, as their existence is not evidenced by securities that exist in physical book entry form. The Authority's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

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

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

Investment Income

Investment income for the years ended June 30, 2016 and 2015 consisted of:

	2016	2015
Interest and dividend income	\$ 7,591	\$ 1,867

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

Note 3: Retirement Plan

Plan Description

The Authority contributes to the Public Employees' Retirement Fund of Indiana (PERF), a cost-sharing, multiple-employer defined-benefit retirement plan established in accordance with IC 5-10.3. PERF is administered by the Indiana Public Retirement System (INPRS) and is governed by the INPRS Board of Trustees (INPRS Board). PERF provides retirement, disability and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan and certain INPRS employees. All full-time Authority employees are eligible to participate in this plan. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for PERF. This report may be obtained by writing to Indiana Public Retirement System, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687.

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

There are two aspects to the PERF Hybrid Plan defined-benefit structure. The first portion is the monthly defined-benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the Annuity Savings Account (ASA) that supplements the defined-benefit at retirement.

Funding Policy

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

The employer defined-benefit contribution rate is based on an actuarial valuation and is adopted, and may be amended, by the INPRS Board. For 2016 and 2015, the Authority contributed 11.20% and 10.98%, respectively, of employee compensation to the plan. The ASA consists of the employee contribution, which is set by statute at 3% of compensation, as defined by Indiana statutes, plus the interest/earnings or losses credited to the employee's account. The employer may choose to make the contributions on behalf of its participating employees, which the Authority has elected not to do. In addition, under certain circumstances, employees may elect to make additional voluntary contributions of up to 10% of their compensation into their ASA. An employee's contribution and interest credits belong to the employee and do not belong to the state or the Authority.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

Retirement Benefits

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the employee's ASA. Retirement benefits vest after ten years of creditable service. The vesting period is eight years for certain elected officials. Employees are immediately vested in their respective annuity savings accounts. At retirement, an employee may choose to receive a lump-sum payment of the amount credited to the employee's ASA, receive the amount as an annuity or leave the contributions invested with INPRS.

Vested employees leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if an employee is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A nonvested employee who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. An employee who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

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

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

The monthly pension benefits for employees in pay status may be increased periodically by a cost-of-living adjustment (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

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Disability and Survivor Benefits

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

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

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

Contributions

Employer contribution rates are adopted annually by the INPRS Board for PERF. The contributions are actuarially determined based on the funding policy, actuarial assumptions and actuarial methods established by the INPRS Board. Contributions determined by the actuarial valuation become effective either 12 or 18 months after the valuation date, depending on the applicable employer. In the case of the Authority, contribution rates and amounts determined by the June 30, 2015 actuarial valuation and adopted by the INPRS Board therefore become effective on January 1, 2017. The Authority's approved contribution rate from January 1, 2015 through June 30, 2016 was 11.20% and the contribution rate from July 1, 2014 through December 31, 2014 was 10.75%. For the years ended June 30, 2016 and 2015, contributions to the pension plan from the Authority were \$324,384 (11.20% of annual pay) and \$302,614 (10.98% of annual pay), respectively.

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

At June 30, 2016 and 2015, the Authority reported a liability of \$2,348,028 and \$1,484,521, respectively, for its proportionate share of the net pension liability. The 2016 net pension liability was measured as of June 30, 2015 and the 2015 net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those respective dates. Member census data as of the year preceding the measurement date was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. Wages reported by the Authority relative to the collective wages of the plan served as the basis to determine the Authority's proportionate share. This basis of allocation is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2016, the Authority's proportion was 0.05765%, which was an increase of 0.00116% from its proportion of 0.05649% measured as of June 30, 2015.

