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August 30, 2017

Mr. Fady Qaddoura
City of Indianapolis Controller
200 East Washington St., Suite 2222
Indianapolis, IN 46204

We have reviewed both the Comprehensive Annual Financial and Single Audit (as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)) audit reports prepared by BKD LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. In our opinion, the audit reports were 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 Comprehensive Annual Financial Report present fairly the financial condition of the City of Indianapolis, as of December 31, 2016, 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 11-14. Findings 2016-001 through 2016-003 describe significant deficiencies and material weaknesses in internal control over financial reporting that are required to be reported in accordance with Government Auditing Standards. They 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*.

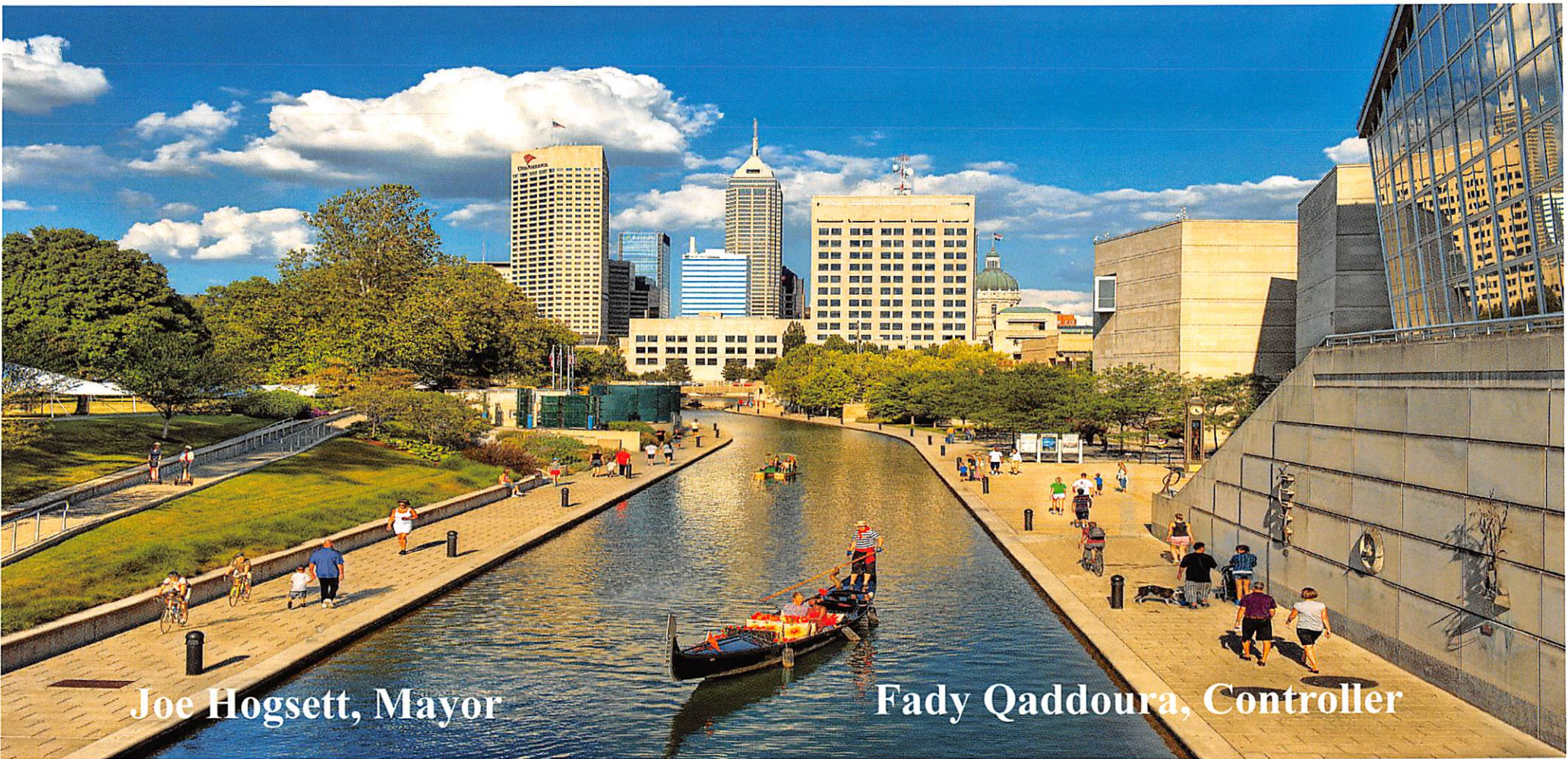
The audit reports are filed with this letter in our office as a matter of public record.

Handwritten signature of Paul D. Joyce in blue ink.

Paul D. Joyce, CPA
State Examiner

Comprehensive Annual Financial Report

Year Ended December 31, 2016



Joe Hogsett, Mayor

Fady Qaddoura, Controller

City of Indianapolis, Indiana

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

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COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

City of Indianapolis, Indiana

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

Year Ended December 31, 2016

Office of Finance and Management

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Introductory Section

Introductory Section



June 27, 2017

To the Honorable Mayor Joe Hogsett, 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, 2016. 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 starting on page 4.

The City is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 (25 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 2016, the primary economic development goals for the City of Indianapolis were to assist existing businesses and attract new businesses within its targeted cluster industries to bring high-wage jobs to Indianapolis. In addition to these goals, the City, in partnership with the Indy Chamber, completed long-term economic development planning through a regional economic development strategy. This strategic planning is complemented by the Global Cities Initiative, a joint project of The Brookings Institution and JPMorgan Chase.

Targeted Industry Success

Through an intense analysis of the Greater Indy Region's industries, assets and more, the regional strategy revealed that five areas – life sciences, manufacturing, logistics, information technology, and sports – reflect the region's core, clustered economic activities. As for the City of Indianapolis, targeted industry clusters complement the natural progression of industry in Indianapolis: life sciences, advanced manufacturing, digital technology, motorsports, logistics, and clean energy.

Companies in these targeted industries accounted for nearly 71 percent of the new and retained job announcements in 2016. Digital technology was the highest growth industry with nearly 5,100 new and retained job commitments, followed by logistics with more than 2,000 new and retained jobs and life sciences with nearly 900 new and retained job commitments. The average hourly wage for all new job commitments was \$28.43 in 2016.

2016 Job Commitments and Investments

In support of the primary economic development goals for the city, 12,373 job commitments (4,831 new jobs/7,542 current and retained jobs) and over \$300 million in capital investment from 56 companies were announced in 2016. These successes were realized due to the partnership between the Indianapolis Mayor's Office and the Indy Chamber.

The City managed to secure job commitments from local Indianapolis-based companies with plans for expansion, totaling 7,542 jobs. The average wage for these retained jobs was \$26.30 per hour.

The commitment from companies to add and retain nearly 12,000 jobs and invest more than \$300 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 Indy's stable, affordable and pro-growth economic environment, skilled workforce, central location, and overall low cost of doing business.

2016 Projects of Note

Federal Express Corporation, a multinational courier delivery service provider, announced a \$170 million equipment upgrade at its Indianapolis International Airport hub. This hub is the second largest FedEx facility in the world. The investment in new logistics equipment would increase the local hub's package sorting capacity. The expansion includes adding 27 full time jobs and 178 part time jobs to the already existing 728 full time and 3,200 part time jobs.

Salesforce, a cloud computing company with customer relationship management software, announced that it plans to invest over \$40 million, add 800 new jobs and transform downtown Indy's tallest building into its new Salesforce Tower Indianapolis. This major investment gave Indy's tech community a major boost as it establishes Salesforce's regional headquarters and its second largest operation outside of San Francisco.

The Room Place, announced a major investment to the city's near eastside at the former Levitz Furniture Building, which has been vacant for over 15 years. The company would create 68 new jobs and invest over \$6.4 million into the building for upgrades. This location will serve as the headquarters for Easyhome, The Room Place's rent-to-own stores, and its regional operations headquarters for The Room Place as they expand further into the Midwest

LONG-TERM FINANCIAL PLANNING

The Office of Finance and Management (OFM) is responsible for financial planning for the City and Marion 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.

The City collected \$300 million in net property tax revenue in 2016. The City expects to collect \$298 million in net property tax revenue in 2017. The Circuit breaker impact is estimated to be \$32 million in 2017, approximately 13% of certified property tax levies. This represents a slight increase from the \$29 million loss in property tax revenue experienced in 2016.

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.

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 government and all townships and municipalities located within the county, including the City. 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 2016, total income tax revenue distributed to the City was \$267 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 (“LOIT”) Levy Freeze. In 2015, total City income taxes distributed were \$207 million. Of the \$60 million increase, \$53 million is attributable to a special one-time distribution authorized by the Indiana State Legislature. The distribution was reflected in the City Rainy Day fund a sub-fund of the General fund and \$7 million is attributable to organic growth in income tax revenue. Certified 2017 City income taxes will be \$230 million, an increase of \$16 million from the prior year not including the special distribution mentioned above. The effects of economic events on income tax collections are not revealed in annual distributions to counties until two years later. With this said, Marion County certified income tax distributions have shown organic growth in 2016, and this is anticipated to continue in 2017.

As part of the long-term financial planning for the City, the City Controller has developed a 5 year financial plan focusing on available funds over the next 5 years. The 5 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 5 year financial plan will be reviewed and updated monthly to monitor and respond to changes in fund balances, revenues, and expenditures.

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 accounting principles generally accepted in the United States of America. 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 Governmental Accounting Standards Board (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

In 2013, the Indiana General Assembly passed Senate Enrolled Act 621-2013. Senate Enrolled Act 621 (“SEA 621”) provided that City budgets must be allocated on a semiannual basis as designated by the City Controller. In addition, if revenues are less than budgeted expenditures, the City Controller can reduce City agency budgets to create a balanced budget. In 2014, the City implemented a quarterly allotment system within the City’s financial accounting system. The City continued this in 2016. While the City has not taken all actions allowed by SEA 621, the City did impose management reserves in 2016. This places a percentage of each agency and department’s budget into reserve and does not allow for expenditure unless it is released by the Controller. The City will continue this in 2017.

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 \$78.4 million at the end of 2016. The Fiscal Stability Fund was established by law and has the primary purpose of supporting a solid credit rating for the City. During 2016, the City used approximately \$.9 million for an Early Childhood Education program. The City intends to replenish this amount during 2017.

Finally, the City continues to identify ways to create efficiencies and improve the delivery of services to the City despite 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 sources. Along with OAP’s work, the City has found ways to reduce liabilities such as workers’ compensation claims and unemployment claims in order to reduce cost and provide appropriate coverage where applicable. In addition, the City is working to become more efficient in service delivery by utilizing technology, business intelligence, and taking on current operations with a smaller workforce.

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, 2016, the Audit Committee members were:

Mr. Charles Johnson III , Chairperson	Engaging Solutions
Mr. David Reynolds	Indiana General Assembly
Ms. Lisa Dandridge	TriMedx
Mr. Leroy Robinson	City-County Councillor, City of Indianapolis – Marion County
Mr. Jack Sandlin	City-County Councillor, City of Indianapolis – Marion County
Ms. Patricia Polis McCrory	Harrison and Moberly, LLC
Mr. Tim Moriarty	Mayor’s Office

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, 2015. 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 Hogsett, 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 'Fady Qaddoura', with a long horizontal flourish extending to the right.**Fady Qaddoura**

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, 2015

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 15th largest city in the nation with a population of 855,164 and a metropolitan area population of approximately 2.0 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 25–member legislative council. The City-County Council consists of 25 councillors elected from single-member districts. 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 X and XI 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
		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

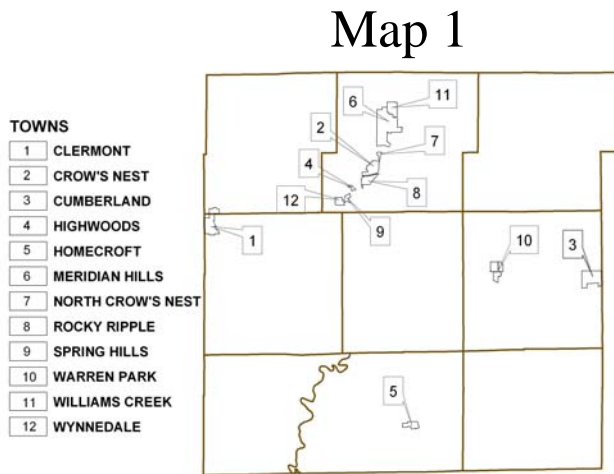
The consolidated City of Indianapolis is within the boundaries of Marion County, as are the following:

- **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.

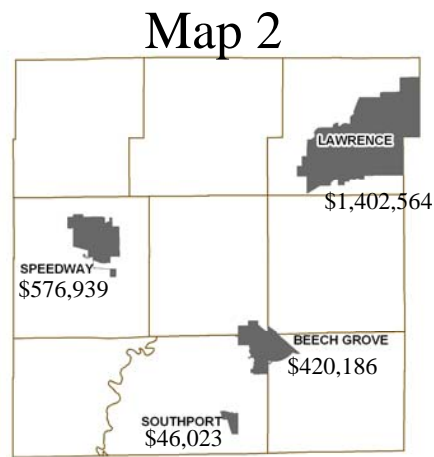
There are also several separate school districts in Marion County. In addition to the general obligation bonds of these school districts, various school building corporations have outstanding bonds payable from lease rentals (which are paid from taxes levied) from school districts for the lease of school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

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



**MARION COUNTY
AND OTHER
INCLUDED TOWNS**

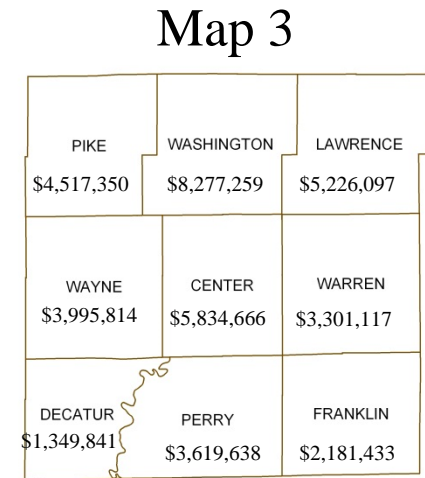
Marion County \$ 38,549,199



**CONSOLIDATED
CITY OF INDIANAPOLIS**

City of Indianapolis \$36,103,487

Excluded Cities and Towns \$2,445,712



TOWNSHIPS

NOTE: See Statistical Schedule 13 of Section III of this annual report. The assessed valuation figures are for March 1, 2015 valuations for taxes collectible in 2016.

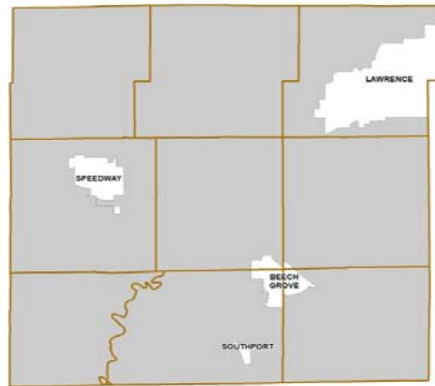
Map 4



LIBRARIES

Beech Grove	\$396,035
Speedway	\$ 576,939
Marion County Libraries	\$ 37,576,225

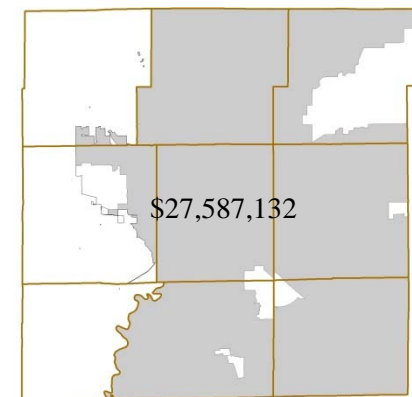
Map 5



INDIANAPOLIS

POLICE SERVICE DISTRICT

Map 6

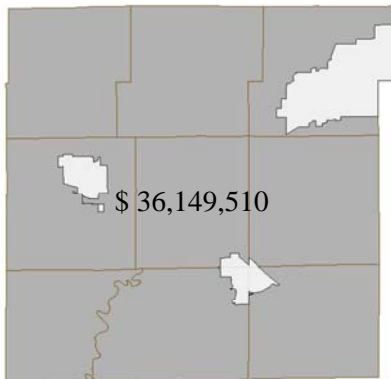


INDIANAPOLIS

FIRE SERVICE DISTRICT

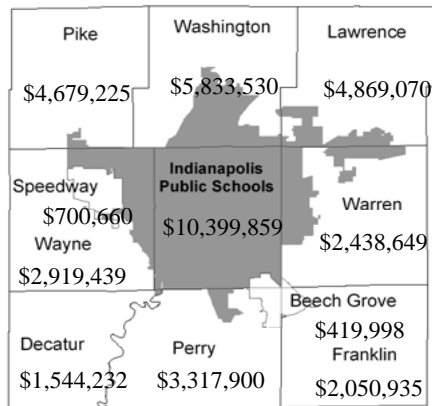
(Outside of this district, townships and excluded cities and towns provide the fire service)

Map 7



**INDIANAPOLIS SOLID WASTE
SPECIAL SERVICE DISTRICT**

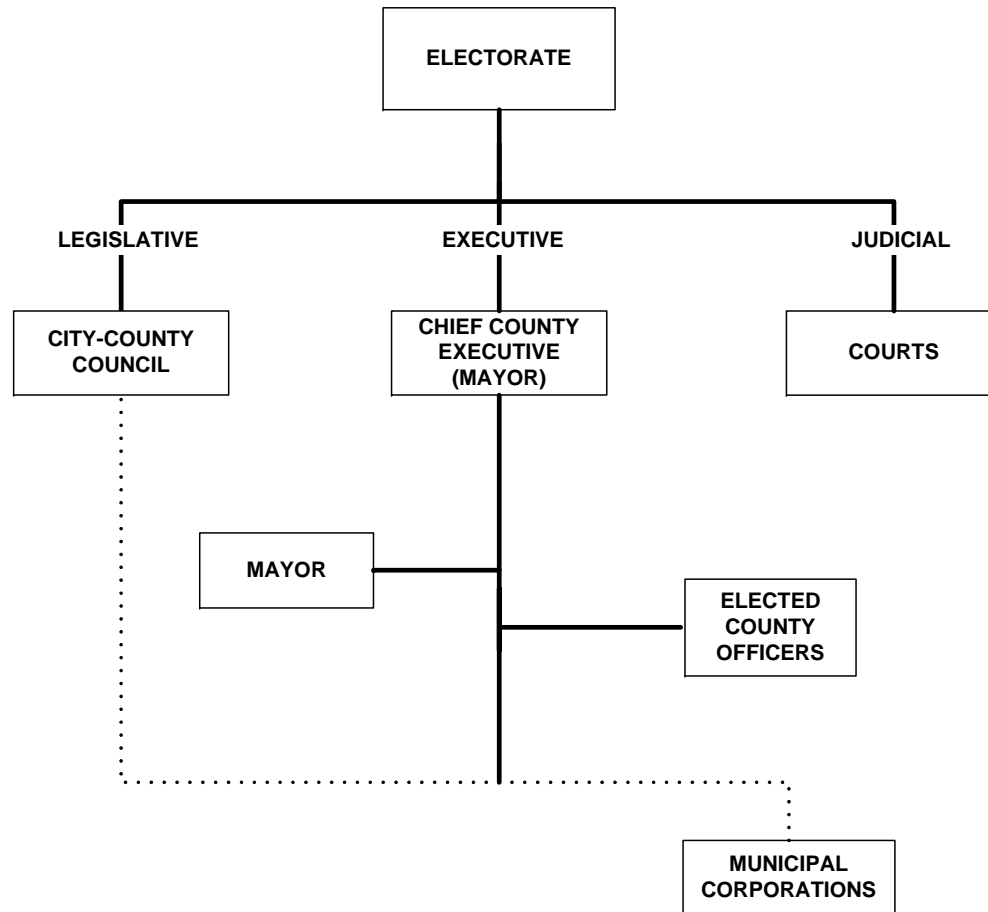
Map 8



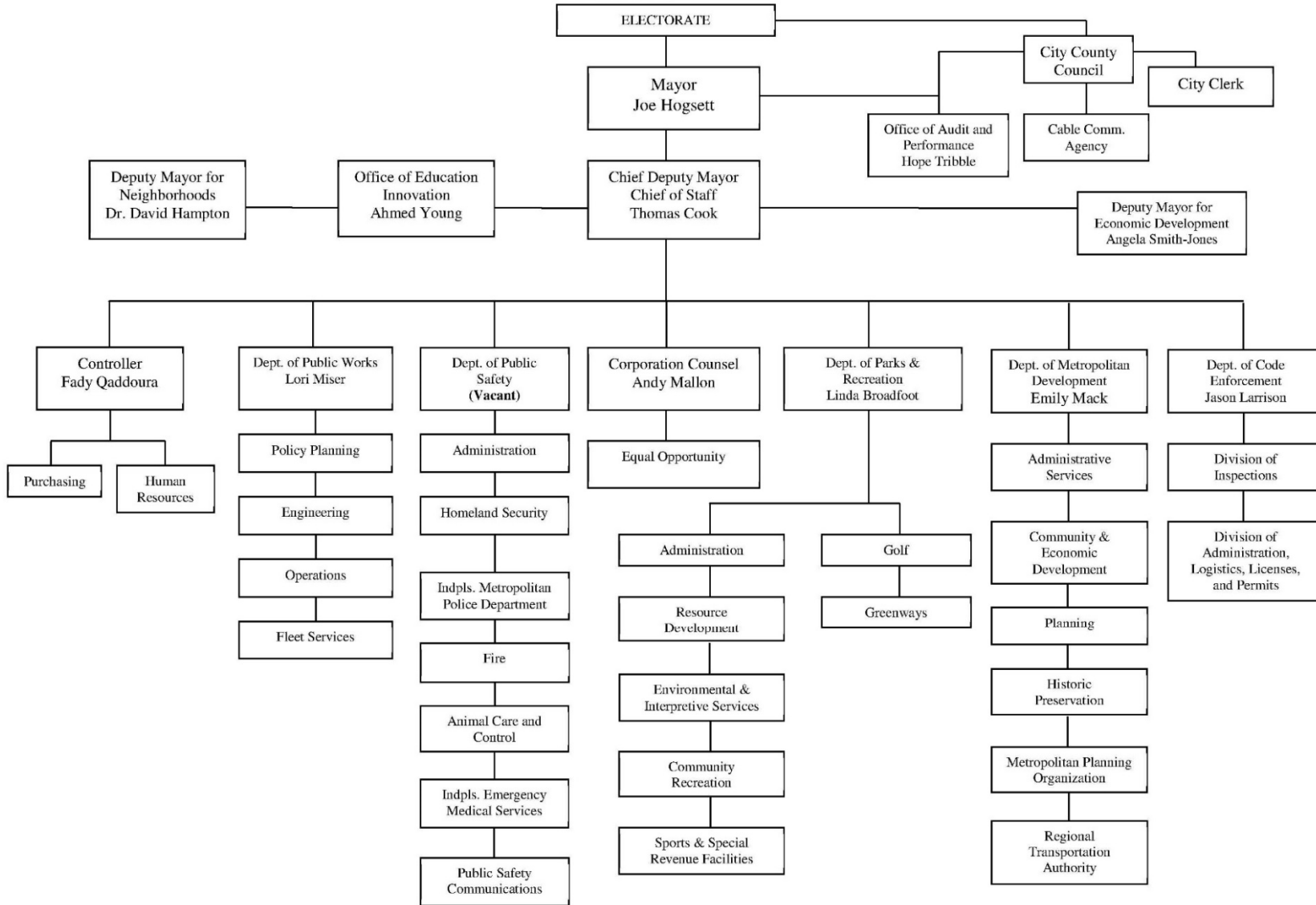
SCHOOL DISTRICTS

NOTE: See Statistical Schedule 13 of Section III of this annual report. The assessed valuation figures are for March 1, 2015 valuations for taxes collectible in 2016.