For the years ended June 30, 2016 and 2015, the Authority recognized pension expense of \$365,725 and \$123,559. At June 30, 2016 and 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 100,788	\$ 4,856
Changes of assumptions	198,487	-
Net differences between projected and actual earnings on pension plan investments	175,084	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	25,765	39,762
Authority's contributions subsequent to the measurement date	324,384	-
Total	<u>\$ 824,508</u>	<u>\$ 44,618</u>

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	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,661
Net differences between projected and actual earnings on pension plan investments	-	288,507
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	-	49,722
Authority's contributions subsequent to the measurement date	302,614	-
Total	\$ 302,614	\$ 344,890

At June 30, 2016 and 2015, the Authority reported \$324,384 and \$302,614, respectively, as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred inflows of resources at June 30, 2016, related to pensions will be recognized in pension expense as follows:

2017	\$ 143,444
2018	143,444
2019	69,643
2020	98,975
	\$ 455,506

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.25%
Salary increases	2.50% - 4.25% average, including inflation
Ad hoc cost of living adjustments	1.0% average
Long-term expected rate of return	6.75% net of pension plan investment expense

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Mortality rates for the June 30, 2015 valuation were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 and June 30, 2014.

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00%
Salary increases	3.25% - 4.25% average, including inflation
Ad hoc cost of living adjustments	1.0% average
Long-term expected rate of return	6.75% net of pension plan investment expense

Mortality rates were based on the 2013 IRS Static Mortality Tables projected for five years, as appropriate with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2005 through June 30, 2010.

The long-term expected rate of return on pension plan investments was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted-average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	22%	5.3%
Private equity	10%	5.6%
Fixed income - ex inflation linked	22%	2.1%
Fixed income - inflation linked	10%	0.7%
Commodities	8%	2.0%
Real estate	8%	3.0%
Absolute return	10%	3.9%
Risk parity	10%	5.0%
	100%	

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Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the years ended June 30, 2016 and 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The Authority's proportionate share of the net pension liability at June 30, 2016 has been calculated using a discount rate of 6.75%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate of 1% higher and 1% lower than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the net pension liability	\$ 3,463,543	\$ 2,348,028	\$ 1,421,947

Pension Plan Fiduciary Net Position

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

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Note 4: Bond and Note Indebtedness

	2016	2015
Jail Building Refunding Bonds of 2009 (Taxable) Serial bonds in the amount of \$870,000 due January 1, 2017 at an interest of 5.03%	\$ 870,000	\$ 1,700,000
Unamortized discount	(3,314)	(9,878)
	866,686	1,690,122
 Arrestee Processing Center Bonds of 2003		
Serial bonds, maturing January 1, 2017 to January 1, 2023 in payments ranging from \$695,000 in fiscal year 2017 to \$905,000 in fiscal year 2023. Interest at 4.00 to 5.00%, due semiannually on June 30 and December 30	5,560,000	6,225,000
Unamortized premium	28,522	32,855
	5,588,522	6,257,855
	\$ 6,455,208	\$ 7,947,977

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

The Arrestee Processing Center Bonds of 2003 maturing on January 15, 2017; January 15, 2020; and January 15, 2023, are subject to redemption from mandatory sinking fund payments through 2021.

On August 4, 2009, the Authority issued \$6,025,000 in Refunding Bonds to advance refund \$6,175,000 of outstanding 1997 Jail Building Bonds, which were called on September 3, 2009.

As a result of the August 2009 advance refunding, the Authority reduced its total debt service requirements by \$1,078,454, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) in the amount of \$539,760. The Authority recognized an accounting loss of \$222,705 in connection with this refunding that is reflected as a deferred outflow of resources and is being amortized to interest expense on a straight-line basis through January 1, 2017.

Debt service requirements to maturity for all Authority indebtedness at June 30, 2016 follows:

	Principal	Interest	Total
2017	\$ 1,565,000	\$ 301,811	\$ 1,866,811
2018	725,000	230,250	955,250
2019	750,000	194,000	944,000
2020	790,000	156,500	946,500
2021	830,000	117,000	947,000
Thereafter	1,770,000	120,375	1,890,375
	\$ 6,430,000	\$ 1,119,936	\$ 7,549,936

Indianapolis-Marion County Building Authority
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Notes to Financial Statements
June 30, 2016 and 2015

Note 5: Revenues

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

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

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

2017	\$ 1,426,000
2018	966,000
2019	966,000
2020	966,000
2021	966,000
Thereafter	<u>1,449,000</u>
	<u>\$ 6,739,000</u>

Additional rentals aggregated \$8,980,100 and \$8,570,100 for the years ended June 30, 2016 and 2015, respectively. The Authority's Board of Directors will, from time to time, authorize the use of surplus funds from the operations of certain buildings to be used as a credit against future additional rentals.