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



City of Indianapolis Organization Chart
December 31, 2016



CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS
December 31, 2016

ELECTED OFFICIALS*

Name	Title	Service	Occupation
Joe Hogsett	Mayor	1	Mayor and Chief County Executive
Maggie Lewis	City-County Council President	8	Director of Quality Assurance & Community Outreach, Centaur
Zach Adamson	City-County Council Vice President	5	Vice President of Compliance and Regulatory Affairs
Stephen J. Clay	City-County Councillor	2	Senior Pastor, Messiah Missionary Baptist Church
Jeff Coats	City-County Councillor	1	Product Manager, Sales Force
Susie Cordi	City-County Councillor	1	Bus Driver
Jared Evans	City-County Councillor	1	Consultant
Colleen Fanning	City-County Councillo	1	Owner, Grey Market Wine
Monroe Gray, Jr.	City-County Councillor	24	Retired
Jason Holliday	City-County Councillor	5	Account Executive, Ray's Trash Service
LaKeisha Jackson	City-County Councillor	2	Executive Director, Pathway Resource Center
Blake Johnson	City-County Councillor	1	Director of Communications, Complete College America
Scott Kreider	City-County Councillor	1	Partner, Kreider McNevin Schiff, LLP
Frank Mascari	City-County Councillor	6	Jeweler, Spalding Jewelry
Janice McHenry	City-County Councillor	9	Retired
Michael McQuillen	City-County Councillor	9	Owner, PoliticalParade.com
Jeff Miller	City-County Councillor	7	Consultant
Brian Mowery	City-County Councillor	1	Logistics Freight Broker, Direct Connect Logistix
William C. Oliver	City-County Councillor	13	Retired
Vop Osili	City-County Councillor	6	Architect/Principal, A+X Design and Development
Marilyn Pfisterer	City-County Councillor	13	Retired
David Ray	City-County Councillor	1	Account Manager, Miller-Eads Company
Leroy Robinson	City-County Councillor	6	CEO, Winthrop Tech

CITY OF INDIANAPOLIS

SCHEDULE OF ELECTED AND APPOINTED OFFICIALS (Cont.)

December 31, 2016

Name	Title	Service	Occupation
Christine Scales	City-County Councillor	9	Retired
Joseph Simpson	City-County Councillor	6	Director of Administration, Indiana Legal Services
John Wesseler	City-County Councillor	1	Retired
Claudia O. Fuentes	Ex-Officio City Treasurer	5	Marion County Treasurer

*The term of office for all elected officials expires December 31, 2019 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
Thomas Cook	Chief Deputy Mayor/Chief of Staff	1	1
Dr. David Hampton	Deputy Mayor for Neighborhoods	1	1
Angela Smith Jones	Deputy Mayor for Economic Development	1	1
Ahmed Young	Director of Office of Education Innovation	1	1
Fady Qaddoura	Controller-Office of Finance and Management	1	1
Andy Mallon	Corporation Counsel	1	5
Emily Mack	Director of Metropolitan Development	1	9
Lori Miser	Director of Public Works	3	21
Linda Broadfoot	Director of Parks and Recreation	1	1
Jason Larrison	Director of Code Enforcement	1	6
NaTrina Debow	Clerk of the City-County Council	5	12
Hope Tribble	Director of Office of Audit and Performance	1	4

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 of Management (OFM) 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”)

The Department of Metropolitan Development’s (DMD) 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 the 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 the 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 Abandoned Property program to return abandoned properties to the tax rolls. 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. The division also administers brownfield redevelopment activities to identify and remove environment waste that allows for further economic development of those sites.

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 (“MPO”) 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”)

Department of Code Enforcement (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”)

The Department of Public Works (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 wastewater treatment facilities were transferred to Citizen’s Energy Group (CEG). This arrangement was effective August 26, 2011. DPW is also responsible for the contractual relationship with ParkIndy for the management of parking meters. 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 two main areas of responsibility:

1. *Financial Services.* This section provides purchasing, accounting, and financial reporting services to all areas within the department.
2. *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 citizen's relations services.

As an outgrowth of the Strategic Planning section, the Office of Sustainability was established in 2008. 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 the Office of Sustainability 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 Office of Environmental Services ("OES") was restructured during 2009, with the management of air quality, water and land pollution abatement, and environmental remediation projects being redistributed to the State of Indiana's Department of Environmental Management ("IDEM") and then recently created City Department of Code Enforcement. In 2011, the former OES staff involved with water quality was moved to CEG. The remaining former OES staff members, who are primarily involved with managing the hazardous household waste and other land pollution abatement programs, are now with the Solid Waste section. 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. 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 accounted for 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.

Since 2008, there has been some blending of the Engineering and Operations Division. While the divisions of Engineering and Operations still exist, the functional organization has experienced engineers leading the transportation and storm water programs. The range of responsibilities is from planning, design, and construction to planned and reactive maintenance of roads and storm drains. There is now better coordination and planning for resources involved with the City's infrastructure assets.

Operations Division

The Solid Waste Services section is responsible for collecting trash from four of the eleven 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 trails, including but not limited to the Monon Trail.

5. *Customer Services.* Responds within three days to citizen complaints that are called into the Mayor's Action Center such as cave-ins, flooding and drainage problems, street and sidewalk problems, illegal dumping, and utility locates. 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 accounted for 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 IFS 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")

The Department of Public Safety (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 the 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 DPS 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, a six-member Fire Merit Board, and a seven-member Police Merit Board. Transactions for this division are accounted for 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 the 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 sub-fund 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. IFD 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 sub-fund 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 (“CAD”) system, Records Management Systems (“RMS”), a paging system, and a Firehouse alerting System. In support of our customers, and the systems that they use, we provide 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 DPS and the Health and Hospital Corporation of Marion County. IEMS began operations on December 26, 2010.

DEPARTMENT OF PARKS AND RECREATION (“DPR”)

It is the responsibility of The Department of Parks and Recreation (“DPR”) to operate and maintain parks and sports and recreational facilities owned by the consolidated city or the county. 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 is comprised of 211 properties that span 11,255 acres. Amenities include over 135 miles of trails/greenways, 23 recreation and nature centers, 15 outdoor pools, 22 free public spray grounds, 13 golf courses, 87 youth ball fields, 68 soccer, football and cricket fields, 96 basketball courts, 154 picnic shelters, and 125 playgrounds. The Department’s organization consists of eight divisions. The Department of Public Works manages three divisions on behalf of DPR; Maintenance, Resource Development, and Greenways. Transactions for this department are recorded in the Parks Fund, Consolidated County Fund, Parks Special Rec Non Reverting Fund, City Cumulative Capital Fund, and the Federal and State of Indiana Grants Special Revenue Funds.

Administration Division

The Administration Division provides management and support to DPR's lines of business; provides support in areas of human resources and staff development, training, payroll administration, personnel policy and procedures, employee relations and labor negotiations; oversees the administration of all grants; manages all aspects of the department's management information systems; and sponsorships; provides all marketing, promotion and communication needs of the department, including public and media relations, printing, photography, market research, and sponsorships; provides a customer service and community relations operation which includes the issuance of permits and centralized registration; provides support in areas of purchasing, procurement, and stock inventory; is responsible for the preparation of the budget and fiscal ordinances, as well as financial planning and analysis for the department; is responsible for the management of all aspects of the department's accounting and auditing systems, including the monitoring of all cash control systems; administers and coordinates the preparation of all contracts within the department; develops, implements and manages partnership programs for the department; coordinates department relations with the Indianapolis Parks Foundation; develops, implements and manages recreational program initiatives instituted through the mayor or the department director; and develops, implements and manages volunteer services for the department.

Community Recreation Division

The Community Recreation Division establishes and monitors baseline quality maintenance standards for all regional, community, and neighborhood parks; implements an enhancement program to work with organized neighborhood entities to enhance their local parks; provides every neighborhood the opportunity and responsibility to reclaim stewardship of their public spaces; generates significant opportunities for neighborhoods to utilize parks close in proximity to their home that have major amenities not available in a neighborhood park; generates sufficient fee revenue to help offset the cost of the enhanced programs and facilities; coordinates all amenities of the park from a resource management perspective to create additional positive, collaborative, and interactive synergies for program and customer satisfaction; manages and operates programs, services, and facilities at regional, community, and neighborhood parks; draws patrons from

more than a county-wide demographic area and have a revenue enhancement focus, except in areas of limited resources; creates programs and events to provide leisure opportunities in a safe and enjoyable environment for all people; plans, develops, and provides community recreation opportunities for individuals, families, and groups of Indianapolis and Marion County of varied age and backgrounds; organizes activities that represent a wide range of offerings in sports, arts, play, social, environmental, self-improvement, travel, and more; and offers quality recreation programs to those who seek to improve their lives and the greater community good, through participation in physical, social, and creative endeavors, regardless of their ability, economic status, or residence.

Sports and Special Revenue Facilities Division

The sports and special revenue facilities division manages and operates programs and services at sports and special facilities; creates and offers quality sports, aquatic programs, special events, and services in a safe and enjoyable environment for all people; plans, develops, and provides sports and aquatic programs and services for individuals, families, and groups of Indianapolis and Marion County of varied ages and backgrounds; establishes and monitors baseline quality standards for all sports, aquatic, and special facilities; works with organized neighborhood entities to enhance sports, aquatic, and special facilities, and program services; provides every neighborhood the opportunity and responsibility to reclaim stewardship of their public spaces; draws patrons from more than a county-wide demographic area, except in areas of limited resources; and generates sufficient fee revenue to help offset the cost of programs and facilities.

Golf Division

The golf division creates meaningful and enjoyable golfing opportunities for people of all ages and playing abilities; provides competitive playing conditions that meet customer expectations at fair market pricing; provides ancillary golf amenities like driving ranges, pro shops, golf carts, and concessions that meet quality standards; and ensures the golfing customer, the City of Indianapolis, and the golf operators are receiving value for dollars spent.

Environmental and Interpretive Services Division

The environmental and interpretive services division manages and operates nature programs, services, and facilities at nature parks; creates and offers quality nature programs, events, and services in a safe and enjoyable environment for all people; plans, develops, and provides nature programs and services for individuals, families, and groups of Indianapolis and Marion County of varied ages and backgrounds; establishes and monitors baseline quality standards for all nature parks; implements an enhancement program to work with organized neighborhood entities to enhance nature parks and program services; provides every neighborhood the opportunity and responsibility to reclaim stewardship of their public spaces; and generate sufficient fee revenue to help offset the cost of the enhanced programs and facilities.

Resource Development Division

The resource development division manages the scoping, planning, design, and construction of parks and facilities; administers the capital improvement program; manages the design, bidding, and construction of parks facilities; protects and maintains the investment of parks and greenways by setting high standards for design, construction, and project management and adherence to safety and ADA issues; ensures a comprehensive cycle of planning and development which combines public input, professional standards, responsible use of public investment, and process evaluation to promote constant improvement; coordinates the input of all citizens in the planning process and communication of the plan for future park development; develops comprehensive/park master planning; provides long-range and short-term evaluations of guidelines, park improvements, property acquisitions, and county-wide park and recreation needs; coordinates development

of parks based on physical resources and identified community needs; defines park functions and proposed uses; manages inventory of all park properties; coordinates all property transactions for the department; coordinates governmental grants of right-of-way, easement, rights-of-entry, leases, use permits, licenses, and the like; manages exchanges with or transfers to other governmental entities and leases; and provides, coordinates, and manages improvements to park properties.

Greenways Division

The greenways division develops, manages, improves, and maintains the greenways system within Marion County; provides recreation and fitness opportunities; promotes open space conservation; links neighborhoods with each other and parks and other community assets; and provides environmental education for the public concerning the greenways system.

Maintenance Division

The park maintenance division provides stewardship of natural resource areas within the park system; manages and executes maintenance plans for park assets, and other properties; provides physical resources to construct park beautification, forestry, and land improvement services for the departments; provides for the building and grounds maintenance of parks and facilities within the parks system; and coordinates, manages, and conducts all installation and maintenance of athletic field resources of the department.

(During 2016, two Departments were reorganized, but because the budgeted expenditures were posted to the original structure, the information included in this transmittal letter and in the budgetary schedules in the financial statements are under the old structure.

The Department of Code Enforcement became the Department of Business and Neighborhood Services and absorbed the Animal Care and Control Division from the Department of Public Safety. The Indianapolis Fire Department and the Indianapolis Metropolitan Police Department were separated from the Department of Public Safety (DPS) and now report directly to the Mayor. The balance of DPS became the Office of Public Health and Safety. The mission of OPHS is to promote the public health, safety, and well-being of Indianapolis residents and visitors. OPHS works to achieve this mission through five priority areas: food, homeless engagement, public safety communications, re-entry, and health).

Financial Section

Financial Section

Independent Auditor's Report

To the Honorable Mayor and Members of the City-County Council
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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of 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.

Opinions

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors 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.

Other 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 and 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.

The introductory and statistical sections have 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.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 of 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, 2017

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CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2016

This Comprehensive Annual Financial Report presents an analysis of the financial activities of the City of Indianapolis (“City”) for the year ended December 31, 2016 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 liabilities exceeded its assets at December 31, 2016 by \$141.1 million, which represents the total net deficit of the City’s governmental activities. Included in this net position amount is a \$980.5 million unrestricted deficit due mainly to an unfunded net pension obligation of \$914.9 million and an unfunded postemployment benefit obligation of \$166.6 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, these pension benefits which represent \$831.9 million of the total net pension obligation will be covered by the State of Indiana. In regards to the unfunded postemployment 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. Without these two unfunded obligations, the unrestricted net position balance would be \$18.0 million. See footnote 17 to the financial statements for further discussion of the City’s pension plans. See footnote 16 to the financial statements in regards to other postemployment benefits.
- On a government-wide basis, for 2016, the City’s total expenses were \$721.3 million or \$204.2 million less than the \$925.5 million generated in charges for services, grants, taxes, and other revenues.
- As of December 31, 2016, the City’s governmental funds reported combined ending fund balances of \$574.3 million. Of this amount, \$1.2 million was nonspendable, \$398.4 million was restricted, \$2.8 million was committed, \$77.9 million was assigned, and \$94.0 million was unassigned.
- The unassigned fund balance for the general fund was \$94.0 million or 15.4% of total general fund expenditures. The City’s policy is to maintain an unassigned general fund balance of at least 10% of total general fund expenditures. The unrestricted fund balance, which includes the committed, assigned and unassigned fund balances, was \$175 million or 28.6% of total general fund expenditures. The City’s policy is to maintain an unrestricted general fund balance of 17% of total general fund expenditures. These policies were formally adopted in ordinance by the City-County Council in the second quarter of 2016.
- The general fund revenues were \$63.5 million higher than original budget estimates and \$64.1 million higher than the final budget estimate.

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.

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

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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 and Revenue Bond Debt Service 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.

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

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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 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.

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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City’s governmental activities net position at December 31, 2016 and 2015 was \$(141.1) million and \$(345.3) million, respectively.

Statement of Net Position
(In thousands)

	Governmental activities 2016	Governmental activities 2015
Assets:		
Current and other assets	\$ 678,919	\$ 692,125
Capital assets, net of accumulated depreciation	1,487,927	1,465,575
Total assets	2,166,846	2,157,700
Deferred outflows of resources	128,455	74,199
Total assets and deferred outflows of resources	2,295,301	2,231,899
Liabilities:		
Other liabilities	90,206	107,120
Long-term liabilities	2,258,429	2,372,981
Total liabilities	2,258,429	2,372,981
Deferred inflows of resources	87,755	97,147
Total liabilities and deferred inflows of resources	2,346,184	2,470,128
Net position:		
Net investment in capital assets	658,793	618,860
Restricted	180,615	177,408
Unrestricted (deficit)	(980,497)	(1,141,617)
Total net position (deficit)	\$ (141,089)	\$ (345,349)

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 \$658.8 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 2015 balance was \$618.9 million. The increase is primarily due to capital asset additions exceeding disposals and depreciation during 2016. 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 \$180.6 million, versus \$177.4 million in 2015, which represents resources that are subject to external restrictions on how they may be used.

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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 \$980.5 million deficit at the end of the year as compared to a \$1,141.6 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 \$914.9 million for pension obligations and postemployment obligation of \$166.6 million.

Change in net position. The City’s total revenue (including transfers) on a government-wide basis for 2016 was \$925.5 million and \$854.0 million for 2015. Taxes represent 65% of the City’s revenue (62% for 2015). Another 12% of revenue (12% in 2015) 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 total cost of all programs and services was \$721.3 million for 2016 (\$842.7 million for 2015). The City’s expenses cover a range of typical City services.

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Year ended December 31, 2016

The changes in net position for the years ended December 31, 2016 and 2015 are as follows:

Schedule of Changes in Net Position
For the Years Ended December 31, 2016 and 2015
(dollars in thousands)

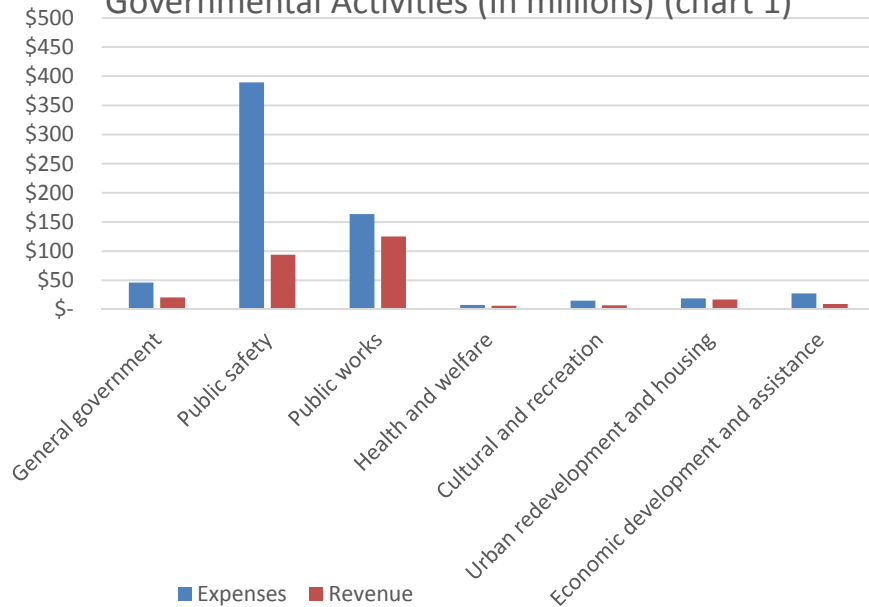
	Governmental activities 2016	Governmental activities 2015
Revenues:		
Program revenues		
Charges for services	\$ 113,144	\$ 105,317
Operating grants and contributions	134,890	139,251
Capital grants and contributions	34,023	37,351
General revenues:		
Property tax	300,101	285,649
Other taxes	302,445	241,955
Other general revenues	40,927	44,513
Total revenues	925,530	854,036
Expenses:		
General government	44,689	48,124
Public safety	389,302	412,157
Public works	163,710	214,740
Health and welfare	7,926	7,555
Cultural and recreation	15,313	14,714
Urban redevelopment and housing	18,899	18,354
Economic development and assistance	27,512	75,451
Interest	53,919	51,584
Total expenses	721,270	842,679
Change in net position	204,260	11,357
Net position, beginning of year, before restatement	(345,349)	271,207
Adjustment for Implementation of GASB 68	-	(627,913)
Net position, beginning of year, after restatement	(345,349)	(356,706)
Net position, ending	\$ (141,089)	\$ (345,349)

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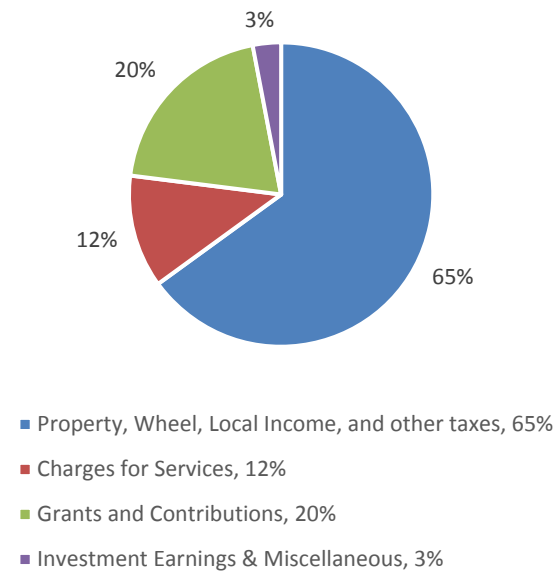
Governmental activities. The City’s governmental activities net position increased by \$204.2 million compared to a decrease of \$616.6 million in the prior year. Total expenses for governmental activities for 2016 were \$721.3 million, a decrease of \$121.4 million from the prior year. Total revenues for governmental activities for 2016 were \$925.5 million, an increase of \$71.5 million from the prior year.

The following charts provide the City’s governmental program revenues and expenses by function and revenues by source for 2016. As shown in chart 1, expenses and program revenues, public safety is the largest function of expense. General revenues such as property tax 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, 2016, the unassigned fund balance of the General Fund was \$94.0 million (as compared to \$79.2 million in 2015) while the total General Fund balance was \$264.2 million (as compared to \$203.5 million in 2015). 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 12% for 2015), while total fund balance represents 43% (31% for 2015) of total General Fund expenditures and transfers out. The fund balance in the City’s General Fund increased by \$60.7 million or 30% from the prior year fund balance. This was due primarily to a special distribution of \$53 million of County Option Income Tax dollars authorized by the State of Indiana with 75% of those dollars dedicated to road and street improvements. None of these dollars had been expended as of December 31, 2016.

The Revenue Debt Service Fund ended the year with a \$148.1 million fund balance (as compared to \$138.8 million in 2015) which was restricted for debt service. The fund balance for the Revenue Debt Service Fund increased by \$9.3 million due mainly to an increase of \$6.8 million in Tax Increment Financing property taxes.

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 2016, the net position of these pension funds amounted to \$1.7 million, which represents an increase of \$373 thousand 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 2016, the combined gross assets of the agency funds totaled \$9.0 million (\$9.9 million in 2015). This amount is composed of activity from the following agency funds: Sanitation 15 Year Law, E-911 Allocation, Police and Fire 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 2016, there was a \$7.9 million increase in appropriations during the year to the original General Fund budget or an increase of less than 1.5%.

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Excluding prior year encumbrances, the original general fund expenditures budget for 2016 was \$574.2 million. The final General Fund expenditures budget was \$582.1 million. Actual expenditures were \$560.1 million. Of the total \$22.0 million underspent from the final budget, \$5.9 million was in public safety, \$7.7 million was in public works, and \$4.1 million was in general government. These underspent amounts were due to planned reductions in the budget to improve available fund balances. General revenues were originally estimated at \$493.6 million, final estimated at \$493.0 million, and the actual was \$557.1 million, which was \$64.1 million greater than budgeted. Out of the total \$64.1 million, \$60.0 million was in taxes and \$3.8 million was in charges for services. The increase in taxes is primarily attributable to the special distribution by the State of Indiana of \$53 million of County Option Income tax (COIT), and the increase in charges for services is primarily attributable to an increase in the Stormwater fee. Actual expenditures were greater than revenues by \$2.9 million. However, if budgeted transfers of \$49.4 million are taken into account, the net of revenues plus transfers is greater than expenditures by \$46.5 million. This is important to note since the transfers include \$54.6 million of Public Safety Income tax which are required each year to be budgeted as special revenue fund revenues and transferred to the general fund and since there are \$5.4 million of transfers out of the general fund which are stormwater fees that are budgeted to fund debt service. The \$46.5 million surplus is primarily due to the additional COIT received in 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had a net investment of \$1.5 billion in capital assets at December 31, 2016 (net of accumulated depreciation of \$2.6 billion) in a broad range of capital assets. This amount represents a net increase for the current year (including additions and deductions) of \$22.4 million.

Schedule of Capital Assets

(dollars in thousands)

	Governmental activities 2016		Governmental activities 2015
Land	\$ 57,981	\$	53,890
Construction in progress	168,046		201,235
Buildings	218,619		230,154
Improvements	97,668		96,024
Equipment	41,640		44,215
Infrastructure	903,973		840,057
Total	\$ 1,487,927	\$	1,465,575

Major capital asset additions in 2016 for governmental activities included:

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Management’s Discussion and Analysis
Year ended December 31, 2016

- \$54.8 million of additions to construction in progress, principally infrastructure, and improvements. Reductions to construction in progress were \$88 million of which \$87.3 million was transferred into infrastructure and \$.7 million was transferred into improvements.
- \$7.3 million of additions to improvements, principally upgrades at parks and recreation facilities.
- \$13.3 million of additions to equipment, principally for public safety and public works vehicles.
- \$102.3 million of additions to infrastructure, principally \$6.7 million for storm sewers, \$91.1 million for streets, curbs and sidewalks, \$1.3 million for bridges and \$3.2 million for traffic signals.
- \$4.2 million of additions to land.

Donated capital assets for governmental activities were \$20.8 million, mainly attributable to capital contributions from the State of Indiana for public work projects built on the City’s behalf. Depreciation expense for 2016 for governmental activities was \$114.5 million. At December 31, 2016, the City had commitments related to ongoing capital asset construction projects of \$58.2 million.

See footnote 9 to the basic financial statements for more information regarding capital assets.

Long-Term Obligations

At the end of 2016, the City had outstanding long-term debt and other long-term obligations for governmental activities of \$2.26 billion, compared to \$2.37 billion at December 31, 2015 as shown below:

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

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Governmental activities:		
Serial bonds payable	\$ 85,572	\$ 129,080
Tax increment bonds payable	602,460	629,877
Revenue bonds payable	310,785	319,160
Deferred premiums	46,860	46,624
Long-term notes payable and certificates of participation	82,197	74,633
Capital lease payable	10,619	11,607
Net pension liability	914,913	977,830
Postemployment benefit obligation	166,609	146,539
Compensated absences	38,414	37,631
Total	\$ 2,258,429	\$ 2,372,981

The increase in the postemployment benefit 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.

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Bonds and Notes

On October 13, 2016 the City issued its Economic Development Revenue bonds, Series 2016 A (Mass Ave. Project) in the amount of \$1.3 million. The proceeds will be used to finance certain projects related to a mixed-used development and related public infrastructure costs. The bonds were issued at an interest rate of 2.39%. Principal and interest payments are due annually on February 1st, and the bonds fully mature on February 1, 2021 with the last bond payment due on this date.

On October 13, 2016 the City issued its Economic Development Revenue bonds, Series 2016 B (Pullium Square) in the amount of \$1.1 million. The proceeds will be used to finance construction of a mixed-use development building, consisting of retail space, residential space, and an underground parking garage. The bonds were issued at an interest rate of 2.39% with principal and interest payments due annually on February 1st. The bonds mature on February 1, 2021 with the final bond payment due on this date.

On October 19, 2016, the City issued its Redevelopment District Tax Increment Refunding Bonds, Series 2016B (Marriott) in the amount of \$50.3 million. The proceeds from these bonds, together with other available funds on hand, were used to advance refund the City’s outstanding Redevelopment District Tax Increment Bonds, Series 2008A, which had an outstanding principal balance of \$53.2 million. The refunding resulted in an accounting gain of \$.2 million, 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 \$8.9 million, 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 \$7.9 million.

In 2013, the City was awarded a \$39.0 million Section 108 Loan to create the Community & Economic Development Loan Program (CEDLP). The City will loan these funds to entities with eligible projects for economic development and housing development activities to benefit low to moderate income individuals. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects or to aid in the prevention of slums. On March 31, 2016 the City loaned the Meadows Community Foundation \$1.6 million, the loan will mature on March 31, 2036. Principal payments are due annually and interest payments are due quarterly. The City will use the payments received from Meadows Community Foundation to repay the loan to HUD. The outstanding balance of the note at December 31, 2016 is \$1.6 million.

On July 8, 2016, the City issued the Stomwater Notes, Series 2016 with borrowing authorization of up to \$50.0 million for capital improvements. Under the terms of the agreement, the City makes interest payments on each January 1 and July 1, the stated interest rate is 1.36%. The maturity date for the note is July 1, 2019, but at any point on or after July 1, 2018 the note is callable without penalty. The outstanding balance that has been drawn down at December 31, 2016 is \$8.3 million.

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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 percentages 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 12 to the basic financial statements for more information regarding long-term debt.

ECONOMIC FACTORS AND THE 2017 BUDGET

The 2017 original budget for all annually budgeted funds was \$777 million. Revisions of \$.92 million have been made through June 2017, which was primarily due to an increase for the federal grants fund for grant spending of \$.55 million.

The 2017 general fund original budget was \$594.2 million, an increase of 3.5% from the 2016 original General Fund budget of \$574.1 million. Revisions (\$215 thousand) have been made through June 2017.

Unemployment rates were as follows:

	May 2017	May 2016
City of Indianapolis	n/a	3.9%
State of Indiana	3.2%	4.6%
United States	4.3%	4.7%

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.

Basic Financial Statements

Basic Financial Statements

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Position
December 31, 2016
(In thousands)

	Primary Government	Component Unit
	Governmental activities	Indianapolis Housing Agency
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Equity in pooled cash	\$ 55,160	\$ 11,839
Cash and investments with fiscal agents	217,923	14,745
Investments	351,444	—
Property taxes receivable	8,387	—
Accounts receivable, less allowance for uncollectibles	25,994	743
Due from federal and state governments	9,761	119
Other assets	—	3,814
Long-term receivables, less allowance for uncollectibles	10,250	8,263
Restricted assets	—	1,973
Capital assets:		
Land	57,981	20,392
Infrastructure, net of accumulated depreciation	903,973	—
Other capital assets, net of accumulated depreciation	357,927	153,972
Construction in progress	168,046	55
Total assets	2,166,846	215,915
Deferred outflows of resources - pensions	120,848	1,728
Deferred outflows of resources - deferred losses on refundings	7,607	—
Total assets and deferred outflows of resources	2,295,301	217,643

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Position
December 31, 2016
(In thousands)

	Primary Government	Component Unit
	Governmental activities	Indianapolis Housing Agency
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Accounts payable and other current liabilities	\$ 72,162	\$ 1,603
Accrued interest payable	10,956	—
Unearned revenue	1,588	131
Customer deposits	—	243
Bond anticipation notes	5,500	—
Other liabilities	—	519
Long-term liabilities:		
Due within one year	82,277	7,364
Due in more than one year	2,176,152	29,152
Total liabilities	2,348,635	39,012
Deferred inflows of resources - pensions	70,155	182
Deferred inflows of resources - parking meter concession agreement	17,600	—
Total liabilities and deferred inflows of resources	2,436,390	39,194
NET POSITION (DEFICIT)		
Net investment in capital assets	658,793	155,133
Restricted for:		
Capital projects	43,045	—
Debt service	63,552	—
Section 8 vouchers and VASH	—	769
Other purposes by grantors	12,519	—
Other purposes by contributor – nonexpendable	355	—
Statutory restrictions	61,144	—
Unrestricted (deficit)	(980,497)	22,547
Total net position (deficit)	\$ (141,089)	\$ 178,449

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, 2016
(In thousands)

Functions/Programs	Program revenues				Net (expense) revenue and changes in net position	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government	Component Unit
					Governmental activities	Indianapolis Housing Agency
Governmental activities:						
General government	\$ 44,689	\$ 17,468	\$ 3,254	\$ —	\$ (23,967)	\$ —
Public safety	389,302	29,549	62,399	1,906	(295,448)	—
Public works	163,710	52,597	44,386	28,193	(38,534)	—
Health and welfare	7,926	264	6,283	—	(1,379)	—
Cultural and recreation	15,313	4,036	1,647	1,607	(8,023)	—
Urban redevelopment and housing	18,899	2,008	12,827	2,317	(1,747)	—
Economic development and assistance	27,512	7,222	4,094	—	(16,196)	—
Interest	53,919	—	—	—	(53,919)	—
Total governmental activities	<u>\$ 721,270</u>	<u>\$ 113,144</u>	<u>\$ 134,890</u>	<u>\$ 34,023</u>	<u>(439,213)</u>	<u>—</u>
Component Unit						
Indianapolis Housing Agency	\$ 71,198	\$ 7,818	\$ 55,008	\$ 4,307		(4,065)
Total component units	<u>\$ 71,198</u>	<u>\$ 7,818</u>	<u>\$ 55,008</u>	<u>\$ 4,307</u>		<u>(4,065)</u>
General revenues:						
Taxes:						
Property taxes					300,101	—
Wheel taxes					13,644	—
Local income taxes					266,834	—
Other taxes					21,967	—
Grants and contributions not restricted to specific programs					10,017	—
Investment earnings not restricted to specific programs					9,977	—
Miscellaneous					20,933	2,253
Total general revenues					<u>643,473</u>	<u>2,253</u>
Change in net position					204,260	(1,812)
Net position (deficit) – beginning of year					<u>(345,349)</u>	<u>180,261</u>
Net position (deficit) – ending					<u>\$ (141,089)</u>	<u>\$ 178,449</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, 2016
(In thousands)

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in pooled cash	\$ 29,554	\$ 5,088	\$ 16,972	\$ 51,614
Cash and investments with fiscal agents	—	122,822	95,083	217,905
Investments	248,185	20,600	68,309	337,094
Property taxes receivable	7,215	—	1,172	8,387
Accounts receivable, less allowance of \$668	20,682	584	2,478	23,744
Due from other funds	12,950	—	—	12,950
Due from federal and state governments	—	—	9,761	9,761
Long-term receivables, less allowance of \$28,899	—	—	1,072	1,072
Total assets	<u>\$ 318,586</u>	<u>\$ 149,094</u>	<u>\$ 194,847</u>	<u>\$ 662,527</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Matured bonds and notes payable	\$ —	\$ 840	\$ 4,000	\$ 4,840
Matured interest payable	—	130	1,789	1,919
Accounts payable and other accrued liabilities	22,152	15	11,336	33,503
Accrued payroll and payroll taxes	17,995	—	144	18,139
Due to other funds	—	—	6,009	6,009
Unearned revenue	—	—	498	498
Bond anticipation notes	—	—	5,500	5,500
Total liabilities	<u>40,147</u>	<u>985</u>	<u>29,276</u>	<u>70,408</u>
Deferred inflows of resources	<u>14,220</u>	<u>—</u>	<u>3,615</u>	<u>17,835</u>
Fund balances:				
Nonspendable	—	—	1,180	1,180
Restricted	89,454	148,109	160,844	398,407
Committed	2,749	—	—	2,749
Assigned	77,923	—	—	77,923
Unassigned	94,093	—	(68)	94,025
Total fund balances	<u>264,219</u>	<u>148,109</u>	<u>161,956</u>	<u>574,284</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 318,586</u>	<u>\$ 149,094</u>	<u>\$ 194,847</u>	<u>\$ 662,527</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, 2016
(In thousands)

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

Fund balances – total governmental funds	\$	574,284
Capital assets not reported in the fund statements		1,487,927
Net deficit of internal service funds		(2,048)
Long-term receivable from sale of wastewater collection and treatment facilities to be used to service long-term general obligation debt		7,578
Long-term receivable from Section 108 Loan from Housing and Urban Development		1,600
Deferred outflow of resources - pensions		120,848
Deferred outflow of resources - loss on refundings		7,607
Deferred inflow of resources - parking meter concession agreement		(17,600)
Deferred inflow of resources - pensions		(70,155)
Long-term liabilities not in the fund statements (excludes matured bonds payable of \$4,840)		(2,253,589)
Other liabilities not in the fund statements		(5,249)
Deferred inflow of resources in the fund statements not in the statement of net position		17,835
Unearned revenue in the statement of net position not in the fund statements		(1,090)
Accrued interest payable not in the fund statements (excludes matured interest payable)		(9,037)
Net deficit of governmental activities	\$	(141,089)

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, 2016
(In thousands)

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 406,273	\$ 93,540	\$ 101,515	\$ 601,328
Licenses and permits	13,952	—	—	13,952
Charges for services	73,605	—	3,239	76,844
Intergovernmental revenues	108,206	—	37,868	146,074
Intragovernmental revenues	1,909	—	—	1,909
Traffic violations and court fees	2,527	—	4,244	6,771
Interest and other operating revenues	17,226	6,882	28,896	53,004
Total revenues	<u>623,698</u>	<u>100,422</u>	<u>175,762</u>	<u>899,882</u>
Expenditures:				
Current:				
General government	23,101	—	1,619	24,720
Public safety	440,223	—	12,212	452,435
Public works	105,742	—	1,778	107,520
Health and welfare	2,015	—	5,817	7,832
Cultural and recreation	13,333	—	1,577	14,910
Urban redevelopment and housing	3,785	—	13,856	17,641
Economic development and assistance	1,438	8,000	10,725	20,163
Debt service:				
Redemption of bonds and notes	1,346	35,773	35,668	72,787
Interest on bonds and notes	855	19,888	29,092	49,835
Bond and note issuance costs	—	729	629	1,358
Payment to refunded bond escrow agent	—	—	—	—
Lease payments and other	12	813	15,837	16,662
Capital outlays	20,021	—	58,880	78,901
Total expenditures	<u>611,871</u>	<u>65,203</u>	<u>187,690</u>	<u>864,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,827</u>	<u>35,219</u>	<u>(11,928)</u>	<u>35,118</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, 2016
(In thousands)

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Sales of capital assets	\$ 939	\$ —	\$ 325	\$ 1,264
Bonds and notes issued	—	—	10,707	10,707
Premium on bonds and notes issued	—	6,609	—	6,609
Refunding bonds issued	—	50,325	—	50,325
Payment to refunded bond escrow agent	—	(52,485)	—	(52,485)
Transfers in	54,870	869	43,170	98,909
Transfers out	(6,897)	(31,207)	(60,805)	(98,909)
Total other financing sources (uses)	<u>48,912</u>	<u>(25,889)</u>	<u>(6,603)</u>	<u>16,420</u>
Net change in fund balances	60,739	9,330	(18,531)	51,538
Fund balances at beginning of year	<u>203,480</u>	<u>138,779</u>	<u>180,487</u>	<u>522,746</u>
Fund balances at end of year	<u>\$ 264,219</u>	<u>\$ 148,109</u>	<u>\$ 161,956</u>	<u>\$ 574,284</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, 2016
(In thousands)

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

Net change in fund balances – total governmental funds	\$ 51,538
Depreciation expense reported in the statement of activities but not in the fund statements	(70,970)
Capital outlay expenditures, exceeding capitalization threshold, reported in the fund statements but reported as additions to capital assets in the statement of net position	70,770
Donations of capital assets not recorded in the fund statements	29,913
Loss on disposals of capital assets not recorded in the fund statements	(746)
Revenues in the statement of activities that do not provide current financial resources and are deferred inflows in the fund statements	17,835
Revenues in the fund statements representing payments on a long-term receivable from sale of wastewater collection and treatment facilities	(7,212)
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	(16,579)
Remediation settlement expenditures recorded in the fund statements but reported as a reduction of liabilities in the statement of net position	211
Bond and notes issued, including premiums, reported as financing sources in the fund statements but as additions to long-term liabilities in the statement of activities	(67,641)
Bond and note principal payments reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of activities	125,272
Amortization of deferred inflow of resources related to the parking meter agreement reported as income in the statement of activities but not in the fund statements	400
Change in net position of internal service funds reported with governmental activities	94
Amortization of bond premium, discount, and loss on refunding reported in the statement of activities but not in the fund statements	4,963
Increase in compensated absences that is not reported in the fund statements	(783)
Capital appreciation bond interest expense that is reported in the statement of activities but not the fund statements, as there is no cash outflow	(8,766)
Accrued interest on bonds and notes payable through December 31, 2016 reported as expenses in the statement of activities but not the fund statements, net of matured interest payable	(9,037)
Capital lease payments reported as expenditures in the fund statements but as reduction of long-term liabilities in the statement of activities	988
Accrued interest at December 31, 2016 not reported in the current year statement of activities but reported in the fund statements, as amounts were paid in the current year	10,114
Net increase in the postemployment benefit obligation that is not reported in the fund statements	(20,070)
Pension contributions recognized as expenditures in the fund statements in excess of pension expense recognized in the statement of activities	<u>93,966</u>
Change in net position of governmental activities	\$ <u><u>204,260</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, 2016
(In thousands)

		Governmental activities – Internal Service Funds
ASSETS		Service Funds
Current assets:		
Equity in pooled cash	\$	3,546
Cash with fiscal agents		18
Investments		14,350
Accounts receivable		2,250
Total current assets		20,164
LIABILITIES		
Accounts payable and other current accrued liabilities		15,271
Due to other funds		6,941
Total current liabilities		22,212
NET POSITION (DEFICIT)		
Unrestricted deficit		(2,048)
Total net deficit	\$	(2,048)

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, 2016
(In thousands)

		Governmental activities – Internal Service Funds
		<u> </u>
Operating revenues:		
Charges to other funds	\$	78,534
Operating expenses:		
Claims		78,302
Administration		147
Total operating expenses		<u>78,449</u>
Operating income		<u>85</u>
Nonoperating expense:		
Investment income		<u>9</u>
Changes in net position		94
Net deficit, beginning of year		<u>(2,142)</u>
Net deficit, end of year	\$	<u><u>(2,048)</u></u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2016
(In thousands)

	Governmental activities – Internal Service Funds
Cash flows from operating activities:	
Receipts from users	\$ 76,289
Payments for administration	(147)
Payments for claims	(72,634)
Net cash provided by operating activities	3,508
Cash flows from investing activities:	
Investment purchases	(4,940)
Interest paid on investments	9
Net cash used in investing activities	(4,931)
Net decrease in cash	(1,423)
Cash, beginning of year	4,987
Cash, end of year	\$ 3,564
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 85
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(2,245)
Increase in accounts payable	5,668
Net cash provided by operating activities	\$ 3,508

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, 2016
(In thousands)

		Police and Firefighters' Pre-1977 Pension Trust Funds		Agency Funds
ASSETS				
Equity in pooled cash	\$	344	\$	1,597
Investments		1,391		6,454
Accounts receivable		—		969
Total assets		1,735	\$	9,020
LIABILITIES				
Accounts payable and other accrued liabilities		24	\$	9,020
Total liabilities		24	\$	9,020
NET POSITION RESTRICTED FOR PENSIONS				
Net position restricted for pensions	\$	1,711		

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, 2016
(In thousands)

	Police and Firefighters Pre-1977 Pension Trust Funds
ADDITIONS	
State of Indiana pension subsidy	\$ 56,861
Total additions	56,861
DEDUCTIONS	
Benefits	56,488
Total deductions	56,488
Net increase in net position	373
Net position restricted for pensions – beginning of year	1,338
Net position restricted for pensions – end of year	\$ 1,711

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2016
(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 (25 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. The Indianapolis Housing Agency (“Housing Agency”) is responsible for the management, operation, maintenance, and administration of public housing and public housing projects, and the provision of safe, sanitary and affordable dwelling accommodations for qualified persons of low and moderate income. 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 Indianapolis Housing Agency Residents’ Council, one from the family housing community and one from the senior community. The Housing Agency has formed four wholly-owned subsidiaries. The Housing Agency’s subsidiaries are the controlling general partners of limited partnerships formed to acquire, construct and operate developments. The financial information of the limited partnerships is included in the financial reporting entity of the Housing Agency as blended component units. 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 seven members, three of which are Housing Agency board members. Accordingly, Insight is considered to be a discretely presented 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. The Mayor appoints the entire CAC board and may remove board members at will. 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. Because CAC exists to exclusively benefit the City, CAC is reported as a blended component unit in this report.

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 such appointments.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2016
(Dollars in Thousands)

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 in the period in which the tax levy and rates are certified, which is the period for which the taxes are levied. 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. Bonds 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 Financial 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 resources are received, whichever occurs first. 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 and the resources are available. Resources received in advance in relation to derived tax revenue nonexchange transactions are reported as liabilities until the period of exchange.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2016
(Dollars in Thousands)

The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the resources 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, which is the period for which the taxes are levied. 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 revenue and expenditures/expense. 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.

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, police and firefighter retiree health insurance costs, 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 deductions for pension obligations as payments become due.

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 taxes, are reported as grants and contributions not restricted to specific functions, unless they are restricted to specific functions, such as gasoline taxes, 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

The City's cash resources are combined to form a cash and investment pool managed by the City Controller. Excluded from this pool are the investments in TrustIndiana and certain legally restricted funds. 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.

Investments are stated at fair value.

E. Receivables

All receivables are shown net of an allowance, if any, for uncollectible balances.

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 therefore 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, construction in progress, 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 acquisition value as of the date of acquisition. 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. 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.

I. 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.

The change in claims for 2016 and 2015, including an estimate of incurred but not reported claims, is as follows:

	<u>Risk Management</u>	<u>Public Liability Self-Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
Unpaid claims, December 31, 2014	\$ 4,549	\$ 3,964	\$ 1,793	\$ 10,306
Incurred claims and changes in estimates	7,301	821	25,026	33,148
Claims paid	<u>(7,391)</u>	<u>(3,843)</u>	<u>(23,165)</u>	<u>(34,399)</u>
Unpaid claims, December 31, 2015	4,459	942	3,654	9,055
Incurred claims and changes in estimates	11,339	566	66,397	78,302
Claims paid	<u>(7,853)</u>	<u>(1,140)</u>	<u>(63,093)</u>	<u>(72,086)</u>
Unpaid claims, December 31, 2016	<u>\$ 7,945</u>	<u>\$ 368</u>	<u>\$ 6,958</u>	<u>\$ 15,271</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.

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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, that 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.

J. Compensated Absences

City civilian 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. Uniform Police and Fire employees earn vacation and sick leave and other accumulated leave time off. For certain employees, sick leave is payable upon the death or retirement of the employee at half of the accumulated value.

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, 2016.

K. 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.

L. 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.

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M. 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.

N. Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 1953 Police Pension Fund, the 1937 Firefighters' Pension Fund, the 1977 Police Officers' and Firefighters' Pension and Disability Fund and the Indiana Public Employees' Retirement Fund ("the plans"), and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are valued in accordance with the provisions of GASB 72 and are predominantly at fair value.

O. 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.

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- 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 \$23,532, 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. The general fund is the only fund that reports a positive unassigned fund balance.

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, 2016, the unassigned fund balance of the Fiscal Stability Fund is \$78,416. Such amount has 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 the balance. 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.

P. Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

The City reports both deferred outflows of resources and deferred inflows of resources in the government-wide statement of net position for the effects of certain changes in its net pension liabilities that are required to be included in pension expense over the current and future periods.

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 unavailable to liquidate liabilities of the current period or for which eligibility requirements have not been met.

Q. Adoption of New Accounting Standards

In 2016, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 79, *Certain External Investment Pools and Pool Participants*; and Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The primary objective of GASB No. 72 is to address accounting and financial reporting issues related to fair value measurements. The statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance to disclosures required for all fair value measurements. The primary objective of GASB No. 77, is to define tax abatements and provide disclosure guidance for governments who grant tax abatements. The City has included in the footnotes additional disclosures related to fair value measurements in accordance with GASB No. 72 and tax abatements in accordance with GASB No. 77.

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R. Future Adoption of Accounting Standards

GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 85, *Omnibus 2017* and Statement No. 86, *Certain Debt Extinguishment Issues*. The City intends to adopt these GASB Statements, as applicable, on their respective effective dates.

2. Cash Deposits and Investments

As of December 31, 2016, the City had the following cash deposits and investments:

Cash and investments	\$	406,604
Cash and investments with fiscal agents		217,923
Cash and investments – Fiduciary Funds		<u>9,786</u>
Total cash and investments	\$	<u><u>634,313</u></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, 2016 were \$141,547. 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.

Investments

Indiana statutes authorize the City to invest in United States obligations and issues of federal agencies, secured repurchase agreements fully collateralized by U.S. Treasury or U.S. agency obligations, municipal securities of Indiana issuers that have not defaulted during the previous twenty years, certificates of deposit and open-end money market mutual funds. Indiana statutes do not apply to the City’s component units, which may invest in securities other than the aforementioned types of investments. The City policy provides that the City may invest 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, 2016.

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.

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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. The City may invest in securities for more than two years and not more than five years in accordance with IC 5-13-9-5.7. Under this policy, investments having maturities of more than two years are limited to 25% of the total portfolio. In accordance with Indiana statutes, this policy will expire four years from its original effective date, or December 1, 2018.