The Authority is also authorized to enter into management contracts with eligible governmental entities. As of June 30, 2016, the Authority has entered into management contracts which expire on various dates through June 30, 2018. The contracts provide for the construction, operation and/or maintenance of various facilities for use by departments and other entities of the City of Indianapolis and Marion County. The City and the County advance funds to the Authority for construction of the facilities and, with respect to all of the properties, designates the Authority as its manager and agent for the purpose of maintaining and managing the facilities.

The annual maintenance fees payable to the Authority for the cost of operating, maintaining and managing the facilities covered by management contracts vary each year based on operating expense budgets for the facilities. Maintenance fees aggregated \$2,414,556 and \$2,431,800 for the years ended June 30, 2016 and 2015, respectively.

Indianapolis-Marion County Building Authority
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Notes to Financial Statements
June 30, 2016 and 2015

Note 6: Risk Management

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

Note 7: Conduit Debt Obligations

In March 2010, the Authority issued \$106,250,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2010 B-1, and \$359,330,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2010 B-2 (collectively, the Series 2010B Bonds) for the purpose of financing the acquisition, construction and equipping of certain hospital and healthcare facilities for Health and Hospital Corporation of Marion County, Indiana (Corporation). In April 2013, the Authority issued an additional \$42,460,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2013 A (the Series 2013A Bonds). The Series 2010B and 2013A Bonds are special limited obligations of the Authority, payable solely from, and secured by, a pledge of lease rental revenues to be received by the Authority from the Corporation in accordance with a Master Lease agreement, Amendment and Addendums between the two entities, dated March 1, 2010; December 31, 2012; and April 30, 2013. The lease rentals are payable from ad valorem property taxes to be levied on all taxable property within Marion County, Indiana, to the extent other revenues of the Corporation are not sufficient to fund such payments. The Series 2010B Bonds and Series 2013A Bonds do not constitute a debt or pledge of the faith and credit of the Authority and are therefore not reported in the Authority's financial statements. At June 30, 2016 and 2015, \$487,310,000 and \$498,820,000 in bonds remain outstanding, respectively.

Note 8: Disclosures About Fair Value of Assets and Liabilities

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

The Authority has the following recurring fair value measurements as of June 30, 2016 and 2015:

- Money market mutual funds of \$1,353,328 and \$1,332,743 as of June 30, 2016 and 2015, respectively, are valued using quoted market prices (Level 1 inputs).

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2016 and 2015

Note 9: Commitments and Contingencies

Litigation

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

Supplementary Information

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Assets, Deferred Outflows, Liabilities, Deferred Inflows and
Accumulated Net Revenues by Property
June 30, 2016

Assets and Deferred Outflows of Resources

	Total	City-County Building and Parking Site	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail
Operating Funds					
Cash and cash equivalents - general	\$ 2,706,075	\$ 1,026,571	\$ 86,181	\$ 179,151	\$ 66,417
Cash - payroll	15,764	15,764	-	-	-
Office imprest funds	1,600	1,600	-	-	-
	2,723,439	1,043,935	86,181	179,151	66,417
Amounts receivable for tenant alterations and improvements - completed and in process	208,816	208,252	-	-	-
Materials and supplies	349,361	349,361	-	-	-
Prepaid insurance and service contracts	42,696	27,055	1,866	2,550	2,837
	3,324,312	1,628,603	88,047	181,701	69,254
Replacement fund (for nonrecurring general maintenance, improvements or replacements)					
Cash and cash equivalents	6,437,567	6,235,036	-	173,150	29,381
Subtotal	9,761,879	7,863,639	88,047	354,851	98,635
Debt Service Funds					
Restricted cash and cash equivalents	1,340,354	-	839,599	-	-
Building, Site and Project Costs					
Buildings and site improvements	73,433,616	29,679,916	7,038,708	-	-
Furnishings and equipment	5,814,643	800,367	5,014,276	-	-
	79,248,259	30,480,283	12,052,984	-	-
Deferred Outflows of Resources	839,520	824,508	-	-	-
Total assets and deferred outflows	\$ 91,190,012	\$ 39,168,430	\$ 12,980,630	\$ 354,851	\$ 98,635

Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Development Properties
\$ 102,467	\$ 325,967	\$ 419,795	\$ 261,183	\$ 238,343
-	-	-	-	-
-	-	-	-	-
102,467	325,967	419,795	261,183	238,343
-	-	-	564	-
-	-	-	-	-
-	1,622	3,053	2,535	1,178
102,467	327,589	422,848	264,282	239,521
-	-	-	-	-
102,467	327,589	422,848	264,282	239,521
500,755	-	-	-	-
17,501,491	2,326,953	16,886,548	-	-
-	-	-	-	-
17,501,491	2,326,953	16,886,548	-	-
15,012	-	-	-	-
\$ 18,119,725	\$ 2,654,542	\$ 17,309,396	\$ 264,282	\$ 239,521

Indianapolis-Marion County Building Authority
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Schedule of Assets, Deferred Outflows, Liabilities, Deferred Inflows and
Accumulated Net Revenues by Property
June 30, 2016

Liabilities, Deferred Inflows of Resources and Accumulated Net Revenues

	Total	City-County Building and Parking Site	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail
Operating Liabilities					
Accounts payable	\$ 983,200	\$ 547,855	\$ 30,014	\$ 50,132	\$ 108,654
Accrued liabilities	287,379	287,379	-	-	-
Net pension liability	2,348,028	2,348,028	-	-	-
Amounts withheld from employee wages	35,543	35,543	-	-	-
Unearned maintenance fees	154,080	-	-	-	-
	<u>3,808,230</u>	<u>3,218,805</u>	<u>30,014</u>	<u>50,132</u>	<u>108,654</u>
Bond and Note Indebtedness					
Accrued interest payable	150,894	-	129,025	-	-
Unearned credit - fixed rentals applicable to the succeeding year	943,000	-	483,000	-	-
Serial bonds and notes payable	6,455,208	-	5,588,522	-	-
	<u>7,549,102</u>	<u>-</u>	<u>6,200,547</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	44,618	44,618	-	-	-
Accumulated Net Revenues					
Operating - unrestricted	1,743,453	434,638	58,033	304,719	(10,019)
Restricted for debt service	397,354	-	356,599	-	-
Restricted for City-County Building Plaza	4,990,086	4,990,086	-	-	-
Net investment in capital assets	72,657,169	30,480,283	6,335,437	-	-
	<u>79,788,062</u>	<u>35,905,007</u>	<u>6,750,069</u>	<u>304,719</u>	<u>(10,019)</u>
 Total liabilities, deferred inflows of resources and accumulated net revenues	 <u>\$ 91,190,012</u>	 <u>\$ 39,168,430</u>	 <u>\$ 12,980,630</u>	 <u>\$ 354,851</u>	 <u>\$ 98,635</u>

Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Development Properties
\$ -	\$ 48,190	\$ 100,116	\$ 83,264	\$ 14,975
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	154,080
-	48,190	100,116	83,264	169,055
21,869	-	-	-	-
460,000	-	-	-	-
866,686	-	-	-	-
1,348,555	-	-	-	-
-	-	-	-	-
102,467	279,399	322,732	181,018	70,466
40,755	-	-	-	-
-	-	-	-	-
16,627,948	2,326,953	16,886,548	-	-
16,771,170	2,606,352	17,209,280	181,018	70,466
\$ 18,119,725	\$ 2,654,542	\$ 17,309,396	\$ 264,282	\$ 239,521

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Net Revenues and Changes in Operating and
Debt Service Funds
Year Ended June 30, 2016