Below is a segmented time distribution for the City’s debt investments at December 31, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-2	Greater than 2
U.S. Government-Sponsored Enterprise Securities:				
Federal Home Loan Mortgage Corporation	\$ 5,000	\$ —	\$ 5,000	\$ —
Federal National Mortgage Association	20,000	—	10,000	10,000
Total U.S. Government-Sponsored Enterprise Securities	<u>25,000</u>	<u>—</u>	<u>15,000</u>	<u>10,000</u>
United States Treasury Notes	284,061	179,913	68,134	36,014
Money market mutual funds	133,118	133,118	—	—
Mutual funds	355	355	—	—
State external investment pool – TrustIndiana	50,232	50,232	—	—
	<u>\$ 492,766</u>	<u>\$ 363,618</u>	<u>\$ 83,134</u>	<u>\$ 46,014</u>

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”).

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At December 31, 2016, 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</u> <u>Moody's / S & P</u>
U.S. Government-Sponsored Enterprises Securities:		
Federal Home Loan Mortgage Corporation	\$ 5,000	Aaa/AA
Federal National Mortgage Association	20,000	Aaa/AA
Total U.S. Government-Sponsored Enterprise Securities	25,000	
United States Treasury Notes	284,061	Aaa/AAA
Money market mutual funds	133,118	Aaa/AAA
Mutual Funds	355	Not Rated
State external investment pool – TrustINDiana	50,232	Not Rated
	\$ 492,766	

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, 2016, 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 \$51,345, 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, 2016, as their existence is not evidenced by securities that exist in physical book entry form.

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. At December 31, 2016, the City did not hold any investments that represent more than 5% of total investments.

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. The City's investment policy prohibits investment in foreign securities.

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3. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investment by fair value level				
United States Treasury Notes	\$ 284,061	\$ —	\$ 284,061	\$ —
Federal Home Loan Mortgage Corporation	5,000	—	5,000	—
Federal National Mortgage Association	20,000	—	20,000	—
Money market mutual funds	133,118	133,118	—	—
Mutual fund	355	355	—	—
Total investments measured at fair value	<u>442,534</u>	<u>\$ 133,473</u>	<u>\$ 309,061</u>	<u>\$ —</u>
Investments measured at the net asset value (NAV) (a)				
State external investment pool - TrustINDiana	<u>50,232</u>			
Total	<u>\$ 492,766</u>			

- (a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Investments at NAV

TrustINDiana, a local government investment pool, seeks to allow local units of government, as well as the State of Indiana, to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly liquid and maximizes the return on the investment. There are no unfunded commitments or restrictions on redemptions.

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4. 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. Part of the Budget certification process is to finalize the rates, which in turn, gives units the ability to accurately project revenue loss due to the circuit breaker impact.

The City’s 2016 property taxes were levied based on assessed valuations determined by the Auditor as of the 2015 assessed valuations, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2016 property taxes was March 1, 2015 (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 2016, the first half of the year 2016 taxes were due and payable to the Treasurer in May 2016. The second half of the year 2016 taxes was due and payable to the Treasurer in November 2016. Property taxes outstanding at December 31, 2016, 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 reported as deferred inflows of resources.

5. Tax Abatements

The City promotes a series of real and personal property tax abatement programs available under Indiana law, including:

Real Property Tax Abatement (I.C. 6-1.1-12.1)

Real property tax abatements are achieved through the phase-in of real property tax obligations from the improvements being made. The phase-in can span a period of one to ten years and is based on a declining percentage of the increase in assessed value of such improvements.

Tax abatement is granted based on qualifying new investment, retained and committed jobs, wages and the economic impact of project. The City’s Metropolitan Development Commission (“MDC”) is responsible for approving the abatement and determining the time period for the abatement. In some cases, City-County Council approval is also required for the abatement. Required approval(s) must occur before construction permits are obtained.

Personal Property Tax Abatement (I.C. 6-1.1-12.1)

Similarly, personal property tax abatements for manufacturing, research and development, information technology and logistics/distribution equipment are accomplished through the phase-in of personal property tax obligations over a one to ten year period, based on a declining percentage of the assessed value of the newly installed equipment.

Tax abatement is granted based on qualifying new investment, retained and committed jobs, wages and the economic impact of project. MDC and possibly City County Council approval is required and must occur prior to the equipment being operational and the MDC determines the time period for the abatement.

Tax Exemption for Enterprise Information Technology Equipment (I.C. 6-1.1-10.44)

The City may grant up to a ten-year, 100% personal property tax exemption to a business engaged in computing, networking or data storage for new investments in qualified enterprise information technology equipment.

The tax exemption requires a minimum investment of \$10 million in qualifying investment by an eligible business located in a High Technology District Area, as designated by the City-County Council. The average wage of employees must be at least one hundred twenty-five percent (125%) of the county average wage. Examples of non-eligible activities are call centers, back office operations, customer service operations, and credit/claims processing operations. City-County Council approval is required to grant the exemption.

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Vacant Building Abatement (I.C. 6-1.1-12.1)

Up to a two-year real property tax abatement is available to a company, according to local qualifications, based on occupying a building that has been vacant for more than a year.

The building must be used for commercial or industrial purposes and be located in a designated Economic Revitalization Area, as designated by the MDC. Prior approval of the MDC must occur before occupying the facility and the MDC determines the time period for the abatement.

All of these programs are designed to spur job creation and retention, grow the income and property tax base, support the redevelopment of areas experiencing a cessation of growth, attract and retain businesses in targeted industries, and assist distressed businesses, among other objectives. Minimum eligibility criteria for such abatements vary by program, as noted above, but generally require that an investment in real or personal property be projected to increase assessed value, create or retain jobs and/or promote economic revitalization.

In return for such abatements, the City generally commits to permit, zoning and job training assistance. An abatement can be terminated if the MDC determines that the commitments made by the company receiving the abatement were not met and, per statute, such non-compliance was not due to factors beyond the company's control. Included in each abatement agreement are provisions specifying certain damages, among which may include a clawback of some or all of the taxes previously abated. If a company ceases operations or announces the cessation of operations at the facility for which the abatement was granted, termination of the abatement agreement is warranted and 100% clawback is required. Other clawbacks are calculated based on the highest level of non-compliance among the measured categories for that project.

Impact of Abatements on Revenues

Indiana property tax laws complicate the calculation of the exact impact of property tax abatements on the tax revenues of a given unit of local government. Constraints on the growth of the annual tax levy and constitutional limitations on taxes (also known as property tax caps) are the chief complicating factors. The increase in the annual tax levy is limited to the growth in the 6-year moving average of nonfarm personal income growth, which is known as the Assessed Value Growth Quotient ("AVGQ"). Statutory property tax caps for homesteads, agricultural and other residential, and commercial are equal to 1%, 2% and 3%, respectively, of associated assessed valuations.

The tax rate, which is established for each taxing unit by the Department of Local Government Finance, is based on the tax levy requested by the taxing unit (as limited by the AVGQ) divided by the net assessed value of the property in a physical taxing district. The theory behind the AVGQ is that the costs of government should not be increasing at a greater rate than taxpayer incomes.

Tax abatements are granted on the assessed value of the property abated. The taxpayer's taxes are then calculated based on this reduced assessment, thus resulting in a lower tax liability. But because a given district's tax rate is calculated based on the total net assessed value in the district (net of abatements and other adjustments), the certified levy of each unit in the district is the same as if the abatements had not been granted.

Additionally, to the extent that parcels have reached the constitutional limit of tax liability as a percentage of gross assessed value, the property tax rate caps ("circuit breaker credits") reduce the property tax collections of the affected taxing units. The degree to which property tax abatements exacerbate circuit breaker losses differs by parcel and is dependent on the proportion of abated assessed value to total gross assessed value, as well as prevailing property tax rates.

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The estimated gross amount, on an accrual basis, by which the total property tax revenues for the abatement taxpayer recipient (payable 2016 taxes) were reduced as a result of the aforementioned abatement programs follows:

Real Property Tax Abatement	\$	598
Personal Property Tax Abatement		2,217
Tax Exemption for Enterprise IT Equipment		127
Vacant Building Abatement		8
Total	\$	<u>2,950</u>

While the City has calculated the potential impact of existing tax abatements on total property tax revenues for 2016 to approximately \$3.0 million, the actual extent of lost revenues is something less than this amount and cannot be easily determined due to the application of circuit breaker credits.

6. Receivables Disaggregation

Accounts receivable as of December 31, 2016, 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	\$ 7,647	\$ 13,703	\$ 21,350
Revenue Debt Service Fund	—	584	584
Other Nonmajor Governmental Funds	1,846	632	2,478
Total receivables	<u>9,493</u>	<u>14,919</u>	<u>24,412</u>
Allowance for uncollectible accounts	(668)	—	(668)
Total governmental activities	<u>\$ 8,825</u>	<u>\$ 14,919</u>	<u>\$ 23,744</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 represent local income and other taxes (excluding property taxes).

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7. Due from Federal and State Governments

Amounts due under federal grants at December 31, 2016 for specific programs and capital projects include:

		<u>Governmental Activities</u>
		<u>Other Nonmajor Governmental</u>
Reimbursements under federal grants:		
Department of Housing and Urban Development (HUD)	\$	3,620
Department of Justice (DOJ)		1,887
Environmental Protection Agency (EPA)		262
Department of Transportation (DOT)		1,699
Department of Education (DOE)		449
Department of Homeland Security (DHS)		1,844
		<u>1,844</u>
	\$	<u><u>9,761</u></u>

At December 31, 2016, the City had available lines of credit or grant authorizations from HUD totaling \$49,680.

8. Long-term Receivables

The City has U.S. Department of Housing and Urban Development (“HUD”) loans outstanding at December 31, 2016 of \$28,649 including accrued interest of \$10,380. The City has provided a reserve of \$28,649 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 amounts 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 2016, \$75 of the loan was repaid and \$50 was forgiven. At December 31, 2016, the City has recorded a \$250 reserve against the long-term receivable and the outstanding balance is \$1,075.

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 2016, the outstanding balance of this general obligation debt and the associated long-term receivable is \$7,781 and \$7,578, respectively. The sanitary district general obligations have maturities that extend through January 1, 2018.

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During 2013, the City recorded a receivable of \$1,003 in relation to a bond refinancing transaction undertaken by the Bond Bank. The City issued bonds that were then purchased in their entirety by the Bond Bank using proceeds from bonds it concurrently issued 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. At December 31 2016, the balance of the long-term receivable is \$247.

In 2013, the City was awarded a \$39,000 Section 108 Loan to create the Community & Economic Development Loan Program (CEDLP). The City will loan these funds to entities with eligible projects for economic development and housing development activities to benefit low to moderate income individuals. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects or to aid in the prevention of slums. On March 31, 2016, the City loaned the Meadows Community Foundation \$1,600, the loan will mature on March 31, 2036. Principal payments are due annually and interest payments are due quarterly. The City will use the payments received from Meadows Community Foundation to repay the loan to HUD. At December 31, 2016, the long-term receivable and the outstanding balance is \$1,600.

The minimum future payments as of December 31, 2016 on long-term receivables are as follows:

		<u>Governmental Activities</u>
		Nonmajor
		<u>Governmental Funds</u>
2017	\$	298
2018		8,040
2019		309
2020		309
2021		227
2022-2026		29,118
2027-2031		470
2032-2036		378
		<u>39,149</u>
Less: allowance		<u>(28,899)</u>
Total	\$	<u><u>10,250</u></u>

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9. Capital Assets

Following is a summary of changes in capital assets for the City’s governmental activities for the year ended December 31, 2016:

	<u>Balance, January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2016</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 53,890	\$ 4,185	\$ 94	\$ 57,981
Construction in progress	<u>201,235</u>	<u>54,815</u>	<u>88,004</u>	<u>168,046</u>
Total capital assets not being depreciated	<u>255,125</u>	<u>59,000</u>	<u>88,098</u>	<u>226,027</u>
Capital assets being depreciated:				
Buildings	409,737	241	1,359	408,619
Improvements	190,882	7,276	—	198,158
Equipment	183,332	13,250	2,993	193,589
Infrastructure	<u>2,992,826</u>	<u>102,307</u>	<u>38,522</u>	<u>3,056,611</u>
Total capital assets being depreciated	<u>3,776,777</u>	<u>123,074</u>	<u>42,874</u>	<u>3,856,977</u>
Less accumulated depreciation:				
Buildings	179,580	11,159	739	190,000
Improvements	94,858	5,632	—	100,490
Equipment	139,120	15,788	2,959	151,949
Infrastructure	<u>2,152,769</u>	<u>38,391</u>	<u>38,522</u>	<u>2,152,638</u>
Total accumulated depreciation	<u>2,566,327</u>	<u>70,970</u>	<u>42,220</u>	<u>2,595,077</u>
Total capital assets being depreciated, net	<u>1,210,450</u>	<u>52,104</u>	<u>654</u>	<u>1,261,900</u>
Governmental activities capital assets, net	<u>\$ 1,465,575</u>	<u>\$ 111,104</u>	<u>\$ 88,752</u>	<u>\$ 1,487,927</u>

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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, 2016:

	<u>Balance, January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2016</u>
Housing Agency				
Capital assets not being depreciated:				
Land	\$ 19,096	\$ 1,296	\$ —	\$ 20,392
Construction in progress	140	9	94	55
Total capital assets not being depreciated	<u>19,236</u>	<u>1,305</u>	<u>94</u>	<u>20,447</u>
Capital assets being depreciated:				
Buildings and improvements	212,222	1,360	—	213,582
Equipment	8,561	258	211	8,608
Total capital assets being depreciated	<u>220,783</u>	<u>1,618</u>	<u>211</u>	<u>222,190</u>
Less accumulated depreciation:				
Buildings and improvements	56,934	5,743	—	62,677
Equipment	4,708	1,044	211	5,541
Total accumulated depreciation	<u>61,642</u>	<u>6,787</u>	<u>211</u>	<u>68,218</u>
Total capital assets being depreciated, net	<u>159,141</u>	<u>(5,169)</u>	<u>—</u>	<u>153,972</u>
Total Housing Agency	<u>\$ 178,377</u>	<u>\$ (3,864)</u>	<u>\$ 94</u>	<u>\$ 174,419</u>

Within the statement of activities, depreciation expense was charged to functions/programs of the City during 2016 as follows:

Governmental Activities:

General government	\$ 1,483
Public safety	10,594
Public works	46,531
Cultural and recreation	5,203
Urban redevelopment and housing	753
Economic development and assistance	6,406
	<u>\$ 70,970</u>

Depreciation expense of \$6,787 was charged to the City's discretely presented component unit, the Housing Agency during 2016.

Construction in progress at December 31, 2016 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, 2016, the City’s commitments relating to construction in progress include the following:

	Accrued Expenditures		
	Through		
	Authorized	December 31, 2016	Committed
Department of Code Enforcement	\$ 138	\$ 138	\$ —
Department of Parks and Recreation	4,110	4,110	—
Department of Public Safety	14,513	14,513	—
Department of Public Works	193,591	138,429	55,162
Department of Metropolitan Development	13,847	10,856	2,991
Total governmental activities	<u>\$ 226,199</u>	<u>\$ 168,046</u>	<u>\$ 58,153</u>

10. Accounts Payable and Other Accrued Liabilities Disaggregation

Accounts payable and other current liabilities as of December 31, 2016 for the City are as follows:

	Vendors	Third-party Contracts	Due to Other Governments	Claims and Settlements	Accrued Payroll and Taxes	Total Payables and Other Current Liabilities
Governmental Activities:						
General Fund	\$ 21,787	\$ 165	\$ 200	\$ —	\$ 17,995	\$ 40,147
Revenue Bond Debt Service	15	—	—	—	—	15
Other Nonmajor Governmental	8,411	2,462	463	—	144	11,480
Internal Service Fund	—	—	—	15,271	—	15,271
Adjustment to government-wide	—	—	—	5,249	—	5,249
Total governmental activities	<u>\$ 30,213</u>	<u>\$ 2,627</u>	<u>\$ 663</u>	<u>\$ 20,520</u>	<u>\$ 18,139</u>	<u>\$ 72,162</u>

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11. 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.

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. During 2016, the City paid \$14,212 in fixed lease rental payments in relation to its lease with MCCRFA to pay off the obligation in full.

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 2016, the City paid \$2,381 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 2016, the City paid the Building Authority \$1,959 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 \$2,293 for governmental activities in 2016. The leases expire at various dates through 2035. Minimum future payments on all noncancelable operating leases as of December 31, 2016 are as follows:

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	<u>Governmental</u> <u>Activities</u>
2017	\$ 2,314
2018	1,103
2019	1,046
2020	937
2021	549
2022-2026	775
Thereafter	<u>98</u>
Total future payments	<u>\$ 6,822</u>

B. Lessor Arrangements

City Market

The City has a 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 extends through October 15, 2020 and provides for three five-year renewal options. 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 2016, the City contributed additional subsidies to the Market of \$337.

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 other outside parties. These leases include various properties and portions of property acquired by the City. The cost of the leased property is \$1,642. As of December 31, 2016, the leased property had a carrying amount of \$815 and current year depreciation of \$67. These properties are leased for terms generally ranging from 5 to 99 years (some for \$0 per year). Total rental income amounted to \$630 in 2016.

Minimum future rental amounts to be received on noncancelable operating leases as of December 31, 2016 are as follows:

	<u>Governmental</u> <u>Activities</u>
2017	\$ 313
2018	196
2019	95
2020	81
2021	47
Thereafter	<u>71</u>
Total future receipts	<u>\$ 803</u>

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12. 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, 2016:

	<u>Balance, January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2016</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds payable	\$ 129,080	\$ —	\$ 43,508	\$ 85,572	\$ 8,727
Tax increment bonds payable	629,877	61,471	88,888	602,460	36,583
Revenue bonds payable	319,160	—	8,375	310,785	3,175
Unamortized amounts:					
Premiums	46,624	6,609	6,373	46,860	—
Total bonds payable	<u>1,124,741</u>	<u>68,080</u>	<u>147,144</u>	<u>1,045,677</u>	<u>48,485</u>
Notes payable and certificates of participation	74,633	9,927	2,363	82,197	14,445
Capital leases payable	11,607	—	988	10,619	1,006
Net pension liabilities	977,830	26,271	89,188	914,913	—
Postemployment benefit obligation	146,539	21,755	1,685	166,609	—
Compensated absences	37,631	30,276	29,493	38,414	18,341
Total governmental activities	<u>\$ 2,372,981</u>	<u>\$ 156,309</u>	<u>\$ 270,861</u>	<u>\$ 2,258,429</u>	<u>\$ 82,277</u>
Discretely Presented Component Unit - Housing Agency:					
Capital leases payable	\$ 100	\$ 41	\$ 100	\$ 41	\$ 41
Notes payable	21,613	14,599	14,420	21,792	2,830
Due to other governmental units	1,519	2	—	1,521	65
Unearned revenue and FSS escrow	4,172	4,569	953	7,788	4,402
Net pension liability	4,372	745	—	5,117	—
Compensated absences	265	425	433	257	26
Total discretely presented component unit	<u>\$ 32,041</u>	<u>\$ 20,381</u>	<u>\$ 15,906</u>	<u>\$ 36,516</u>	<u>\$ 7,364</u>

Included in addition to bonds payable is \$8,766 representing accretion on capital appreciation bonds, which is not included in the statement of revenues, expenditures, and changes in fund balance. This amount, plus \$61,032 of bonds and notes reported in the statement of revenues, expenditures, and changes in fund balance, plus \$1,600 of Section 108 loans provided during 2016 that do not result in an other financing source, amount to the \$71,398 of related additions reflected in the roll forward 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, 2016 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 2005A	02/03/2005	01/15/2022	3.660% – 5.280%	\$ <u>44,995</u>
Sanitary District Bonds:				
Sanitary District Refunding Bonds, Series 2003A	07/09/2003	01/01/2018	3.000 – 5.500	1,405
Sanitary District Refunding Bonds, Series 2007C	11/08/2007	01/01/2018	5.000	<u>6,285</u>
Total Sanitary District Bonds				<u>7,690</u>
Public Safety Communication System Bonds:				
Computer Facilities District Bonds, Series 2008B	12/18/2008	01/15/2024	2.350 – 5.600	<u>22,110</u>
Flood Control District Bonds:				
Flood Control District Refunding Bonds, Series 2003A	07/09/2003	01/01/2018	3.000 – 5.500	254
Flood Control District Refunding Bonds, Series 2007A	11/08/2007	01/01/2018	5.000	<u>1,245</u>
Total Flood Control District Bonds				<u>1,499</u>
Metropolitan Thoroughfare District Bonds:				
Metropolitan Thoroughfare District Refunding Bonds, Series 2003A	07/09/2003	01/01/2018	3.000 – 5.500	983
Metropolitan Thoroughfare District, Series 2003A	07/09/2003	01/01/2018	4.500 – 5.500	280
Metropolitan Thoroughfare District, Series 2007A	11/08/2007	01/01/2018	5.000	<u>4,790</u>
Total Metropolitan Thoroughfare District Bonds				<u>6,053</u>
Park District Bonds:				
Park District of 1993 Refunding Bonds, Series 2003A	07/09/2003	01/01/2018	3.000 – 5.500	550
Park District Refunding Bonds, Series 2007A	11/08/2007	01/01/2018	5.000	<u>2,675</u>
Total Park District Bonds				<u>3,225</u>
Total general obligation bonds recorded in governmental activities				85,572
Less: matured bonds payable recorded in the debt service funds				<u>(3,707)</u>
				<u>\$ 81,865</u>

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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, 2017 have been recorded as matured bonds payable and matured interest payable at December 31, 2016 within the fund statements.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Years Ending December 31	Civil City		Sanitary		Flood Control		Metropolitan Thoroughfare	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 7,280	\$ 2,230	\$ 112	\$ 191	\$ —	\$ 38	\$ —	\$ 153
2018	7,655	1,863	7,578	191	1,499	38	6,053	153
2019	8,045	1,468	—	—	—	—	—	—
2020	8,465	1,047	—	—	—	—	—	—
2021	8,915	599	—	—	—	—	—	—
2022-2024	4,635	122	—	—	—	—	—	—
	<u>\$ 44,995</u>	<u>\$ 7,329</u>	<u>\$ 7,690</u>	<u>\$ 382</u>	<u>\$ 1,499</u>	<u>\$ 76</u>	<u>\$ 6,053</u>	<u>\$ 306</u>

	Park		Public Safety Communications System		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ —	\$ 81	\$ 1,335	\$ 586	\$ 8,727	\$ 3,279
2018	3,225	81	2,765	1,074	28,775	3,400
2019	—	—	2,905	934	10,950	2,402
2020	—	—	3,050	787	11,515	1,834
2021	—	—	3,215	625	12,130	1,224
2022-2024	—	—	8,840	750	13,475	872
	<u>\$ 3,225</u>	<u>\$ 162</u>	<u>\$ 22,110</u>	<u>\$ 4,756</u>	<u>\$ 85,572</u>	<u>\$ 13,011</u>

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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 and certain economic development projects. 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, 2016 are as follows:

	<u>Issue Dates</u>	<u>Final Maturity Dates</u>	<u>Interest Rates (All Maturities)</u>	<u>Outstanding</u>
Redevelopment District, Series 1999B:				
Capital appreciation	08/12/99	02/01/29	5.650% – 5.820%	\$ 241,640
Less: discount				<u>(83,435)</u>
				<u>158,205</u>
Redevelopment District Bonds, Series 2007A	12/13/07	02/01/21	4.000 – 4.125	3,760
Redevelopment District Bonds, Series 2007 (AmeriPLEX)	12/28/07	02/01/23	6.200	3,825
Redevelopment District Bonds, Series, 2007 (Glendale)	05/10/07	02/01/27	5.450 – 6.210	3,830
Redevelopment District Bonds, Series 2009A	09/02/09	02/01/20	3.000 – 5.000	98,535
Redevelopment District Bonds, Series 2010A	06/03/10	02/01/25	5.000	4,717
Redevelopment District Bonds, Series 2010 (Dow AgroSciences)	06/22/10	02/01/25	3.000 – 5.125	15,920
Redevelopment District Bonds, Series 2010 (AIT Laboratories)	11/04/10	02/01/35	2.600 – 5.150	4,790
Redevelopment District Bonds, Series 2011A	03/10/11	08/01/24	.500 – 5.000	27,045
Redevelopment District Bonds, Series 2011C	05/19/11	02/01/36	4.000 – 5.750	24,010
Redevelopment District Bonds, Series 2012A	09/25/12	08/01/20	3.340	1,990
Redevelopment District Refunding Bonds, Series 2013A	05/16/13	02/01/29	2.000 – 5.000	22,130
Redevelopment District Bonds, Series 2013A	05/16/13	02/01/30	5.000	3,915
Redevelopment District Refunding Bonds, Series 2014 (Fall Creek Project)	06/26/14	02/01/29	.450 - 4.500	10,115
Redevelopment District Bonds, Series 2015A (Tarkington Park Project)	05/20/15	02/01/20	1.98	1,060
Redevelopment District Refunding Bonds, Series 2015A (Brokenburr Project)	08/06/15	02/01/30	3.25	1,423
Redevelopment District Refunding Bonds 2016A (Marriott)	10/19/16	02/01/38	3.00 - 5.00	50,325
Economic Development Revenue Bonds, Series 2011A (North of South)	04/07/11	02/01/36	5.000 – 5.750	81,640
Economic Development Revenue Bonds, Series 2011B Taxable (North of South)	04/07/11	02/01/21	2.913 – 4.813	11,375
Economic Development Revenue Bonds, Series 2013A	05/16/13	02/01/30	5.000	14,270
Economic Development Revenue Bonds, Series 2013B	05/16/13	02/01/30	5.000	1,865
Economic Development Revenue Bonds, Series 2014A (Mass. Ave. Project)	09/03/14	2/1/2031	5.000	27,320
Economic Development Revenue Bonds, Series 2014B Taxable (Mass. Ave. Project)	09/03/14	2/1/2024	2.300-3.430	2,505
Economic Development Revenue Bonds, Series 2014C (MSA Project)	09/03/14	2/1/2029	2.000-5.000	15,870
Economic Development Revenue Bonds, Series 2014D Taxable (Pulliam Project)	09/03/14	2/1/2029	5.000	3,320
Economic Development Revenue Bonds, Series 2014E (Pulliam/Millikan Project)	09/03/14	2/1/2020	2.300-2.600	1,080
Economic Development Revenue Bonds, Series 2015A (Broad Ripple Project)	05/20/15	2/1/2020	1.980	6,040
Economic Development Revenue Bonds, Series 2016 A (Mass Ave. Project)	10/13/16	2/1/2021	2.39	1,280
Economic Development Revenue Bonds, Series 2016 B (Pulliam Square Project)	10/13/16	2/1/2021	2.39	<u>1,100</u>
Total tax increment revenue bonds				\$ <u><u>602,460</u></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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On October 13, 2016 the City issued its Economic Development Revenue Bonds, Series 2016 A (Mass Ave. Project) in the amount of \$1,280. The proceeds will be used to finance certain projects related to a mixed-used development and related public infrastructure costs. The bonds were issued at an interest rate of 2.39%. Principal and interest payments are due annually on February 1st, and the bonds fully mature on February 1, 2021 with the last bond payment due on this date.

On October 13, 2016 the City issued its Economic Development Revenue Bonds, Series 2016 B (Pullium Square) in the amount of \$1,100. The proceeds will be used to finance construction of a mixed-use development building, consisting of retail space, residential space, and an underground parking garage. The bonds were issued at an interest rate of 2.39% with principal and interest payments due annually on February 1st. The bonds mature on February 1, 2021 with the final bond payment due on this date.

On October 19, 2016, the City issued its Redevelopment District Tax Increment Refunding Bonds, Series 2016B (Marriott) in the amount of \$50,325. The proceeds from these bonds, together with other available funds on hand, were used to advance refund the City’s outstanding Redevelopment District Tax Increment Bonds, Series 2008A, which had an outstanding principal balance of \$53,180. The refunding resulted in an accounting gain of \$214, which has been deferred and is being amortized over the life of the bonds. As a result of the refunding, the City reduced its total debt service requirements by \$8,909, 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 \$7,877.

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>
2017	\$ 36,583	\$ 19,874	\$ 56,457
2018	38,319	18,641	56,960
2019	40,202	16,869	57,071
2020	50,061	14,942	65,003
2021	44,521	13,525	58,046
2022-2026	218,838	56,191	275,029
2027-2031	191,037	34,875	225,912
2032-2036	60,540	8,845	69,385
2037-2041	5,794	204	5,998
	<u>685,895</u>	<u>183,966</u>	<u>869,861</u>
Less: deferred interest on capital appreciation bonds	<u>(83,435)</u>	<u>—</u>	<u>(83,435)</u>
Total	<u>\$ 602,460</u>	<u>\$ 183,966</u>	<u>\$ 786,426</u>

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D. Revenue Bonds

The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. At December 31, 2016, these include:

	<u>Issue Dates</u>	<u>Final Maturity Dates</u>	<u>Interest Rates (All Maturities)</u>	<u>Outstanding</u>
PILOT Revenue Bonds, Series 2010A	08/12/10	01/01/40	5.000%	\$ 159,515
Stormwater District Revenue Bonds, Series 2011	08/10/11	01/01/41	3.580	14,365
Economic Development Refunding Bonds, Series 2012A	12/20/12	04/01/30	0.60 – 3.0	6,430
Economic Development Refunding Bonds, Series 2012B	12/20/12	04/01/39	2.000 – 5.000	15,820
Indy Roads Revenue Refunding Bonds, Series 2013	09/25/13	01/01/19	3.000 – 5.000	3,475
Stormwater District Revenue Refunding Bonds, Series 2013	10/16/13	01/01/26	2.000 – 5.000	33,435
Indy Roads Revenue Bond, Series 2015A	03/25/15	01/01/35	3.000 – 5.000	35,000
Indy Roads Revenue Bonds, Series 2015B	09/16/15	01/01/35	3.000 – 5.000	34,070
Facilities Revenue Refunding, Series 2015	12/16/15	07/15/21	1.760	<u>8,675</u>
Total revenue bonds recorded in governmental activities				310,785
Less matured bonds payable recorded in debt service funds				<u>(840)</u>
				<u>\$ 309,945</u>

All principal and interest payments for the City’s revenue bonds are due on 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, 2017 and January 15, 2017 have been recorded as matured bonds payable and matured interest payable at December 31, 2016.

Revenue bond debt service requirements to maturity are as follows:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,175	\$ 7,880
2018	7,140	14,535
2019	12,225	14,134
2020	13,635	13,596
2021	14,195	13,008
2022-2026	71,380	55,336
2027-2031	63,430	39,204
2032-2036	74,290	21,718
2037-2041	<u>51,315</u>	<u>5,270</u>
	<u>\$ 310,785</u>	<u>\$ 184,681</u>

At December 31, 2016, \$105,235 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:

Revenue Bond Issue	General Purpose for Debt	Term of Commitment	Pledged Revenue	Principal and Interest for Fiscal Year Ended December 31, 2016	Pledged Revenues for Fiscal Year Ended December 31, 2016	Total Principal and Interest Remaining on Debt
Tax increment revenue	Infrastructure improvements and certain economic development projects	Through 2038	Property tax increment	\$ 56,112	\$ 90,418	\$ 633,605 (1)
Transportation revenue	Construction, reconstruction, and repair of roads, streets, and sidewalks	Through 2035	Wheel tax and state transportation distributions	6,189	13,644	111,403
Facilities revenue	Improvements and repairs to various city and county-owned buildings	Through 2021	Rent charged back to City and County agencies	1,823	1,963	9,100
Stormwater	Improvements of stormwater handling capabilities	Through 2041	Net revenues of the stormwater system	4,224	5,280	65,148
Economic development	Provide financial incentives and assistance to a private developer for the construction of a downtown hotel and purchase of a parking garage	Through 2039	Parking garage fees	3,182	3,182	53,534
PILOT	Construction of certain improvements to the City's public roads, street and sidewalks, and other public facilities.	Through 2040	Payments in lieu of taxes	7,910	8,168	273,921

(1) This amount excludes debt related to certain economic development projects for which the developer is responsible for making the debt service payments.

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 due on August 1, 2020. At December 31, 2016, \$1,200 was still outstanding.

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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, 2010A and 2010B 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, 2016 is \$515.
3. 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, 2016 is \$14,878.
4. In 2011, the MDC of the City entered into an agreement to purchase an existing parking garage known as the Market Development garage for \$18,000 in an installment purchase agreement. The installment agreement is being paid for by parking revenues collected and remitted by a third party operator Denison Parking. Any shortfalls in funding are being funded by the CAC, which acts as the City’s agent in the operating of the parking garage. The installment contract has a balloon payment due on January 15, 2018 of \$15,590. It is anticipated the balance will either be refinanced or the garage will be sold prior to the January 15, 2018 maturity date. The outstanding balance of the note at December 31, 2016 is \$16,177.
5. On December 22, 2015, the City issued its Taxable General Revenue Note, Series 2015 (Justice Center Project) in the amount of \$12,000. The proceeds were used to pay the costs of issuance of the note and related expenses in connection with the planning of a proposed criminal justice center. Under the terms of the agreement, the City makes interest payments on each February 1 and August 1, the stated interest rate is 2.12%. The full principal amount will be payable on December 1, 2017. The outstanding balance of the note at December 31, 2016 is \$12,000.
6. On December 30, 2015, the MDC and CAC entered into an agreement with a developer to construct phase II of the project known as CityWay. CAC entered into a loan agreement for \$18,250 in order to make the loan to the developer. Under the terms of the agreement, the interest payments are due each January 15 and July 15 and the stated interest rate is 3.89%. At December 31, 2016 the CAC has recorded \$16,933 of cash in escrow and long-term debt of \$18,250. Included in the cash balance is \$1,473 in a debt service reserve and \$1,404 in a continuing reserve. These amounts will be used to make the debt service payments until the balance in the continuing reserve reaches \$745, after which the developer will make the balance of the payment for the debt service. The City will grant amounts to CAC to repay the loan from existing Certified Technology Park revenues, tax increment financing revenues on the project property and payments from the developer. If such amounts are insufficient to repay the debt the City will pay the difference from excess tax increment financing revenues.
7. On December 31, 2015, the MDC and CAC entered into an agreement with a developer for the project known as 21C Complex, which included the 21C hotel, the 21C Museum and the 21C restaurant. On December 31, 2015 the CAC obtained an investment loan of \$9,250 with a 20-year maturity and interest rate of 3.89%. As of December 31, 2016 CAC has recorded \$8,977 of cash in escrow and \$9,250 of long-term debt for the investment loan. Subsequent to December 31, 2016, it was determined that the 21C project would not be moving forward. Therefore, the escrowed amounts will be used to repay the loan proceeds to the bank in 2017 with any shortfall to be funded by the City. There were no amounts dispersed to the developer, and interest payments were paid by CAC to the bank from funds held in project escrow accounts.
8. On July 8, 2016, the City issued the Stormwater Notes, Series 2016 with borrowing authorization of up to \$50,000 for capital improvements. Under the terms of the agreement, the City makes interest payments on each January 1 and July 1, at the stated interest rate of 1.36%. The maturity date for the note is July 1, 2019, but at any point on or after July 1, 2018, the note is callable without penalty. The outstanding balance that has been drawn down at December 31, 2016 is \$8,327.
9. In 2013, the City was awarded a \$39,000 Section 108 Loan to create the Community & Economic Development Loan Program (CEDLP). The City will loan these funds to entities with eligible projects for economic development and housing development activities to benefit low to moderate income individuals. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects or to aid in the prevention of slums. On March 31, 2016 the City loaned the Meadows Community Foundation \$1,600, the loan will mature on March 31, 2036. Principal payments are due annually and interest payments are due quarterly. The City will use the payments received from Meadows Community Foundation to repay the loan to HUD. The outstanding balance of the note at December 31, 2016 is \$1,600.

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

Years Ending December 31	Governmental Activities	
	Principal	Interest
2017	\$ 14,445	\$ 3,205
2018	18,494	2,526
2019	11,227	1,780
2020	2,972	1,353
2021	2,731	1,253
2022-2026	14,637	4,783
2027-2031	9,053	2,551
2032-2036	<u>8,638</u>	<u>847</u>
	82,197	\$ <u>18,298</u>
Less matured note payables	<u>(293)</u>	
	<u>\$ 81,904</u>	

G. Capital Leases Payable:

The City enters into financing arrangements for capital assets from time to time, which for accounting purposes are considered capital lease obligations. At December 31, 2016, the total net book value of capital assets under such leases was \$11,555 and the related capital lease obligations amounted to \$10,619.

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments as of December 31, 2016:

	Governmental Activities
2017	\$ 1,628
2018	1,628
2019	1,628
2020	784
2021	734
2022-2026	3,725
2027-2031	3,800
2032-2036	3,800
2037	<u>760</u>
	18,487
Amount representing interest	<u>(7,868)</u>
Present value of net minimum lease payments	<u>\$ 10,619</u>

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H. Other Long-Term Liabilities:

1. Postemployment benefit obligation: As discussed later in these notes, the City provides postemployment healthcare benefits for police officers and firefighters. Civilian employees may continue healthcare coverage but are required to contribute 100% of their annual premium.
2. Net pension liabilities: As discussed later in these notes, the City’s single employer pension plans are funded on a “pay-as-you-go” basis.
3. Compensated Absences Payable: A long-term liability for benefit and sick leave earned but not paid of \$38,414 at December 31, 2016 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.

13. Bond Anticipation Notes

On January 15, 2016, the City issued Economic Development Tax Increment Revenue Bond Anticipation Note, Series 2016 A (16 Tech Project) in an amount of \$5,500. The proceeds are being used to fund a portion of the 16 Tech Project, as well as to pay costs of issuance of the bond anticipation note. This note has a maturity date of January 15, 2018.

	Balance January 1, 2016	Issued	Redeemed	Balance December 31, 2016
Economic Development Tax Increment Revenue Bond Anticipation Note, Series 2016 A (16 Tech Project)	\$ —	\$ 5,500	\$ —	\$ 5,500
	\$ —	\$ 5,500	\$ —	\$ 5,500

14. 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, 2016, the Council had approved 107 series of Economic Development Revenue Bonds for a total not-to-exceed amount of \$1,377,673. 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, 2016 since 2001 is \$229,830.

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15. Fund Balances

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

	<u>General Fund</u>	<u>Revenue Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Permanent fund (principal and interest)	\$ —	\$ —	\$ 355	\$ 355
Long-term receivable	—	—	825	825
	<u>—</u>	<u>—</u>	<u>1,180</u>	<u>1,180</u>
Restricted for:				
Street maintenance and projects	69,494	—	—	69,494
Stormwater management	19,960	—	—	19,960
Debt service	—	148,109	64,892	213,001
Capital projects	—	—	83,624	83,624
Other purposes by grantors	—	—	4,336	4,336
Public safety	—	—	247	247
Sidewalk, curb and street repair	—	—	7,745	7,745
	<u>89,454</u>	<u>148,109</u>	<u>160,844</u>	<u>398,407</u>
Committed to:				
Rebuild Indy projects	2,380	—	—	2,380
Utility monitoring	369	—	—	369
	<u>2,749</u>	<u>—</u>	<u>—</u>	<u>2,749</u>
Assigned to:				
Redevelopment	21,493	—	—	21,493
Solid waste collection	2,871	—	—	2,871
Solid waste disposal	2,544	—	—	2,544
Parks and recreation	3,917	—	—	3,917
Stormwater management	3,760	—	—	3,760
Operating expenditures	36,240	—	—	36,240
Public safety	7,098	—	—	7,098
	<u>77,923</u>	<u>—</u>	<u>—</u>	<u>77,923</u>
Unassigned	<u>94,093</u>	<u>—</u>	<u>(68)</u>	<u>94,025</u>
Total fund balance	\$ <u>264,219</u>	\$ <u>148,109</u>	\$ <u>161,956</u>	\$ <u>574,284</u>

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16. 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 2016, the City contributed \$1,685 to the plan and the active officers’ contributions were \$871. 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. Any cash balance left at the end of the calendar year in the Retiree Health Insurance Fund (RHIF) is transferred to trusts established by the police and fire unions for the benefit of pensioners not eligible for RHIF benefit. 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, 2015. The next valuation will be completed as of December 31, 2017. 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, 2016:

Annual required contribution	\$	21,970
Interest on net OPEB obligation		5,275
Amortization		<u>(5,490)</u>
Annual OPEB cost (expense)		21,755
Contributions made		<u>(1,685)</u>
Increase in net OPEB obligation		20,070
Net OPEB obligation – beginning of year		<u>146,539</u>
Net OPEB obligation – end of year	\$	<u><u>166,609</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, 2015, and 2014 were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Employer</u> <u>Contributions</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2016	\$ 21,755	\$ 1,685	7.75 %	\$ 166,609
2015	20,134	1,880	9.34	146,539
2014	20,856	1,324	6.35	128,285

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, 2015, was as follows:

Actuarial accrued liability	\$	166,390
Actuarial value of plan assets		<u>—</u>
Unfunded actuarial accrued liability	\$	<u><u>166,390</u></u>
Funded ratio		0%
Covered payroll	\$	271,511
Unfunded actuarial accrued liability		
as a percentage of covered payroll		61.28%

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, 2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of expected payroll
Amortization period	30 years open
Actuarial Assumptions:	
Discount rate	3.60% effective annual rate
Projected salary increases	2.75%
General inflation rate	2.20% for the first 15 years and 2.5 thereafter, compounded annually
Healthcare inflation rate	Starting at 6.20% per year and gradually decreasing to 4.50% over a period of 55-70 years, depending on the medical plan

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17. Pension Plans

A. Plan Descriptions, Funding Policies, Benefits and Contribution Information

1. 1953 Police Pension Fund and 1937 Firefighters’ Pension Fund

Description of Plans

The City maintains two single-employer defined benefit pension plans covering police officers and firefighters hired on or before April 30, 1977 (“Police and Firefighters’ Pre-1977 Plans”), which are funded on a pay-as-you-go basis. The plans were established in accordance with IC 36-8-7.5 and 36-8-7, respectively, and are administered by the City. State statute grants authority for these pension plans and sets the regulations covering benefits. No separately issued financial statements are available and the plans are closed to new participants. The Police and Firefighters’ Pre-1977 Plans are reported as pension trust funds in the City’s financial statements.

Management of the Police and Firefighters’ Pre-1977 Plans is vested in separate boards of trustees (“Local Boards”), the responsibilities of which include the determination of eligibility for benefits, rates of contribution and amount of benefits to be paid to plan participants or their beneficiaries. The Local Board for the Police Pre-1977 Plan is comprised of the Mayor, the Marion County Treasurer, the City Police Chief, one retired member of the police department (elected from among all the retired members) and five active members (elected from among all active members) of the police department. The Local Board for the Firefighters’ Pre-1977 Plan is comprised of the Mayor and the City Fire Chief, who are ex-officio voting trustees, one retired member (elected from among all the retired members) of the fire department and four active members (elected from among all active members) of the fire department.

Plan Membership

The plan membership of the Police and Firefighters’ Pre-1977 Plans as of December 31, 2016 follows:

	Pre-1977 Police Plan	Pre-1977 Firefighters’ Plan
Retirees and beneficiaries currently receiving benefits	812	759
Current employees - vested	17	12
Total	829	771

Funding Policy

In 1977, the Pension Relief Fund (IC 5-10.3-11) was created by the Indiana General Assembly to provide financial relief to pension funds maintained by units of local government in Indiana for their police officers’ and firefighters’ retirement plan benefits. The Indiana Public Retirement System (“INPRS”) is responsible for managing the Pension Relief Fund and making disbursements to the local police and firefighter units throughout the state from funds provided by the Indiana General Assembly. Funding for the Pension Relief Fund is derived from a portion of state cigarette and alcohol taxes, a portion of the state’s lottery proceeds, interest earned by the Indiana Public Deposit Insurance Fund, investment income and appropriations from the Indiana General Assembly. Separate accounts are maintained by INPRS for each unit of local government for amounts that have yet to be distributed. Such amounts remain invested in the fund and are available to the units of local government upon request.

Beginning in 2009, the State began paying the entire annual cost of pension benefits for the police officers and firefighters who are participants of the Pre-1977 plans, including those of the City. Since the City still must pay the benefits under the plans and be reimbursed by the State, these are still considered to be “pay-as-you-go” plans. The payments from the State are estimated each year and any overage or underage is to be adjusted in the next year. In 2016, the State of Indiana contributed \$56,861 of pension relief to the City’s Police and Firefighters’ Pre-1977 Plans.

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Retirement Benefits

Retirement benefits are available after 20 years of service. Contractually, as current employees' salaries increase, benefits paid to plan participants are adjusted. An employee who retires from active duty after 20 or more years is entitled to an annual pension equal to 50% of the salary of a first class officer/firefighter, as defined by the City. An employee who serves more than 20 years is entitled to additional amounts equal to: (1) 2% per year for each year of service over 20 years, for an employee who retired before January 1, 1986; or (2) 1% for each half year of service over 20 years, for an employee who retires after December 31, 1985. The maximum benefit is equal to 74% of the salary of a first class officer/firefighter. Monthly pension benefits may be adjusted annually by a cost of living adjustment ("COLA") based upon increases in the Consumer Price Index up to a maximum of 3%.

Disability and Survivor Benefits

Generally, an employee who becomes permanently disabled is entitled to receive a monthly disability benefit equal to 55% of the salary of a first class officer/firefighter. An employee receiving disability benefits is entitled to: (1) receive disability benefits for the remainder of the employee's life; and (2) have the benefit recomputed as a regular retirement benefit when the employee reaches age 55. The time spent receiving disability benefits is counted as active service for the purpose of determining retirement benefits until the employee reaches a total of 20 years of service. If an employee receiving disability benefits elects to have the benefit computed as a regular retirement benefit, the employee's monthly pension may not be reduced below 55% of the salary of a first class officer/firefighter at the time of the payment of the pension. An employee who is temporarily disabled is entitled to receive a monthly disability benefit equal to 30% of the salary of a first class officer/firefighter until the employee is able to return to active service.

The surviving spouse and children of a deceased employee covered under the Police and Firefighters' Pre-1977 Plans receive certain financial assistance, among which include monthly survivor benefits, special death benefits and health insurance.

Contributions Required and Contributions Made

There are no remaining employee contribution requirements. No significant plan assets are accumulated for the payment of future benefits.

2. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund ("1977 Police and Firefighters' Plan") is a cost-sharing multiple-employer retirement defined benefit plan established in accordance with IC 36-8-8 to provide retirement, disability and survivor benefits to all of the City's full-time police officers and firefighters who were hired after April 30, 1977, or who were hired before May 1, 1977, and have elected to convert to this plan. The plan is administered by INPRS and is governed by the INPRS Board of Trustees ("INPRS Board"). Benefits are established by statute and may only be amended by the Indiana General Assembly. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the 1977 Police and Firefighters' Plan, which may be obtained by contacting INPRS at 1 North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687.

Funding Policy

The INPRS Board has established a funding policy that requires that employer contributions be equal to the sum of the employer normal cost (which pays the current year cost of benefits accruing) and an amortization of the unfunded actuarial accrued liability. Presently, covered employees are annually required to contribute 6% of their compensation over the term of their employment up to 32 years. The City currently pays half of the employee contribution in accordance with its associated 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.

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.

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Retirement Benefits

Benefits vest after 20 years of service. For those employees who retire at or after the age of 52 with 20 years of service, the benefit is equal to 50% of compensation for the last year of service, plus 1% of such compensation for each six months of active service over 20 years to a maximum of 12 years. At age 50 and with 20 years of service, a retiree may elect to receive a reduced benefit by a factor established by the plan's actuary. Monthly pension benefits may be adjusted annually by a cost of living adjustment ("COLA") based upon increases in the Consumer Price Index up to a maximum of 3%.

Disability and Survivor Benefits

A covered employee may file an application for disability benefits. A determination is then made by the Local Board, and reviewed by the INPRS Board, as to whether the employee has a covered impairment and whether or not the impairment was sustained in the line of duty. The amount of disability benefits is based upon when the employee was hired, the type of impairment and certain other factors, but may not exceed 55% of the monthly salary (with longevity pay) of a first class officer/firefighter.

If a covered employee dies while receiving retirement or disability benefits, there are provisions for the surviving spouse and children to receive a portion of the benefits, among which include monthly survivor benefits, special death benefits and health insurance.