City-County Building

	Accumulated Net Revenues	Current Accounts	Replacement Fund
Revenues			
Rental income - additional	\$ 4,977,400	\$ 4,977,400	\$ -
Income from investments	6,017	5,358	659
Contractual payments	85,000	85,000	-
Grants	-	-	-
Other income	226,831	226,831	-
	<u>5,295,248</u>	<u>5,294,589</u>	<u>659</u>
Operating Expenses	<u>5,033,205</u>	<u>5,033,205</u>	<u>-</u>
Net Revenues Before Other Expenses	262,043	261,384	659
Other Expenses			
Nonrecurring repairs	<u>268,967</u>	<u>-</u>	<u>268,967</u>
Net Revenues (Expenses)	(6,924)	261,384	(268,308)
Balances, July 1	<u>35,911,931</u>	<u>35,058,815</u>	<u>853,116</u>
Balances, June 30	<u>\$ 35,905,007</u>	<u>\$ 35,320,199</u>	<u>\$ 584,808</u>

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Net Revenues and Changes in Operating and
Debt Service Funds
Year Ended June 30, 2016

Arrestee Processing Center

	Accumulated Net Revenues	Current Accounts	Capital and Debt Service Funds
Revenues			
Rental income - fixed	\$ 966,000	\$ -	\$ 966,000
Rental income - additional	299,200	299,200	-
Income from investments	96	96	-
	<u>1,265,296</u>	<u>299,296</u>	<u>966,000</u>
Operating Expenses	<u>292,684</u>	<u>292,684</u>	<u>-</u>
Net Revenues Before Other Expenses	972,612	6,612	966,000
Other Expenses			
Interest expense	<u>266,986</u>	<u>-</u>	<u>266,986</u>
Net Revenues	705,626	6,612	699,014
Balances, July 1	<u>6,044,443</u>	<u>51,436</u>	<u>5,993,007</u>
Balances, June 30	<u><u>\$ 6,750,069</u></u>	<u><u>\$ 58,048</u></u>	<u><u>\$ 6,692,021</u></u>

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Net Revenues and Changes in Operating and
Debt Service Funds
Year Ended June 30, 2016

Riverside and Belmont Garages

	<u>Accumulated Net Revenues</u>	<u>Current Accounts</u>	<u>Replacement Fund</u>
Revenues			
Maintenance fees	\$ 804,100	\$ 804,100	\$ -
Income from investments	260	169	91
	<u>804,360</u>	<u>804,269</u>	<u>91</u>
Operating Expenses	<u>784,092</u>	<u>784,092</u>	<u>-</u>
Net Revenues Before Other Expenses	20,268	20,177	91
Other Expenses			
Nonrecurring repairs	<u>15,318</u>	<u>-</u>	<u>15,318</u>
Net Revenues (Expenses)	4,950	20,177	(15,227)
Balances, July 1	<u>299,769</u>	<u>289,747</u>	<u>10,022</u>
Balances, June 30	<u>\$ 304,719</u>	<u>\$ 309,924</u>	<u>\$ (5,205)</u>

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Net Revenues and Changes in Operating and
Debt Service Funds
Year Ended June 30, 2016

Marion County Jail

	Accumulated Net Revenues (Expenses)	Current Accounts	Replacement Fund
Revenues			
Rental income - additional	\$ 1,942,100	\$ 1,942,100	\$ -
Income from investments	229	214	15
	<u>1,942,329</u>	<u>1,942,314</u>	<u>15</u>
Operating Expenses	<u>1,912,265</u>	<u>1,912,265</u>	<u>-</u>
Net Revenues Before Other Expenses	30,064	30,049	15
Other Expenses			
Nonrecurring repairs	<u>31,758</u>	<u>-</u>	<u>31,758</u>
Net Revenues (Expenses)	(1,694)	30,049	(31,743)
Balances, July 1	<u>(8,325)</u>	<u>94,346</u>	<u>(102,671)</u>
Balances, June 30	<u>\$ (10,019)</u>	<u>\$ 124,395</u>	<u>\$ (134,414)</u>

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Net Revenues and Changes in Operating and
Debt Service Funds
Year Ended June 30, 2016