Contributions Required and Contributions Made

Employer contribution rates are adopted annually by the INPRS Board for the 1977 Police and Firefighters' Plan. 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. The INPRS Board approved an employer contribution rate of 19.7% for 2016 as compared to the actuarially determined contribution rate of 14.01% for this same year. The City's contribution to the plan for the year ended December 31, 2016, exclusive of employer-paid member contributions, was \$35,650, equal to the approved employer contribution and 19.7% of covered payroll for each year.

3. Deferred Retirement Option Plan

Plan Description

Indiana's Deferred Retirement Option Plan ("DROP"), which was enacted into law in 2002, is available to all participants of the Police and Firefighters' Pre-1977 Plans and the 1977 Police and Firefighters' Plan. Those employees 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 member's DROP entry date. Participating employees remain in the DROP until reaching the applicable mandatory retirement age and may make a DROP election only once in the employee'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. The City does not set aside amounts for the DROP participants under the Police and Firefighters' Pre-1977 Plans. As of December 31, 2016, a total of \$66,000 is held under the DROP for participating government employers of the 1977 Police and Firefighters' Plan.

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4. Indiana Public Employees' Retirement Fund

Plan Description

The City also contributes to the Indiana Public Employees' Retirement Fund ("PERF"), a cost-sharing multiple-employer defined benefit pension plan established in accordance with IC 5-10.3 to act as a common investment and administrative agent for units of state and local governments in Indiana. PERF is administered by INPRS and is governed by the 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. Except for police and firefighters, all full-time City employees are eligible to participate in this plan. Additionally, all full-time employees of the Housing Agency participate in PERF under the City's employer account. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for PERF, and can be found at <http://www.inprs.in.gov/>. This report may also be obtained by writing to Indiana Public Retirement System, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687. Pension disclosures for the Housing Agency, which recognized pension expense of \$988 for 2016, are not included in this report but can be found in the Housing Agency's separately issued financial report.

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' Annuity Savings Account Only Plan ("PERF ASA Only Plan"). As of July 1, 2016, employees for political subdivisions may be eligible to participate in the PERF ASA Only Plan if their political subdivision chooses 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, the City contributed 11.2% 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 City has elected 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 City.

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 (6) months in a covered position may reclaim his/her forfeited creditable service.

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An employee who has reached: (1) age 65 and has at least 10 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 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 COLAs. 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.

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 FMLA 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 10 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 City, 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 City's contractually required contribution rate for 2016 was 11.2% of annual payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City's contribution to the plan for the year ended December 31, 2016, exclusive of employer-paid member contributions, was \$7,496, equal to the approved employer contribution and 11.2% of covered payroll for each year.

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B. 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 Pre-1977 Plan</u>	<u>Firefighters' Pre-1977 Plan</u>	<u>1977 Police and Firefighters' Plan</u>	<u>PERF</u>
Date of valuation	December 31, 2015-rolled forward to measurement date	December 31, 2015-rolled forward to measurement date	June 30, 2015-rolled forward to measurement date	June 30, 2015-rolled forward to measurement date
Measurement date	December 31, 2016	December 31, 2016	June 30, 2016	June 30, 2016
Actuarial cost method	Entry age normal - Level Percent of Payroll	Entry age normal - Level Percent of Payroll	Entry age normal - Level Percent of Payroll	Entry age normal - Level Percent of Payroll
Long-term expected return on plan assets	N/A	N/A	6.75%	6.75%
Money-weighted rate of return	N/A	N/A	0.90%	1.10%
Inflation rate	2.25%	2.25%	2.25%	2.25%
Cost of living adjustment	2.00% - 2.50%	2.00% - 2.50%	1.00%	1.00%
Salary increase	2.50%	2.50%	2.50%	2.50% - 4.25%
Mortality	RP-2014 Blue Collar Mortality Tables with mortality improvement since 2006 using Scale MP-2014 removed and projected on a generational basis using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report	RP-2014 Blue Collar Mortality Tables with mortality improvement since 2006 using Scale MP-2014 removed and projected on a generational basis using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report	RP-2014 (with MP-2014 improvement removed) Blue Collar Mortality Tables projected on a generational basis using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report	RP-2014 (with MP-2104 improvement removed) Total Data Set Mortality Tables projected on a generational basis using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report
Experience period	7/1/10 to 6/30/14	7/1/10 to 6/30/14	7/1/10 to 6/30/14	7/1/10 to 6/30/14
Discount rate	Barclay's 20-year Municipal Bond Index:	Barclay's 20-year Municipal Bond Index:		
2016	3.23%	3.23%	6.75%	6.75%
2015	2.59%	2.59%	6.75%	6.75%
Asset valuation method	N/A - pay-as-you-go-basis	N/A - pay-as-you-go-basis	5-year smoothing of gains/losses on market value with a 20% corridor	5-year smoothing of gains/losses on market value with a 20% corridor
Amortization method	N/A	N/A	Level dollar	Level dollar
Amortization period	N/A	N/A	Closed – 20 years	Closed – 20 years

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The long-term expected rate of return on pension plan investments for the 1977 Police and Firefighters’ Plan and PERF were determined using a building-block approach and assume a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted-average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for the 1977 Police and Firefighters’ Plan and PERF:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	22%	5.7%
Private equity	10%	6.2%
Fixed income - ex inflation linked	24%	2.7%
Fixed income - inflation linked	7%	0.7%
Commodities	8%	2.0%
Real estate	7%	2.7%
Absolute return	10%	4.0%
Risk parity	12%	5.0%
Total	<u>100%</u>	

Discount Rates

Because the Police and Firefighters’ Pre-1977 Plans have no accumulated assets, the discount rates for these plans are equal to the Barclay’s 20-year Municipal Bond Index for the year ended December 31, 2016.

The discount rate used to measure the total pension liability for the 1977 Police and Firefighters’ Plan and PERF was 6.75%. 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, the fiduciary net position for each of these plans 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 respective total pension liability.

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Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following represents the City’s net pension liabilities (assets), by plan and in the aggregate, calculated using discount rates 1% higher and 1% lower than their respective current discount rates:

<u>Plan</u>	<u>Net Pension Liability (Asset)</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Pre-1977 Police Plan (current rate: 3.23%)	\$ 480,436	\$ 432,305	\$ 393,605
Pre-1977 Firefighters’ Plan (current rate: 3.23%)	442,725	399,594	364,213
1977 Police and Firefighters’ Plan (current rate: 6.75%) - proportionate share (22.6%)	205,041	20,079	(129,164)
PERF (current rate: 6.75%) - proportionate share (1.38%)	<u>90,390</u>	<u>62,935</u>	<u>40,116</u>
Total	<u>\$ 1,218,592</u>	<u>\$ 914,913</u>	<u>\$ 668,770</u>

C. Pension Liabilities (Assets), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liabilities for the Police and Firefighters’ Pre-1977 Plans were measured as of December 31, 2016 and the total pension liability used to calculate the net liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to the measurement date. Member census data as of December 31, 2015, was used in the valuation and adjusted, where appropriate, to reflect changes between December 31, 2015 and December 31, 2016. For December 31, 2016 valuations, the actuarial assumptions are generally unchanged from the prior year and reflect the results of an experience study completed in April 2015. The one exception is that the discount rate increased from 2.59% for the December 31, 2015 valuations, to 3.23% for the December 31, 2016 valuation, as directed by INPRS.

The net pension liability for the 1977 Police and Firefighters’ Plan was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to the measurement date. Member census data as of June 30, 2015, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to the June 30, 2016 measurement date. Wages reported by the City for police officers and for firefighters relative to the collective wages of the plan served as the basis to determine the City’s proportionate share for each member population. This basis of allocation is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2016, the City’s proportion for its police officers was 12.04535%, which is an increase of 0.40677% from its proportion measured as of June 30, 2015. At June 30, 2016, the City’s proportion for its firefighters was 10.55661%, which was a decrease of 0.55676% from its proportion measured as of June 30, 2015.

The net pension liability for PERF was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to the measurement date. Member census data as of June 30, 2015, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to the June 30, 2016 measurement date. Wages reported by the City relative to the collective wages of the plan served as the basis to determine the City’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 City’s proportion was 1.38671%, which was a decrease of 0.00648% from its proportion measured as of June 30, 2015.

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At December 31, 2016, the City reported the following net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to the City's four pension plans in which it participates:

<u>Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Police Pre-1977 Plan	\$ 432,305	\$ —	\$ —	\$ 45,463
Firefighters' Pre-1977 Plan	399,594	—	—	43,725
1977 Police and Firefighters' Plan	20,079	101,885	68,868	26,353
PERF	62,935	18,963	1,287	11,650
Total	<u>\$ 914,913</u>	<u>\$ 120,848</u>	<u>\$ 70,155</u>	<u>\$ 127,191</u>

The components of the net pension liability of the City for the Police and Firefighters' Pre-1977 Plans as of December 31, 2016 were as follows:

	<u>Pre-1977 Police Plan</u>	<u>Pre-1977 Firefighters' Plan</u>
Total pension liability	\$ 433,376	\$ 400,234
Plan's fiduciary net position	<u>(1,071)</u>	<u>(640)</u>
City's net pension liability	<u>\$ 432,305</u>	<u>\$ 399,594</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.25%</u>	<u>0.16%</u>

The changes in the net pension liability for the Police and Firefighters' Pre-1977 Plans follow:

	<u>Pre-1977 Police Plan</u>			<u>Pre-1977 Firefighters' Plan</u>		
	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances as of January 1, 2016	\$ 478,713	\$ 945	\$ 477,768	\$ 443,712	\$ 393	\$ 443,319
Changes for the year:						
Service cost	469	—	469	330	—	330
Interest on total pension liability	12,070	—	12,070	11,149	—	11,149
Difference between expected and actual experience	270	—	270	(552)	—	(552)
Effect of assumptions changes	(29,167)	—	(29,167)	(26,359)	—	(26,359)
Nonemployer contributing entity contributions	—	28,887	(28,887)	—	27,974	(27,974)
Projected benefit payments	(28,979)	—	(28,979)	(28,046)	—	(28,046)
Benefit payments	—	(28,761)	28,761	—	(27,727)	27,727
Total net changes	<u>(45,337)</u>	<u>126</u>	<u>(45,463)</u>	<u>(43,478)</u>	<u>247</u>	<u>(43,725)</u>
Balances as of December 31, 2016	<u>\$ 433,376</u>	<u>\$ 1,071</u>	<u>\$ 432,305</u>	<u>\$ 400,234</u>	<u>\$ 640</u>	<u>\$ 399,594</u>

Detailed information regarding the fiduciary net position for the 1977 Police and Firefighters' Plan and PERF is available in the separately issued financial reports for these plans.

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The Police and Firefighters' Pre-1977 Plans have no deferred outflows of resources or deferred inflows of resources as of December 31, 2016. Deferred outflows of resources and deferred inflows of resources related to the 1977 Police and Firefighters' Plan and PERF as of December 31, 2016 are from the following sources:

	1977 Police and Firefighters' Plan		PERF		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,387	\$ 12,738	\$ 1,410	\$ 116	\$ 9,797	\$ 12,854
Net difference between projected and actual earnings on pension plan investments	97,261	23,162	13,842	3,541	111,103	26,703
Changes in assumptions	—	54,979	2,777	—	2,777	54,979
Changes in proportion and differences between the City's contribution and proportionate share contributions	1,640	1,151	531	1,171	2,171	2,322
City's contributions subsequent to the measurement date	17,759	—	3,944	—	21,703	—
Total	\$ 125,047	\$ 92,030	\$ 22,504	\$ 4,828	147,551	96,858
Netting required under GASB Statement No. 68					(26,703)	(26,703)
Adjusted Total					\$ 120,848	\$ 70,155

At December 31, 2016, the City reported \$17,759 and \$3,944 as deferred outflows of resources related to pensions resulting from plan contributions made by the City to the 1977 Police and Firefighters' Plan and PERF, respectively, subsequent to the measurement date. Therefore, \$17,759 will be recognized as a decrease in the net pension liability for the 1977 Police and Firefighters' Plan and \$3,944 will be recognized as a decrease in the net pension liability for PERF in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2016, related to pensions will be recognized in pension expense as follows:

	1977 Police and Firefighters'		Total
	Plan	PERF	
2017	\$ 8,604	\$ 4,985	\$ 13,589
2018	8,604	3,081	11,685
2019	20,185	3,992	24,177
2020	3,895	1,674	5,569
2021	(8,203)	—	(8,203)
Thereafter	(17,827)	—	(17,827)
Total	\$ 15,258	\$ 13,732	\$ 28,990

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D. Pension Trust Fund Financial Statements

Separately issued financial statements are not available for the Police and Firefighters' Pre-1977 Plans. The combining statement of pension trust funds net position at December 31, 2016 follows:

	Police	Firefighters'	Total
ASSETS	Pension	Pension	Total
Equity in pooled cash	\$ 217	\$ 127	\$ 344
Investments	878	513	1,391
Total assets	<u>1,095</u>	<u>640</u>	<u>1,735</u>
LIABILITIES			
Accounts payable and other accrued liabilities	24	—	24
Total liabilities	<u>24</u>	<u>—</u>	<u>24</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 1,071</u>	<u>\$ 640</u>	<u>\$ 1,711</u>

The combining statement of changes in fiduciary net position at December 31, 2016 follows:

	Pension Trust Funds		
	Police	Firefighters'	Total
ADDITIONS	Pension	Pension	Total
State of Indiana pension subsidy	\$ 28,887	\$ 27,974	\$ 56,861
Total additions	<u>28,887</u>	<u>27,974</u>	<u>56,861</u>
DEDUCTIONS			
Benefits	28,761	27,727	56,488
Total deductions	<u>28,761</u>	<u>27,727</u>	<u>56,488</u>
Net increase in net position	126	247	373
Net position restricted for pensions – beginning of year	945	393	1,338
Net position restricted for pensions – end of year	<u>\$ 1,071</u>	<u>\$ 640</u>	<u>\$ 1,711</u>

E. Discretely Presented Component Unit

The pension schedule and required supplementary information for the City's discretely presented component unit, the Housing Agency, is immaterial to the City's financial statements, therefore, not included in this report. The detailed disclosures can be found in the separately issued financial statements of the Housing Agency.

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18. 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 \$368 at December 31, 2016. 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 \$1,998-\$30,281, as these potential losses are 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. 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, 2016, the total termination payments due would be \$4,034.

19. 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, *Accounting and Financial Reporting for Service Concession Arrangements*.

The City receives a share of all revenues generated from the parking meter system. During 2016, the City's monthly share of the revenue was 30% for parking meter revenues collected between \$0 and \$621 and 60% for all such amounts above \$621 (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, 2016, \$17,600 is recorded as a deferred inflow of resources in the government-wide statement of net position for the unamortized portion of upfront payments by the operator to the City. The deferred inflow of resources is being amortized using the straight-line method over the 50-year term of the agreement and, in 2016, \$400 was amortized and recognized as revenue in the government-wide statement of activities.

20. 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 2016, the City incurred approximately \$18,367 in information systems costs and \$680 in telephone costs, of which approximately \$3,700 is due to the County at December 31, 2016 for these services. During 2016, the County paid the City \$322 for fuel charges. As of December 31, 2016 the County owed the City \$34 for court costs. In addition, the City and County both act in capacities as 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.

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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. The CIB is to pay to the City 25% of the revenue received from the most recently enacted increase in the admissions tax, which in 2016 amounted to \$1,880; however, per the agreement, such amount shall never 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 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. The City has funded \$1,027 in repairs through December 31, 2016.

21. 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, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 6,009
General Fund	Risk Management Internal Service Fund	6,941
		<u>\$ 12,950</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 few years through increased charges to City departments.

Interfund transfers for the year ended December 31, 2016 consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>Governmental Activities</u>			
	<u>General Fund</u>	<u>Revenue Bond Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ —	\$ 100	\$ 6,797	\$ 6,897
Revenue Bond Debt Service Fund	—	—	31,207	31,207
Nonmajor Governmental Funds	54,870	769	5,166	60,805
Total transfers	<u>\$ 54,870</u>	<u>\$ 869</u>	<u>\$ 43,170</u>	<u>\$ 98,909</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.

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December 31, 2016
(Dollars in Thousands)

22. 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 balances – total governmental funds* and *net deficit of governmental activities*, as reported in the government-wide statement of net position at December 31, 2016, follow:

Bonds and notes payable and certificates of participation	\$ 1,081,014
Unamortized premiums, net of discounts	46,860
Amounts recorded as matured bonds and notes payable at December 31, 2016	(4,840)
Capital leases payable	10,619
Net pension liabilities	914,913
Postemployment benefit obligation	166,609
Compensated absences	<u>38,414</u>
Combined adjustment	<u>\$ 2,253,589</u>

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 the change in 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 for the year ended December 31, 2016, follow:

Debt issued:

Tax increment bonds, excluding accretion on capital appreciation bonds of \$8,766	\$ 52,705
Note payable	8,327
Unamortized premiums	<u>6,609</u>
Combined adjustment	<u>\$ 67,641</u>

Repayments:

Bond principal, less decrease in matured bonds payable of \$17,862	\$ 122,909
Notes payable and certificates of participation	<u>2,363</u>
Combined adjustment	<u>\$ 125,272</u>

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23. Deficit Fund Balances and Net Position

Negative fund balances by fund are as follows:

Deficit Fund Balances	December 31, 2016
Special Revenue Fund	
Drug Free Community	\$ <u><u>(68)</u></u>
Internal Service Fund	
Risk Management	\$ <u><u>(14,848)</u></u>

The deficit fund balance for the special revenue fund will be covered by future reimbursements from Marion County. The risk management internal service fund and public liability self-insurance negative fund balances will be covered by future charges to City departments.

24. Subsequent Event

On February 1, 2017, the City issued General Obligation Bonds to fund various capital purchases and improvements including trash trucks, generators, fire and police equipment, voting machine upgrades, road improvements, and an E-911 emergency response system upgrade. The City's, Series 2017 A Nontaxable Bonds were issued February 1, 2017 in the amount of \$59,425 and bear interest at rates ranging from 3.125% to 5.0%. Principal payments are due on January 15th of every year and the bonds mature in 2038. The City's Series B Taxable Bonds, issued February 1, 2017, in the amount of \$11,900, bear interest rates from 1.6% to 3.05%. Principal payments are due on January 15th of every year and the bonds mature in 2024. The bonds will be funded from the City's Debt Service fund and such debt service payments are payable from ad valorem property tax revenue.

Required
Supplementary Information

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, 2016
(In thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget – positive (negative)</u>
Revenues:				
Taxes	\$ 346,928	\$ 346,296	\$ 406,334	\$ 60,038
Licenses and permits	12,131	12,081	13,657	1,576
Charges for services	63,553	63,670	67,423	3,753
Intergovernmental revenues	51,022	50,874	48,952	(1,922)
Traffic violations and court fees	2,367	2,367	2,418	51
Intragovernmental revenues	1,856	2,004	1,821	(183)
Interest and other operating revenues	15,698	15,748	16,514	766
Total revenues	<u>493,555</u>	<u>493,040</u>	<u>557,119</u>	<u>64,079</u>
Expenditures:				
Current:				
General government	29,215	29,882	25,820	4,062
Public safety	389,881	390,541	384,609	5,932
Public works	109,774	115,283	107,588	7,695
Health and welfare	5,796	5,708	4,237	1,471
Cultural and recreation	13,615	13,729	13,713	16
Urban redevelopment and housing	4,492	4,605	3,428	1,177
Economic development and assistance	2,055	2,054	1,408	646
Capital outlays	19,322	20,267	19,251	1,016
Total expenditures	<u>574,150</u>	<u>582,069</u>	<u>560,054</u>	<u>22,015</u>
Deficiency of revenues under expenditures	<u>(80,595)</u>	<u>(89,029)</u>	<u>(2,935)</u>	<u>86,094</u>
Other financing sources:				
Sale and lease of property	311	311	945	634
Transfers in	50,172	49,390	49,444	54
Total other financing sources	<u>50,483</u>	<u>49,701</u>	<u>50,389</u>	<u>688</u>
Revenues under expenditures and other financing sources	(30,112)	(39,328)	47,454	86,782
Fund balance at beginning of year	143,179	168,093	180,733	12,640
Cancellation of purchase orders and other	24,936	95,507	13,603	(81,904)
Fund balance at end of year	<u>\$ 138,003</u>	<u>\$ 224,272</u>	<u>\$ 241,790</u>	<u>\$ 17,518</u>

See notes to required budgetary supplementary information.

CITY OF INDIANAPOLIS
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Notes to Required Supplementary Information – Budgetary Comparison Schedule
December 31, 2016
(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, the following supplementary appropriations were properly approved:

	<u>General Fund</u>
Original appropriations	\$ 574,150
Revisions	<u>7,919</u>
Revised appropriations	<u><u>\$ 582,069</u></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.

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Notes to Required Supplementary Information – Budgetary Comparison Schedule
December 31, 2016
(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.

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(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Required Supplementary Information – Budgetary Comparison Schedule
December 31, 2016
(In thousands)

3. Budget/GAAP Reporting Differences

Adjustments necessary to convert the results of 2016 operations from a budgetary basis to a GAAP basis are as follows:

		<u>General Fund</u>
Revenues over (under) expenditures and other financing sources (uses) (budgetary basis)	\$	47,454
Adjustments:		
Accrued revenues		66,573
Accrued expenditures		(58,023)
Transfers, net		(1,471)
Encumbrances		34,176
Expenditures from prior year encumbrances		<u>(27,970)</u>
Net change in fund balances (GAAP basis)	\$	<u><u>60,739</u></u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Pension - Police Pre-1977 Plan
Schedule of Changes in the City's Net Pension Liability - Last Ten Fiscal Years
(In thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Pension Liability				
Service cost	\$ 469	\$ 598	\$ 430	\$ 244
Interest cost	12,070	12,393	18,697	22,693
Experience (gains)/losses	270	(2,747)	—	(4,432)
Assumption changes	(29,167)	(1,539)	61,324	65,959
Projected benefit payments	(28,979)	(29,171)	(29,267)	(28,886)
Net change in total pension liability	<u>(45,337)</u>	<u>(20,466)</u>	<u>51,184</u>	<u>55,578</u>
Total pension liability - beginning	478,713	499,179	447,995	392,417
Total pension liability - ending	<u>\$ 433,376</u>	<u>\$ 478,713</u>	<u>\$ 499,179</u>	<u>\$ 447,995</u>
Plan Fiduciary Net Position				
Nonemployer contributing entity contributions	\$ 28,887	\$ 29,116	\$ 28,762	\$ 29,503
Actual benefit payments	<u>(28,761)</u>	<u>(30,153)</u>	<u>(28,783)</u>	<u>(28,469)</u>
Net change in plan fiduciary net position	126	(1,037)	(21)	1,034
Plan fiduciary net position - beginning	945	1,982	2,003	969
Plan fiduciary net position - ending	<u>\$ 1,071</u>	<u>\$ 945</u>	<u>\$ 1,982</u>	<u>\$ 2,003</u>
City's Net Pension Liability	<u>\$ 432,305</u>	<u>\$ 477,768</u>	<u>\$ 497,197</u>	<u>\$ 445,992</u>

Notes to Schedule

Required supplementary information is not available for the preceding six years.

Benefit changes: None

Changes in assumptions: The following changes in assumptions were made from the December 31, 2015 valuation.

- The discount rate, which is equal to the Barclay's 20-year Municipal Bond Index as of the valuation date, increased from 2.59% for the December 31, 2015 valuation to 3.23% for the December 31, 2016 valuation.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Pension - Firefighters' Pre-1977 Plan
Schedule of Changes in Net Pension Liability - Last Ten Fiscal Years
(In thousands)

	2016	2015	2014	2013
Total Pension Liability				
Service cost	\$ 330	\$ 327	\$ 299	\$ 187
Interest cost	11,149	11,500	17,406	21,297
Experience (gains)/losses	(552)	(628)	—	(3,704)
Assumption changes	(26,359)	(1,395)	55,244	59,984
Projected benefit payments	(28,046)	(28,340)	(28,489)	(29,490)
Net change in total pension liability	(43,478)	(18,536)	44,460	48,274
Total pension liability - beginning	443,712	462,248	417,788	369,514
Total pension liability - ending	\$ 400,234	\$ 443,712	\$ 462,248	\$ 417,788
Plan Fiduciary Net Position				
Nonemployer contributing entity contributions	\$ 27,974	\$ 28,150	\$ 29,163	\$ 29,209
Actual benefit payments	(27,727)	(28,383)	(28,395)	(29,567)
Net change in plan fiduciary net position	247	(233)	768	(358)
Plan fiduciary net position - beginning	393	626	(142)	216
Plan fiduciary net position - ending	\$ 640	\$ 393	\$ 626	\$ (142)
City's Net Pension Liability	\$ 399,594	\$ 443,319	\$ 461,622	\$ 417,930

Notes to Schedule

Required supplementary information is not available for the preceding six years.

Benefit changes: None

Changes in assumptions: The following changes in assumptions were made from the December 31, 2015 valuation.

- The discount rate, which is equal to the Barclay's 20-year Municipal Bond Index as of the valuation date, increased from 2.59% for the December 31, 2015 valuation to 3.23% for the December 31, 2016 valuation.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Pensions
Schedule of Net Pension Liability and Related Ratios - Last Ten Fiscal Years
(In thousands)

Actuarial valuation date	Total pension liability (a)	Plan fiduciary net position (b)	City's net pension liability (a-b)	Fiduciary net position as a % of total pension liability (b/a)	City's covered employee payroll* (c)	City's net pension liability as a percentage of covered payroll ((a-b)/c)
Police Pre-1977 Plan						
12/31/2016	\$ 433,376	\$ 1,071	\$ 432,305	0.25 %	\$ 1,824	23,700.9 %
12/31/2015	478,713	\$ 945	477,768	0.20	1,645	29,043.6
12/31/2014	499,179	1,982	497,197	0.40	1,805	27,545.5
12/31/2013	447,995	2,003	445,992	0.45	1,891	23,585.0
Firefighters' Pre-1977 Plan						
12/31/2016	400,234	640	399,594	0.16	1,436	27,826.9
12/31/2015	443,712	393	443,319	0.09	1,175	37,729.3
12/31/2014	462,248	626	461,622	0.14	1,370	33,695.0
12/31/2013	417,788	(142)	417,930	0.03	1,533	27,262.2

* Plans closed to new members

Notes to Schedule

Required supplementary information is not available for the preceding six years.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Pensions
Schedule of City's Proportionate Share of Net Pension Liability - Last Ten Fiscal Years
(In thousands)

	<u>2016</u>		<u>2015</u>		<u>2014</u>
1977 Police and Firefighters' Plan					
City's proportion of the net pension liability (asset)	22.60	%	22.75	%	22.01
City's proportionate share of the net pension liability (asset)	\$ 20,079		(33,609)		\$ (11,223)
City's covered-employee payroll	\$ 174,687		169,660		\$ 156,274
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.11	%	(19.81)	%	(7.18)
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.24	%	103.16	%	101.08
 PERF					
City's proportion of the net pension liability (asset)	1.387	%	1.393	%	1.375
City's proportionate share of the net pension liability (asset)	\$ 62,935		56,743		\$ 36,131
City's covered-employee payroll	\$ 66,460		66,731		\$ 67,127
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	94.70	%	85.03	%	53.82
Plan fiduciary net position as a percentage of the total pension liability (asset)	75.35	%	77.35	%	84.29

Notes to Schedule

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

Benefit changes: None

Changes in assumptions: None

The amounts presented for PERF do not include the City's discretely presented component unit, the Indianapolis Housing Agency.

Required supplementary information is not available for the preceding seven years.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Pensions
Schedule of City's Pension Contributions - Last Ten Fiscal Years
(In thousands)

	<u>2016</u>		<u>2015</u>		<u>2014</u>
1977 Police and Firefighters' Plan					
Actuarially determined contribution	\$ 25,353	\$	26,503	\$	26,211
Contributions in relation to the actuarially determined contribution	\$ 35,650	\$	33,947	\$	31,256
Contribution deficiency (excess)	\$ (10,297)	\$	(7,444)	\$	(5,045)
City's covered payroll	\$ 174,687	\$	169,213	\$	159,052
Contributions as a percentage of covered payroll	20.41 %		20.06 %		19.65 %
PERF					
Actuarially determined contribution	\$ 6,666	\$	7,682	\$	7,065
Contributions in relation to the actuarially determined contribution	\$ 7,496	\$	7,682	\$	7,065
Contribution deficiency (excess)	\$ (830)	\$	—	\$	—
City's covered payroll	\$ 66,460	\$	68,622	\$	67,406
Contributions as a percentage of covered payroll	11.28 %		11.19 %		10.48 %
Police Pre-1977 Plan					
Statutorily required contribution	\$ 28,887	\$	29,116	\$	28,762
Contributions in relation to the statutorily required contribution	\$ 28,887	\$	29,116	\$	28,762
Contribution deficiency (excess)	\$ —	\$	—	\$	—
City's covered payroll*	\$ 1,824	\$	1,645	\$	1,805
Contributions as a percentage of covered payroll	1,583.72 %		1,769.97 %		1,593.46 %
Firefighters' Pre-1977 Plan					
Statutorily required contribution	\$ 27,974	\$	28,150	\$	29,164
Contributions in relation to the statutorily required contribution	\$ 27,974	\$	28,150	\$	29,164
Contribution deficiency (excess)	\$ —	\$	—	\$	—
City's covered payroll*	\$ 1,436	\$	1,175	\$	1,370
Contributions as a percentage of covered payroll	1,948.05 %		2,395.74 %		2,128.76 %

* Plans closed to new members

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Pensions
Schedule of City's Pension Contributions - Last Ten Fiscal Years
(In thousands)

Notes to Schedule

The amounts presented for each fiscal year were determined as of December 31.

Benefit changes: None

Changes in assumptions: None

Changes in actuarial methods: The INPRS Board approved the following changes in methods, effective June 30, 2016 for the 1977 Police and Firefighters and PERF Plan:

For funding purposes and when the plan is below 100% funded (based on Actuarial Value of Assets), gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes will be amortized over a 20-year period with level payments each year, rather than a 30-year period. A new gain or loss base will continue to be established each year. This change is made on a prospective basis, beginning with the June 30, 2016 actuarial valuation. Amortization bases established prior to June 30, 2016 will continue to be amortized over their original amortization period, even if the remaining period is greater than 20 years at June 30, 2016. If the plan is at or above 100% funded (based on Actuarial Value of Assets), the methodology of treating past amortization bases as fully amortized and amortizing the entire surplus over an open 30-year period is unchanged.

For funding purposes, the smoothing period for investment gains and losses in the development of the Actuarial Value of Assets was increased from four years to five years at June 30, 2016. This change was implemented retroactively in that the Actuarial Value of Assets at June 30, 2016 was computed as if the five-year amortization period for recognizing investment gains and losses had always been in effect.

The amounts presented for PERF do not include the City's discretely presented component unit, the Indianapolis Housing Agency.

Required supplementary information is not available for the preceding seven years.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Other Postemployment Benefit Plan
Schedule of Funding Progress Under GASB 45
(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)
12/31/2016*	\$ —	\$ 166,390	\$ 166,390	— %	\$ 271,511	61.28 %
12/31/2015	—	166,390	166,390	—	284,453	58.49
12/31/2014	—	161,253	161,253	—	271,716	59.35

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

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Additional
Supplementary Information

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, 2016
(In thousands)

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Equity in pooled cash	\$ 2,121	\$ 4,410	\$ 10,441	\$ —	\$ 16,972
Cash and investments with fiscal agents	—	48,321	46,407	355	95,083
Investments	8,584	17,455	42,270	—	68,309
Property taxes receivable	—	681	491	—	1,172
Accounts receivable, less allowance	143	899	1,436	—	2,478
Due from federal and state governments	9,724	—	37	—	9,761
Long-term receivables, less allowance	—	247	825	—	1,072
	<u>20,572</u>	<u>72,013</u>	<u>101,907</u>	<u>355</u>	<u>194,847</u>
Total assets	\$ <u>20,572</u>	\$ <u>72,013</u>	\$ <u>101,907</u>	\$ <u>355</u>	\$ <u>194,847</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Matured bonds payable	\$ —	\$ 4,000	\$ —	\$ —	\$ 4,000
Matured interest payable	—	1,789	—	—	1,789
Accounts payable and other accrued liabilities	3,893	378	7,065	—	11,336
Accrued payroll and payroll taxes	144	—	—	—	144
Due to other funds	1,806	—	4,203	—	6,009
Unearned revenue	498	—	—	—	498
Bond anticipation notes	—	—	5,500	—	5,500
	<u>6,341</u>	<u>6,167</u>	<u>16,768</u>	<u>—</u>	<u>29,276</u>
Total liabilities	6,341	6,167	16,768	—	29,276
Deferred inflows of resources	<u>1,971</u>	<u>954</u>	<u>690</u>	<u>—</u>	<u>3,615</u>
Fund balances:					
Nonspendable	—	—	825	355	1,180
Restricted	12,328	64,892	83,624	—	160,844
Unassigned	(68)	—	—	—	(68)
	<u>12,260</u>	<u>64,892</u>	<u>84,449</u>	<u>355</u>	<u>161,956</u>
Total fund balances	12,260	64,892	84,449	355	161,956
Total liabilities, deferred inflows of resources and fund balances	\$ <u>20,572</u>	\$ <u>72,013</u>	\$ <u>101,907</u>	\$ <u>355</u>	\$ <u>194,847</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, 2016
(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>
Revenues:					
Taxes	\$ 54,658	\$ 34,576	\$ 12,281	\$ —	\$ 101,515
Charges for services	3,239	—	—	—	3,239
Intergovernmental revenues	32,355	1,491	4,022	—	37,868
Traffic violations and court fees	4,244	—	—	—	4,244
Interest and other operating revenues	179	25,922	2,793	2	28,896
Total revenues	<u>94,675</u>	<u>61,989</u>	<u>19,096</u>	<u>2</u>	<u>175,762</u>
Expenditures:					
Current:					
General government	1,619	—	—	—	1,619
Public safety	12,212	—	—	—	12,212
Public works	1,778	—	—	—	1,778
Health and welfare	5,817	—	—	—	5,817
Cultural and recreation	1,577	—	—	—	1,577
Urban redevelopment and housing	13,856	—	—	—	13,856
Economic development and assistance	1,613	—	9,112	—	10,725
Debt service:					
Redemption of bonds and notes	7	35,511	150	—	35,668
Interest on bonds and notes	16	28,937	139	—	29,092
Bond and note issuance costs	—	—	629	—	629
Lease payments and other	—	15,821	16	—	15,837
Capital outlays	1,169	—	57,711	—	58,880
Total expenditures	<u>39,664</u>	<u>80,269</u>	<u>67,757</u>	<u>—</u>	<u>187,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,011</u>	<u>(18,280)</u>	<u>(48,661)</u>	<u>2</u>	<u>(11,928)</u>
Other financing sources (uses):					
Sale of capital assets	—	—	325	—	325
Bonds and notes issued	—	—	10,707	—	10,707
Transfers in	225	32,405	10,540	—	43,170
Transfers out	(54,827)	(5,891)	(87)	—	(60,805)
Total other financing sources (uses)	<u>(54,602)</u>	<u>26,514</u>	<u>21,485</u>	<u>—</u>	<u>(6,603)</u>
Net change in fund balances	409	8,234	(27,176)	2	(18,531)
Fund balances at beginning of year	11,851	56,658	111,625	353	180,487
Fund balances at end of year	<u>\$ 12,260</u>	<u>\$ 64,892</u>	<u>\$ 84,449</u>	<u>\$ 355</u>	<u>\$ 161,956</u>

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, 2016
(In thousands)

	General Fund Total	Intrafund Eliminations	Consolidated County	Redevelop- ment	Solid Waste		Public Safety Communications
					Collection	Disposal	
ASSETS							
Equity in pooled cash	\$ 29,554	\$ —	\$ 8,533	\$ 4,277	\$ 1,126	\$ 819	\$ 641
Investments	248,185	—	162,681	17,710	4,557	3,314	2,594
Property taxes receivable	7,215	—	903	18	1,051	—	—
Accounts receivable	21,350	—	4,003	5	974	1,250	—
Allowance for estimated uncollectibles – accounts receivable	(668)	—	—	—	—	—	—
Due from other funds	12,950	—	12,950	—	—	—	—
Due from federal and state governments	—	—	—	—	—	—	—
Total assets	<u>\$ 318,586</u>	<u>—</u>	<u>\$ 189,070</u>	<u>\$ 22,010</u>	<u>\$ 7,708</u>	<u>\$ 5,383</u>	<u>\$ 3,235</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 22,152	\$ —	\$ 7,477	\$ 479	\$ 3,217	\$ 1,589	\$ 260
Accrued payroll and payroll taxes	17,995	—	4,943	15	169	—	85
Total liabilities	<u>40,147</u>	<u>—</u>	<u>12,420</u>	<u>494</u>	<u>3,386</u>	<u>1,589</u>	<u>345</u>
Deferred inflows of resources	<u>14,220</u>	<u>—</u>	<u>1,261</u>	<u>23</u>	<u>1,451</u>	<u>1,250</u>	<u>—</u>
Fund balances:							
Restricted	89,454	—	39,866	—	—	—	—
Committed	2,749	—	2,749	—	—	—	—
Assigned	77,923	—	36,240	21,493	2,871	2,544	2,890
Unassigned	94,093	—	96,534	—	—	—	—
Total fund balances (deficits)	<u>264,219</u>	<u>—</u>	<u>175,389</u>	<u>21,493</u>	<u>2,871</u>	<u>2,544</u>	<u>2,890</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 318,586</u>	<u>\$ —</u>	<u>\$ 189,070</u>	<u>\$ 22,010</u>	<u>\$ 7,708</u>	<u>\$ 5,383</u>	<u>\$ 3,235</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, 2016
(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	\$ 4,780	\$ 888	\$ 973	\$ 2,227	\$ 5,290
Investments	19,352	3,595	3,950	9,015	21,417
Property taxes receivable	—	3,293	610	1,340	—
Accounts receivable	8,416	1,490	450	913	3,849
Allowance for estimated uncollectibles – accounts receivable	—	—	—	—	(668)
Due from other funds	—	—	—	—	—
Due from federal and state governments	—	—	—	—	—
Total assets	<u>\$ 32,548</u>	<u>\$ 9,266</u>	<u>\$ 5,983</u>	<u>\$ 13,495</u>	<u>\$ 29,888</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 2,621	\$ 1,117	\$ 817	\$ 1,466	\$ 3,109
Accrued payroll and payroll taxes	299	6,312	201	5,921	50
Total liabilities	<u>2,920</u>	<u>7,429</u>	<u>1,018</u>	<u>7,387</u>	<u>3,159</u>
Deferred inflows of resources	<u>—</u>	<u>4,278</u>	<u>1,048</u>	<u>1,900</u>	<u>3,009</u>
Fund balance:					
Restricted	29,628	—	—	—	19,960
Committed	—	—	—	—	—
Assigned	—	—	3,917	4,208	3,760
Unassigned	—	(2,441)	—	—	—
Total fund balances (deficits)	<u>29,628</u>	<u>(2,441)</u>	<u>3,917</u>	<u>4,208</u>	<u>23,720</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,548</u>	<u>\$ 9,266</u>	<u>\$ 5,983</u>	<u>\$ 13,495</u>	<u>\$ 29,888</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, 2016
(In thousands)

	General Fund Total	Intrafund eliminations	Consolidated County	Redevelop- ment	Solid Waste		Public Safety Communications
					Collection	Disposal	
Revenues:							
Taxes	\$ 406,273	\$ —	\$ 216,761	\$ 840	\$ 31,910	\$ —	\$ 6,500
Licenses and permits	13,952	—	13,141	78	—	—	—
Charges for services	73,605	—	14,159	1,051	2,212	8,846	2,059
Other intergovernmental revenues:							
Federal revenues	4,187	—	71	—	—	—	—
State revenues	100,796	—	2,308	1,581	—	—	—
Other revenues	3,223	—	1,480	—	—	—	115
Intragovernmental revenue	1,909	—	1,264	—	—	—	—
Traffic violations and court fees	2,527	—	1,854	—	—	—	—
Interest and other operating revenues	17,226	—	5,037	1,216	253	8	13
Total revenues	<u>623,698</u>	<u>—</u>	<u>256,075</u>	<u>4,766</u>	<u>34,375</u>	<u>8,854</u>	<u>8,687</u>
Expenditures:							
Current:							
General government	23,101	—	23,101	—	—	—	—
Public safety	440,223	—	22,066	—	—	—	7,031
Public works	105,742	—	377	—	35,613	8,174	—
Health and welfare	2,015	—	713	1,302	—	—	—
Cultural and recreation	13,333	—	1,000	—	—	—	—
Urban redevelopment and housing	3,785	—	2,742	698	—	—	—
Economic development and assistance	1,438	—	246	1,192	—	—	—
Debt service:							
Redemption of bonds and notes	1,346	—	1,020	4	—	—	—
Interest on bonds and notes	855	—	366	2	—	—	—
Lease payments and other	12	—	—	1	4	—	—
Capital outlays	20,021	—	6,134	50	368	—	60
Total expenditures	<u>611,871</u>	<u>—</u>	<u>57,765</u>	<u>3,249</u>	<u>35,985</u>	<u>8,174</u>	<u>7,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,827</u>	<u>—</u>	<u>198,310</u>	<u>1,517</u>	<u>(1,610)</u>	<u>680</u>	<u>1,596</u>
Other financing sources (uses):							
Sales of capital assets	939	—	222	80	—	—	—
Transfers in	54,870	(158,023)	4,410	99	—	—	—
Transfers out	(6,897)	158,023	(153,960)	(981)	—	—	—
Total other financing sources (uses)	<u>48,912</u>	<u>—</u>	<u>(149,328)</u>	<u>(802)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	60,739	—	48,982	715	(1,610)	680	1,596
Fund balances (deficits) at beginning of year	203,480	—	126,407	20,778	4,481	1,864	1,294
Fund balances (deficits) at end of year	<u>\$ 264,219</u>	<u>\$ —</u>	<u>\$ 175,389</u>	<u>\$ 21,493</u>	<u>\$ 2,871</u>	<u>\$ 2,544</u>	<u>\$ 2,890</u>

(Continued)

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, 2016
(In thousands)

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
Revenues:					
Taxes	\$ 7,692	\$ 83,243	\$ 17,305	\$ 42,022	\$ —
Licenses and permits	144	21	—	568	—
Charges for services	2,033	649	4,877	3,141	34,578
Other intergovernmental revenues:					
Federal revenues	4,113	—	37	(34)	—
State revenues	37,617	28,516	—	30,774	—
Other revenues	—	814	—	814	—
Intragovernmental revenue	632	—	—	13	—
Traffic violations and court fees	—	—	—	673	—
Interest and other operating revenues	359	3,505	37	6,632	166
Total revenues	<u>52,590</u>	<u>116,748</u>	<u>22,256</u>	<u>84,603</u>	<u>34,744</u>
Expenditures:					
Current:					
General government	—	—	—	—	—
Public safety	—	177,093	2,183	231,850	—
Public works	36,955	—	8,881	—	15,742
Health and welfare	—	—	—	—	—
Cultural and recreation	—	—	12,333	—	—
Urban redevelopment and housing	345	—	—	—	—
Economic development and assistance	—	—	—	—	—
Debt service:					
Redemption of bonds and notes	—	107	109	106	—
Interest on bonds and notes	—	48	389	50	—
Lease payments and other	1	2	4	—	—
Capital outlays	5,458	190	168	257	7,336
Total expenditures	<u>42,759</u>	<u>177,440</u>	<u>24,067</u>	<u>232,263</u>	<u>23,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,831</u>	<u>(60,692)</u>	<u>(1,811)</u>	<u>(147,660)</u>	<u>11,666</u>
Other financing sources (uses):					
Sales of capital assets	637	—	—	—	—
Transfers in	661	59,300	—	147,999	424
Transfers out	(3,029)	—	—	(1,150)	(5,800)
Total other financing sources (uses)	<u>(1,731)</u>	<u>59,300</u>	<u>—</u>	<u>146,849</u>	<u>(5,376)</u>
Net change in fund balance	8,100	(1,392)	(1,811)	(811)	6,290
Fund balances (deficits) at beginning of year	21,528	(1,049)	5,728	5,019	17,430
Fund balances (deficits) at end of year	<u>\$ 29,628</u>	<u>\$ (2,441)</u>	<u>\$ 3,917</u>	<u>\$ 4,208</u>	<u>\$ 23,720</u>

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, 2016
(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	\$ 346,296	\$ 406,334	\$ 162,555	\$ 216,761	\$ 963	\$ 839	\$ 30,846	\$ 31,909
Licenses and permits	12,081	13,657	11,641	12,863	—	78	—	—
Charges for services	63,670	67,423	13,418	11,596	807	1,050	2,580	1,690
Other intergovernmental revenues:								
Federal revenues	1,649	1,796	—	8	—	—	—	—
State revenues	45,846	43,728	2,373	1,673	750	1,581	—	—
Other revenues	3,379	3,428	1,364	1,433	—	—	—	—
Traffic violations and court fees	2,367	2,418	1,311	1,836	—	—	—	—
Intragovernmental revenues	2,004	1,821	2,004	1,176	—	—	—	—
Interest and other operating revenues	15,748	16,514	4,666	4,423	218	1,216	200	202
Total revenues	<u>493,040</u>	<u>557,119</u>	<u>199,332</u>	<u>251,769</u>	<u>2,738</u>	<u>4,764</u>	<u>33,626</u>	<u>33,801</u>
Expenditures:								
Current:								
General government	29,882	25,820	29,882	25,820	—	—	—	—
Public safety	390,541	384,609	24,556	22,899	—	—	—	—
Public works	115,283	107,588	934	857	—	—	35,901	35,160
Health and welfare	5,708	4,237	552	1,075	5,156	3,162	—	—
Cultural and recreation	13,729	13,713	1,000	1,000	—	—	—	—
Urban redevelopment and housing	4,605	3,428	3,429	2,379	790	676	—	—
Economic development and assistance	2,054	1,408	258	260	1,796	1,148	—	—
Capital outlays	20,267	19,251	3,340	3,105	55	50	323	316
Total expenditures	<u>582,069</u>	<u>560,054</u>	<u>63,951</u>	<u>57,395</u>	<u>7,797</u>	<u>5,036</u>	<u>36,224</u>	<u>35,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(89,029)</u>	<u>(2,935)</u>	<u>135,381</u>	<u>194,374</u>	<u>(5,059)</u>	<u>(272)</u>	<u>(2,598)</u>	<u>(1,675)</u>
Other financing sources (uses):								
Sales of capital assets	311	945	311	228	—	80	—	—
Transfers in (out)	49,390	49,444	(148,784)	(149,542)	(882)	(882)	—	—
Total other financing sources (uses)	<u>49,701</u>	<u>50,389</u>	<u>(148,473)</u>	<u>(149,314)</u>	<u>(882)</u>	<u>(802)</u>	<u>—</u>	<u>—</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(39,328)</u>	<u>47,454</u>	<u>(13,092)</u>	<u>45,060</u>	<u>(5,941)</u>	<u>(1,074)</u>	<u>(2,598)</u>	<u>(1,675)</u>
Fund balances at beginning of year	168,093	180,733	108,075	114,126	22,115	20,259	2,397	4,176
Cancellation of purchase orders and other	95,507	13,603	66,203	6,944	4,033	(950)	3,265	393
Fund balances at end of year	<u>\$ 224,272</u>	<u>\$ 241,790</u>	<u>\$ 161,186</u>	<u>\$ 166,130</u>	<u>\$ 20,207</u>	<u>\$ 18,235</u>	<u>\$ 3,064</u>	<u>\$ 2,894</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, 2016