Marion County Jail II

	Accumulated Net Revenues	Current Accounts	Capital and Debt Service Funds
Revenues			
Rental income - fixed	\$ 920,000	\$ -	\$ 920,000
Rental income - additional	54,300	54,300	-
Income from investments	87	61	26
	<u>974,387</u>	<u>54,361</u>	<u>920,026</u>
Operating Expenses	<u>55,987</u>	<u>55,987</u>	<u>-</u>
Net Revenues (Expenses) Before Other Expenses	918,400	(1,626)	920,026
Other Expenses			
Interest expense	<u>100,605</u>	<u>-</u>	<u>100,605</u>
Net Revenues (Expenses)	817,795	(1,626)	819,421
Balances, July 1	<u>15,953,375</u>	<u>101,643</u>	<u>15,851,732</u>
Balances, June 30	<u>\$ 16,771,170</u>	<u>\$ 100,017</u>	<u>\$ 16,671,153</u>

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Net Revenues and Changes in Operating and
Debt Service Funds
Year Ended June 30, 2016

Public Safety Training Academy

	<u>2016 Accumulated Net Revenues</u>
Revenues	
Rental income - additional	\$ 620,900
Income from investments	232
	<u>621,132</u>
 Operating Expenses	 <u>617,669</u>
 Net Revenues Before Other Expenses	 3,463
 Other Expenses	
Nonrecurring repairs	<u>30,386</u>
 Net Expenses	 (26,923)
 Balances, July 1	 <u>2,633,275</u>
 Balances, June 30	 <u><u>\$ 2,606,352</u></u>

Note: A cumulative amount of \$206,334 has been designated for major repairs. The amount represents excess funds accumulated from fiscal year ended June 30, 1989 through the current year end date.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Net Revenues and Changes in Operating and
Debt Service Funds
Year Ended June 30, 2016

Juvenile Justice Complex

	Accumulated Net Revenues	Current Accounts	Capital and Debt Service Funds
Revenues			
Rental income - additional	\$ 1,086,200	\$ 1,086,200	\$ -
Maintenance fees	124,200	124,200	-
Income from investments	344	344	-
	<u>1,210,744</u>	<u>1,210,744</u>	<u>-</u>
Operating Expenses	<u>1,157,515</u>	<u>1,157,515</u>	<u>-</u>
Net Revenues Before Other Expenses	53,229	53,229	-
Other Expenses			
Nonrecurring repairs	<u>28,925</u>	<u>28,925</u>	<u>-</u>
Net Revenues	24,304	24,304	-
Balances, July 1	<u>17,184,976</u>	<u>297,839</u>	<u>16,887,137</u>
Balances, June 30	<u>\$ 17,209,280</u>	<u>\$ 322,143</u>	<u>\$ 16,887,137</u>

Note: A cumulative amount of \$217,219 has been designated for major repairs. This amount represents excess funds accumulated from fiscal year ended June 30, 1990 through the current year end date.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Net Revenues and Changes in Operating and
Debt Service Funds
Year Ended June 30, 2016

Public Safety Properties

	Accumulated Net Revenues
Revenues	
Maintenance fees	\$ 1,181,300
Income from investments	250
	1,181,550
Operating Expenses	1,200,328
Net Expenses Before Other Expenses	(18,778)
Other Expenses	
Nonrecurring repairs	3,924
Net Expenses	(22,702)
Balances, July 1	203,720
Balances, June 30	\$ 181,018

Indianapolis-Marion County Building Authority
 (A Component Unit of the Consolidated City of Indianapolis-Marion County)
**Schedule of Net Revenues and Changes in Operating and
 Debt Service Funds**
Year Ended June 30, 2016

Department of Metropolitan Development Properties

	Accumulated Net Revenues
Revenues	
Maintenance fees	\$ 304,956
Interest income	76
	305,032
Operating Expenses	339,316
Net Expenses	(34,284)
Balances, July 1	104,750
Balances, June 30	\$ 70,466

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Analysis of Building, Site and Project Costs
June 30, 2016

	2016
City-County Building	
Building construction and site costs	\$ 25,952,752
Architectural and engineering costs	1,182,685
Furnishings and equipment	800,367
General and administrative costs	817,302
Maintenance and operations costs	354,011
Financing costs	
Interest on Governmental Building Bonds, October 1, 1959 - July 31, 1962	\$ 3,726,562
Income on investments	(2,510,884)
	1,215,678
Legal advice and counsel	116,354
Other	41,134
Total	\$ 30,480,283
Arrestee Processing Center	
Building construction and site costs	\$ 4,198,350
Architectural and engineering costs	631,444
Consultation and advisory services	990,731
Furnishings and equipment	5,014,276
General and administrative costs	153,305
Maintenance and operations costs	261,267
Financing costs	
Interest on APC Bonds of 2003	\$ 263,455
Interest on APC Anticipation Notes of 2003	61,616
Amortization of bond issue costs	2,170
	327,241
Income on investments	(54,426)
	272,815
Legal advice and counsel	144,690
Other legal	290,611
Other	95,495
Total	\$ 12,052,984

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Analysis of Building, Site and Project Costs (Continued)
June 30, 2016

		2016
Marion County Jail II		
Building construction costs		\$ 16,833,922
Financing costs		
Interest on Jail Building Bonds of 1997	\$ 1,061,000	
Amortization of discount	23,712	
Amortization of bond issue cost	46,402	
Investment income, net of amortization of premiums and discounts	(463,545)	
		667,569
Total		\$ 17,501,491
Public Safety Training Academy		
Building renovation costs		\$ 1,966,556
Architectural and engineering costs		159,521
Financing costs		
Interest on Training Academy Bonds of 1988	\$ 147,550	
Amortization of bond issue costs	11,649	
Investment income, net of amortization of premiums and discounts	(96,437)	
		62,762
Legal advice and counsel		4,877
Other costs		133,237
Total		\$ 2,326,953
Juvenile Justice Complex		
Building construction costs		\$ 13,478,236
Project management costs		50,508
Architectural and engineering costs		1,105,574
Financing costs		
Interest on Detention Center Bonds of 1988	\$ 2,632,706	
Amortization of bond issue costs	75,855	
Investment income, net of amortization of premiums and discounts	(1,263,116)	
		1,445,445
Legal advice and counsel		19,381
Other costs		787,404
Total		\$ 16,886,548

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Analysis of Operating Fund Expenses - Current Accounts
Year Ended June 30, 2016

	Total	City-County Building	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail
Administrative	\$ 3,734	\$ -	\$ -	\$ 3,082	\$ -
Air conditioning and heating - repairs and maintenance	1,141,382	476,868	16,707	74,544	231,376
Tenant alterations (direct purchases and labor charges only)	505,238	505,238	-	-	-
Building Authority office	562,932	282,040	16,041	39,626	73,949
Custodial	1,611,438	937,887	35,472	94,687	51,429
Electrical system - repairs and maintenance	380,786	49,605	17,286	58,053	84,334
Elevators	244,182	200,419	3,991	1,450	19,903
Furnishings	67,225	30,868	-	-	1,044
Groundskeeping	383,662	67,234	1,811	13,068	20,351
General building expense	1,007,912	545,502	32,129	48,224	111,087
Insurance	1,219,237	429,552	32,400	133,379	202,760
Occupant service	7,097	7,097	-	-	-
Plumbing - repairs and maintenance	214,395	95,244	5,860	13,680	37,281
Professional services	118,235	53,025	6,400	14,020	20,210
Public service	94,927	94,927	-	-	-
Painting and decorating	177,469	71,642	2,458	18,700	32,282
Security	9,214	-	-	-	-
Structural maintenance	257,071	75,876	5,995	20,545	60,283
Utilities					
Electricity	2,366,765	1,147,559	79,480	130,549	428,345
Steam	382,908	157,375	-	-	225,533
Gas	145,752	-	9,278	52,131	-
Water, sewer and other	406,091	76,072	11,517	4,575	209,190
Telephone service	12,197	8,010	240	67	1,008
Garage	22,143	4,296	6,219	9,812	-
Payroll taxes and retirement plan contributions	541,918	207,718	9,400	53,900	101,900
CCB Plaza construction costs	14,300	14,300	-	-	-
	<u>11,898,210</u>	<u>5,538,354</u>	<u>292,684</u>	<u>784,092</u>	<u>1,912,265</u>
Revenue for tenant alterations	<u>(505,149)</u>	<u>(505,149)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 11,393,061</u>	<u>\$ 5,033,205</u>	<u>\$ 292,684</u>	<u>\$ 784,092</u>	<u>\$ 1,912,265</u>

Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Development Properties
\$ -	\$ 652	\$ -	\$ -	\$ -
-	69,151	149,796	120,963	1,977
-	-	-	-	-
-	38,339	55,872	48,381	8,684
-	95,693	229,094	167,176	-
-	26,839	46,691	85,178	12,800
-	2,168	5,611	5,622	5,018
-	4,573	-	30,740	-
-	22,763	17,438	35,868	205,129
55,987	36,065	64,228	53,455	61,235
-	102,642	145,743	151,518	21,243
-	-	-	-	-
-	14,839	17,319	25,002	5,170
-	6,180	13,700	4,500	200
-	-	-	-	-
-	16,816	19,732	15,080	759
-	-	6,362	2,852	-
-	22,125	29,659	34,733	7,855
-	88,714	199,933	292,185	-
-	-	-	-	-
-	15,907	38,455	29,981	-
-	12,145	59,325	33,267	-
-	1,558	257	211	846
-	-	-	1,816	-
-	40,500	58,300	61,800	8,400
-	-	-	-	-
55,987	617,669	1,157,515	1,200,328	339,316
-	-	-	-	-
<u>\$ 55,987</u>	<u>\$ 617,669</u>	<u>\$ 1,157,515</u>	<u>\$ 1,200,328</u>	<u>\$ 339,316</u>

Other Information

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedules of Other Information
Schedule of Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement Fund of Indiana (PERF)
Last 3 Fiscal Years*

	2016	2015	2014
Authority's proportion of the net pension liability	0.05765%	0.05649%	0.05785%
Authority's proportionate share of the net pension liability	\$ 2,348,028	\$ 1,484,521	\$ 1,981,408
Authority's covered payroll	\$ 2,757,303	\$ 2,757,770	\$ 2,777,339
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	85%	54%	71%
Plan fiduciary net position as a percentage of the total pension liability	77%	84%	79%

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

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedules of Other Information
Schedule of Authority Contributions
Public Employees' Retirement Fund of Indiana (PERF)
Last 3 Fiscal Years*

	2016	2015	2014
Contractually required contribution	\$ 324,384	\$ 302,614	\$ 275,556
Contributions in relation to the contractually required contribution	<u>324,384</u>	<u>302,614</u>	<u>275,556</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 2,896,284	\$ 2,757,303	\$ 2,757,770
Contributions as a percentage of covered payroll	11.20%	10.98%	10.00%

Notes to Schedule:

Benefit changes: none

Changes of assumptions: An assumption study was performed in April of 2015 resulting in an update to the following assumptions:

- The inflation assumption decreased from 3.00% to 2.25% per year.
- The future salary increase assumption changed from an age-based table ranging from 3.25% to 4.50% to an age-based table ranging from 2.50% to 4.25%.
- The mortality assumption changed from the 2013 IRS Static Mortality projected five years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality tables projected on a fully generationally basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee report.
- The retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement (reduced benefit), 33% are assumed to commence benefits immediate and 67% are assumed to commence benefits at unreduced retirement eligibility. If eligible for an unreduced retirement benefit upon termination from employment, 100% commence immediately.
- The termination assumption was updated based on recent experience. For members earning less than \$20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than \$20,000, the tables were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule.
- The disability assumption was updated based on recent experience.
- The ASA Annuitization assumption was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assumed to annuitize their ASA balance prior to January 1, 2017.

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

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

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*

To the Board of Directors and Board of Trustees
Indianapolis-Marion County Building Authority
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 financial statements of Indianapolis-Marion County Building Authority (Authority), which comprise the statement of assets, deferred outflows, liabilities, deferred inflows and accumulated net revenues as of June 30, 2016, and the related statement of net revenues and changes in operating and debt service funds for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated November 21, 2016.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
November 21, 2016