(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	\$ —	\$ —	\$ 6,500	\$ 6,500	\$ 7,516	\$ 7,754	\$ 40,631	\$ 42,023
Licenses and permits	—	—	—	—	—	142	415	553
Charges for services	8,880	8,846	190	533	1,800	976	1,999	2,857
Other intergovernmental revenues:								
Federal revenues	—	—	—	—	1,380	1,699	144	41
State revenues	—	—	—	—	40,293	38,545	1,887	1,887
Other revenues	—	—	115	115	—	—	950	940
Traffic violations and court fees	—	—	—	—	—	—	1,056	582
Intragovernmental revenues	—	—	—	—	—	632	—	13
Interest and other operating revenues	—	8	—	13	20	317	6,971	6,631
Total revenues	<u>8,880</u>	<u>8,854</u>	<u>6,805</u>	<u>7,161</u>	<u>51,009</u>	<u>50,065</u>	<u>54,053</u>	<u>55,527</u>
Expenditures:								
Current:								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	8,237	7,248	—	—	205,710	203,199
Public works	9,937	9,230	—	—	40,610	37,103	—	—
Health and welfare	—	—	—	—	—	—	—	—
Cultural and recreation	—	—	—	—	—	—	—	—
Urban redevelopment and housing	—	—	—	—	386	373	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	—	—	133	71	8,856	8,751	1,135	1,094
Total expenditures	<u>9,937</u>	<u>9,230</u>	<u>8,370</u>	<u>7,319</u>	<u>49,852</u>	<u>46,227</u>	<u>206,845</u>	<u>204,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,057)</u>	<u>(376)</u>	<u>(1,565)</u>	<u>(158)</u>	<u>1,157</u>	<u>3,838</u>	<u>(152,792)</u>	<u>(148,766)</u>
Other financing sources (uses):								
Sale of capital assets	—	—	—	—	—	637	—	—
Transfers in (out)	—	—	1,526	1,526	(2,800)	(2,368)	146,830	146,786
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>1,526</u>	<u>1,526</u>	<u>(2,800)</u>	<u>(1,731)</u>	<u>146,830</u>	<u>146,786</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(1,057)</u>	<u>(376)</u>	<u>(39)</u>	<u>1,368</u>	<u>(1,643)</u>	<u>2,107</u>	<u>(5,962)</u>	<u>(1,980)</u>
Fund balances at beginning of year	1,783	1,893	501	1,102	8,657	7,688	7,690	8,568
Cancellation of purchase orders and other	334	168	1,067	65	3,578	4,679	3,978	1,735
Fund balances at end of year	<u>\$ 1,060</u>	<u>\$ 1,685</u>	<u>\$ 1,529</u>	<u>\$ 2,535</u>	<u>\$ 10,592</u>	<u>\$ 14,474</u>	<u>\$ 5,706</u>	<u>\$ 8,323</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, 2016
(In thousands)

	Fire		Park		Storm Water Management	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 80,482	\$ 83,243	\$ 16,803	\$ 17,305	\$ —	\$ —
Licenses and permits	25	21	—	—	—	—
Charges for services	589	645	4,107	4,823	29,300	34,407
Other intergovernmental revenues:						
Federal revenues	—	—	125	48	—	—
State revenues	543	42	—	—	—	—
Other revenues	950	940	—	—	—	—
Traffic violations and court fees	—	—	—	—	—	—
Intragovernmental revenues	—	—	—	—	—	—
Interest and other operating revenues	3,642	3,503	31	35	—	166
Total revenues	<u>86,231</u>	<u>88,394</u>	<u>21,066</u>	<u>22,211</u>	<u>29,300</u>	<u>34,573</u>
Expenditures:						
Current:						
General government	—	—	—	—	—	—
Public safety	149,182	149,051	2,856	2,212	—	—
Public works	—	—	9,178	9,033	18,723	16,205
Health and welfare	—	—	—	—	—	—
Cultural and recreation	—	—	12,729	12,713	—	—
Urban redevelopment and housing	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—
Capital outlays	—	—	156	150	6,269	5,714
Total expenditures	<u>149,182</u>	<u>149,051</u>	<u>24,919</u>	<u>24,108</u>	<u>24,992</u>	<u>21,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,951)</u>	<u>(60,657)</u>	<u>(3,853)</u>	<u>(1,897)</u>	<u>4,308</u>	<u>12,654</u>
Other financing sources (uses):						
Sale of capital assets	—	—	—	—	—	—
Transfers in (out)	59,300	59,300	—	—	(5,800)	(5,376)
Total other financing sources (uses)	<u>59,300</u>	<u>59,300</u>	<u>—</u>	<u>—</u>	<u>(5,800)</u>	<u>(5,376)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(3,651)</u>	<u>(1,357)</u>	<u>(3,853)</u>	<u>(1,897)</u>	<u>(1,492)</u>	<u>7,278</u>
Fund balances at beginning of year	3,582	4,775	4,634	5,272	8,659	12,874
Cancellation of purchase orders and other	2,277	35	1,159	188	9,613	346
Fund balances at end of year	<u>\$ 2,208</u>	<u>\$ 3,453</u>	<u>\$ 1,940</u>	<u>\$ 3,563</u>	<u>\$ 16,780</u>	<u>\$ 20,498</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, 2016
(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		\$ 3,957	\$ 3,547	\$ 410
Supplies		6	6	—
Other services and charges		5,232	5,123	109
Capital outlay		1	—	1
Internal charges		(708)	(648)	(60)
Total		<u>8,488</u>	<u>8,028</u>	<u>460</u>
Office of Audit and Performance	Consolidated County			
Personal services		683	618	65
Supplies		3	1	2
Other services and charges		141	139	2
Capital outlay		2	1	1
Internal charges		13	13	—
Total		<u>842</u>	<u>772</u>	<u>70</u>
City–County Council	Consolidated County			
Personal services		1,216	1,151	65
Supplies		6	3	3
Other services and charges		528	510	18
Capital outlay		3	2	1
Internal charges		3	3	—
Total		<u>1,756</u>	<u>1,669</u>	<u>87</u>
Cable Franchise Board	Consolidated County			
Personal services		344	342	2
Supplies		2	—	2
Other services and charges		157	90	67
Capital outlay		30	19	11
Internal charges		1	—	1
Total		<u>534</u>	<u>451</u>	<u>83</u>
Office of the Corporation Counsel	Consolidated County			
Personal services		3,115	3,004	111
Supplies		7	4	3
Other services and charges		1,455	1,329	126
Capital outlay		1	—	1
Internal charges		(3,523)	(3,522)	(1)
Total		<u>1,055</u>	<u>815</u>	<u>240</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, 2016
(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		\$ 3,892	\$ 3,739	\$ 153
Supplies		9	7	2
Other services and charges		3,587	3,187	400
Capital outlay		29	25	4
Internal charges		170	170	—
Total		<u>7,687</u>	<u>7,128</u>	<u>559</u>
Minority and Women Owned Business	Consolidated County			
Personal services		544	482	62
Supplies		3	1	2
Other services and charges		156	147	9
Internal charges		23	23	—
Total		<u>726</u>	<u>653</u>	<u>73</u>
Total – Executive and Legislative		<u>\$ 21,088</u>	<u>\$ 19,516</u>	<u>\$ 1,572</u>
Department of Metropolitan Development	Consolidated County			
Personal services		\$ 1,713	\$ 1,503	\$ 210
Supplies		13	6	7
Other services and charges		2,976	2,661	315
Capital outlay		155	45	110
Internal charges		(419)	(416)	(3)
Total		<u>4,438</u>	<u>3,799</u>	<u>639</u>
Department of Metropolitan Development	Transportation			
Personal services		221	210	11
Other services and charges		159	157	2
Internal charges		6	6	—
Total		<u>386</u>	<u>373</u>	<u>13</u>
Department of Metropolitan Development	Redevelopment			
Personal services		915	784	131
Supplies		6	4	2
Other services and charges		6,446	3,826	2,620
Capital outlay		55	50	5
Internal charges		375	372	3
Total		<u>7,797</u>	<u>5,036</u>	<u>2,761</u>
Total – Department of Metropolitan Development		<u>\$ 12,621</u>	<u>\$ 9,208</u>	<u>\$ 3,413</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, 2016
(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		\$ 10,199	\$ 9,618	\$ 581
Supplies		82	45	37
Other services and charges		7,415	7,411	4
Capital outlay		310	246	64
Internal charges		1,846	1,736	110
Total – Department of Code Enforcement		<u>\$ 19,852</u>	<u>\$ 19,056</u>	<u>\$ 796</u>
Department of Public Works	Consolidated County			
Personal services		\$ 10,094	\$ 9,838	\$ 256
Supplies		16,106	12,877	3,229
Other services and charges		9,681	8,547	1,134
Capital outlay		2,799	2,763	36
Internal charges		(31,721)	(29,252)	(2,469)
Total		<u>6,959</u>	<u>4,773</u>	<u>2,186</u>
Department of Public Works	Transportation			
Personal services		17,944	17,944	—
Supplies		5,177	5,156	21
Other services and charges		11,431	8,066	3,365
Capital outlay		8,856	8,751	105
Internal charges		6,058	5,937	121
Total		<u>49,466</u>	<u>45,854</u>	<u>3,612</u>
Department of Public Works	Park			
Personal services		5,990	5,990	—
Supplies		236	224	12
Other services and charges		2,109	1,968	141
Capital outlay		78	73	5
Internal charges		850	850	—
Total		<u>9,263</u>	<u>9,105</u>	<u>158</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, 2016
(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		\$ 8,894	\$ 8,894	\$ —
Supplies		89	88	1
Other services and charges		20,629	19,891	738
Capital outlay		323	316	7
Internal charges		6,289	6,287	2
Total		<u>36,224</u>	<u>35,476</u>	<u>748</u>
Department of Public Works	Solid Waste Disposal			
Other services and charges		9,397	8,717	680
Internal charges		540	513	27
Total		<u>9,937</u>	<u>9,230</u>	<u>707</u>
Department of Public Works	Storm Water Management			
Personal services		3,697	3,574	123
Supplies		40	39	1
Other services and charges		13,295	10,956	2,339
Capital outlay		6,269	5,714	555
Internal charges		1,691	1,636	55
Total		<u>24,992</u>	<u>21,919</u>	<u>3,073</u>
Total – Department of Public Works		<u>\$ 136,841</u>	<u>\$ 126,357</u>	<u>\$ 10,484</u>
Department of Public Safety	Consolidated County			
Personal services		\$ 4,880	\$ 4,172	\$ 708
Supplies		425	402	23
Other services and charges		4,424	3,860	564
Capital outlay		13	4	9
Internal charges		872	813	59
Total		<u>10,614</u>	<u>9,251</u>	<u>1,363</u>
Department of Public Safety	Public Safety			
Personal services	Communications	3,633	3,029	604
Supplies		90	83	7
Other services and charges		4,476	4,101	375
Capital outlay		133	71	62
Internal charges		38	35	3
Total		<u>8,370</u>	<u>7,319</u>	<u>1,051</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, 2016
(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		\$ 136,356	\$ 136,356	\$ —
Supplies		1,590	1,485	105
Other services and charges		6,904	6,878	26
Capital outlay		—	—	—
Internal charges		4,332	4,332	—
Total		<u>149,182</u>	<u>149,051</u>	<u>131</u>
Department of Public Safety	Metropolitan Police			
Personal services		178,660	178,478	182
Supplies		618	589	29
Other services and charges		13,814	13,792	22
Capital outlay		1,135	1,094	41
Internal charges		12,618	10,340	2,278
Total		<u>206,845</u>	<u>204,293</u>	<u>2,552</u>
Total – Department of Public Safety		<u>\$ 375,011</u>	<u>\$ 369,914</u>	<u>\$ 5,097</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		8,810	8,230	580
Supplies		595	576	19
Other services and charges		5,934	5,881	53
Capital outlay		78	77	1
Internal charges		239	239	—
Total		<u>15,656</u>	<u>15,003</u>	<u>653</u>
Total – Department of Parks and Recreation		<u>\$ 16,656</u>	<u>\$ 16,003</u>	<u>\$ 653</u>
Total – General Fund – by Department and Division		<u>\$ 582,069</u>	<u>\$ 560,054</u>	<u>\$ 22,015</u>

Nonmajor Special Revenue Funds

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

- Federal Grants -** to account for all grants received from the U.S. Departments of Housing and Urban Development, Justice, Transportation, Homeland Security, and other miscellaneous federal agencies

- 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, 2016
(In thousands)

	<u>Parking</u>	<u>Cable Franchise PEG Grants</u>	<u>Federal 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	\$ 1,611	\$ 4	\$ —	\$ 457	\$ 49	\$ —	\$ 2,121
Investments	6,520	14	—	1,852	198	—	8,584
Accounts receivable	52	—	63	28	—	—	143
Due from federal and state governments	—	—	9,724	—	—	—	9,724
Long-term receivables, less allowance of \$28,649	—	—	—	—	—	—	—
Total assets	<u>\$ 8,183</u>	<u>\$ 18</u>	<u>\$ 9,787</u>	<u>\$ 2,337</u>	<u>\$ 247</u>	<u>\$ —</u>	<u>\$ 20,572</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 438	\$ —	\$ 3,347	\$ 40	\$ —	\$ 68	\$ 3,893
Accrued payroll and payroll taxes	—	—	144	—	—	—	144
Due to other funds	—	—	1,806	—	—	—	1,806
Unearned revenue	—	—	498	—	—	—	498
Total liabilities	<u>438</u>	<u>—</u>	<u>5,795</u>	<u>40</u>	<u>—</u>	<u>68</u>	<u>6,341</u>
Deferred inflows of resources	<u>—</u>	<u>—</u>	<u>1,971</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,971</u>
Fund balances:							
Restricted	7,745	18	2,021	2,297	247	—	12,328
Unassigned	—	—	—	—	—	(68)	(68)
Total fund balances (deficits)	<u>7,745</u>	<u>18</u>	<u>2,021</u>	<u>2,297</u>	<u>247</u>	<u>(68)</u>	<u>12,260</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,183</u>	<u>\$ 18</u>	<u>\$ 9,787</u>	<u>\$ 2,337</u>	<u>\$ 247</u>	<u>\$ —</u>	<u>\$ 20,572</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, 2016
(In thousands)

	Parking	Cable Franchise PEG Grants	Federal Grants	State of Indiana Grants	Public Safety Income Tax	Drug Free Community	Total Nonmajor Special Revenue Funds
Revenues:							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 54,658	\$ —	\$ 54,658
Charges for services	3,238	—	1	—	—	—	3,239
Other intergovernmental revenues:							
Federal revenues	—	—	31,857	—	—	—	31,857
State revenues	—	—	—	25	—	—	25
Other revenues	—	—	—	—	—	473	473
Traffic violations and court fees	821	—	2,060	1,363	—	—	4,244
Interest and other operating revenues	47	—	32	19	81	—	179
Total revenues	<u>4,106</u>	<u>—</u>	<u>33,950</u>	<u>1,407</u>	<u>54,739</u>	<u>473</u>	<u>94,675</u>
Expenditures:							
Current:							
General government	29	—	1,144	—	95	351	1,619
Public safety	—	—	10,384	1,828	—	—	12,212
Public works	1,369	—	409	—	—	—	1,778
Health and welfare	—	—	5,817	—	—	—	5,817
Cultural and recreation	—	—	1,577	—	—	—	1,577
Urban redevelopment and housing	—	—	13,856	—	—	—	13,856
Economic development and assistance	—	—	1,613	—	—	—	1,613
Debt service:							
Redemption of bonds and notes	—	—	7	—	—	—	7
Interest on bonds and notes	—	—	16	—	—	—	16
Capital outlay	561	—	472	136	—	—	1,169
Total expenditures	<u>1,959</u>	<u>—</u>	<u>35,295</u>	<u>1,964</u>	<u>95</u>	<u>351</u>	<u>39,664</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,147</u>	<u>—</u>	<u>(1,345)</u>	<u>(557)</u>	<u>54,644</u>	<u>122</u>	<u>55,011</u>
Other financing sources (uses):							
Transfers in	—	—	34	191	—	—	225
Transfers out	—	—	(286)	(11)	(54,530)	—	(54,827)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(252)</u>	<u>180</u>	<u>(54,530)</u>	<u>—</u>	<u>(54,602)</u>
Net change in fund balances	2,147	—	(1,597)	(377)	114	122	409
Fund balances (deficits) at beginning of year	5,598	18	3,618	2,674	133	(190)	11,851
Fund balances (deficits) at end of year	<u>\$ 7,745</u>	<u>\$ 18</u>	<u>\$ 2,021</u>	<u>\$ 2,297</u>	<u>\$ 247</u>	<u>\$ (68)</u>	<u>\$ 12,260</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, 2016
(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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 54,658	\$ 54,658	\$ —	\$ —	\$ 54,658	\$ 54,658
Charges for services	3,500	3,193	53	1	—	—	—	—	—	—	3,553	3,194
Other intergovernmental revenues:												
Federal revenues	—	—	96,907	17,340	—	—	—	—	—	—	96,907	17,340
State revenues	—	—	—	1,984	—	—	—	—	—	—	—	1,984
Traffic violations and court fees	520	821	1,835	2,097	1,900	1,035	—	—	—	—	4,255	3,953
Interest and other operating revenues	—	47	—	41	9	20	—	81	—	—	9	189
Total revenues	<u>4,020</u>	<u>4,061</u>	<u>98,795</u>	<u>21,463</u>	<u>1,909</u>	<u>1,055</u>	<u>54,658</u>	<u>54,739</u>	<u>—</u>	<u>—</u>	<u>159,382</u>	<u>81,318</u>
Expenditures:												
Current:												
General government	31	31	1,680	888	—	—	165	124	315	315	2,191	1,358
Public safety	—	—	17,711	11,481	2,298	1,377	—	—	—	—	20,009	12,858
Public works	1,462	1,325	800	400	—	—	—	—	—	—	2,262	1,725
Health and welfare	—	—	8,513	6,323	—	—	—	—	—	—	8,513	6,323
Cultural and recreation	—	—	1,703	1,603	—	—	—	—	—	—	1,703	1,603
Urban redevelopment and housing	—	—	41,186	14,773	—	—	—	—	—	—	41,186	14,773
Economic development and assistance	—	—	24,723	1,614	—	—	—	—	—	—	24,723	1,614
Capital outlays	2,338	523	2,954	517	360	186	—	—	—	—	5,652	1,226
Total expenditures	<u>3,831</u>	<u>1,879</u>	<u>99,270</u>	<u>37,599</u>	<u>2,658</u>	<u>1,563</u>	<u>165</u>	<u>124</u>	<u>315</u>	<u>315</u>	<u>106,239</u>	<u>41,480</u>
Excess (deficiency) of revenues over (under) expenditures	189	2,182	(475)	(16,136)	(749)	(508)	54,493	54,615	(315)	(315)	53,143	39,838
Other financing sources (uses), net:												
Transfers in (out)	—	—	(200)	(335)	(700)	(647)	(54,530)	(54,530)	315	473	(55,115)	(55,039)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(200)</u>	<u>(335)</u>	<u>(700)</u>	<u>(647)</u>	<u>(54,530)</u>	<u>(54,530)</u>	<u>315</u>	<u>473</u>	<u>(55,115)</u>	<u>(55,039)</u>
Revenues over (under) expenditures and other financing sources (uses)	189	2,182	(675)	(16,471)	(1,449)	(1,155)	(37)	85	—	158	(1,972)	(15,201)
Fund balances (deficits) at beginning of year	7,884	5,293	—	—	—	—	41	134	—	(263)	7,925	5,164
Cancellation of purchase orders and other	(2,828)	123	675	16,471	1,449	1,155	124	—	1	8	(579)	17,757
Fund balances (deficits) at end of year	<u>\$ 5,245</u>	<u>\$ 7,598</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 128</u>	<u>\$ 219</u>	<u>\$ 1</u>	<u>\$ (97)</u>	<u>\$ 5,374</u>	<u>\$ 7,720</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, 2016
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative				
Office of Finance and Management	Parking			
Personal services		\$ 31	\$ 31	\$ —
Total		<u>31</u>	<u>31</u>	<u>—</u>
Office of Finance and Management	Federal Grants			
Other services and charges		1,680	888	792
Total		<u>1,680</u>	<u>888</u>	<u>792</u>
Office of Finance and Management	Public Safety Income Tax			
Supplies		50	9	41
Other services and charges		115	115	—
Total		<u>165</u>	<u>124</u>	<u>41</u>
Office of Finance and Management	Drug Free Community			
Other services and charges		315	315	—
Total		<u>315</u>	<u>315</u>	<u>—</u>
Total - Executive and Legislative		<u>\$ 2,191</u>	<u>\$ 1,358</u>	<u>\$ 833</u>
Department of Metropolitan Development				
	Federal Grants			
Personal services		\$ 2,237	\$ 1,958	\$ 279
Supplies		14	7	7
Other services and charges		71,947	20,534	51,413
Capital outlay		3	—	3
Internal charges		223	211	12
Total		<u>74,424</u>	<u>22,710</u>	<u>51,714</u>
Total – Department of Metropolitan Development		<u>\$ 74,424</u>	<u>\$ 22,710</u>	<u>\$ 51,714</u>
Department of Public Works				
	Parking			
Personal services		\$ 73	\$ 65	\$ 8
Supplies		287	287	—
Other services and charges		1,102	973	129
Capital outlay		2,338	523	1,815
Total		<u>3,800</u>	<u>1,848</u>	<u>1,952</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, 2016
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Works	Federal Grants			
Other services and charges		\$ 800	\$ 400	\$ 400
Total		<u>800</u>	<u>400</u>	<u>400</u>
Total – Department of Public Works		<u>\$ 4,600</u>	<u>\$ 2,248</u>	<u>\$ 2,352</u>
Department of Public Safety	Federal Grants			
Personal services		\$ 8,486	\$ 5,861	\$ 2,625
Supplies		1,952	800	1,152
Other services and charges		7,252	4,807	2,445
Capital outlay		2,951	517	2,434
Internal charges		23	13	10
Total		<u>20,664</u>	<u>11,998</u>	<u>8,666</u>
Department of Public Safety	State of Indiana Grants			
Personal services		1,015	220	795
Supplies		294	266	28
Other services and charges		989	891	98
Capital outlay		360	186	174
Total		<u>2,658</u>	<u>1,563</u>	<u>1,095</u>
Total – Department of Public Safety		<u>\$ 23,322</u>	<u>\$ 13,561</u>	<u>\$ 9,761</u>
Department of Parks and Recreation	Federal Grants			
Personal services		\$ 388	\$ 388	—
Supplies		5	3	2
Other services and charges		1,309	1,212	97
Total		<u>1,702</u>	<u>1,603</u>	<u>99</u>
Total – Department of Parks and Recreation		<u>\$ 1,702</u>	<u>\$ 1,603</u>	<u>\$ 99</u>
Total – Special Revenue Funds – by Department and Division		<u>\$ 106,239</u>	<u>\$ 41,480</u>	<u>\$ 64,759</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. In addition, this fund also includes the activity for the Circle Area Community Development Corporation (“CAC”), which is a blended component unit of the City.
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, 2016
(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	\$ 1,063	\$ 10	\$ 62	\$ 71	\$ 61	\$ 95	\$ 36	\$ 2,908	\$ 104	\$ 4,410
Cash and investments with fiscal agents	—	—	—	24	8	29	10	48,250	—	48,321
Investments	4,306	42	250	290	248	385	143	11,370	421	17,455
Property taxes receivable	297	—	115	—	—	173	96	—	—	681
Accounts receivable	108	33	41	—	—	66	36	615	—	899
Long-term receivables, less allowance	—	—	—	95	19	93	40	—	—	247
Total assets	\$ 5,774	\$ 85	\$ 468	\$ 480	\$ 336	\$ 841	\$ 361	\$ 63,143	\$ 525	\$ 72,013
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Matured bonds and notes payable	\$ 3,595	\$ —	\$ —	\$ 112	\$ —	\$ —	\$ —	\$ 293	\$ —	\$ 4,000
Matured interest payable	1,158	1	—	21	8	39	28	534	—	1,789
Accounts payable and other accrued liabilities	3	51	—	110	32	20	7	155	—	378
Total liabilities	4,756	52	—	243	40	59	35	982	—	6,167
Deferred inflows of resources	404	23	157	—	—	239	131	—	—	954
Fund balances:										
Restricted	614	10	311	237	296	543	195	62,161	525	64,892
Total fund balances	614	10	311	237	296	543	195	62,161	525	64,892
Total liabilities, deferred inflows of resources and fund balances	\$ 5,774	\$ 85	\$ 468	\$ 480	\$ 336	\$ 841	\$ 361	\$ 63,143	\$ 525	\$ 72,013

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, 2016
(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	\$ 8,803	\$ 9,174	\$ 3,552	\$ —	\$ —	\$ 5,353	\$ 2,915	\$ 3,029	\$ —	\$ 32,826
Other taxes	742	15	298	—	—	450	245	—	—	1,750
Other intergovernmental revenues:										
State revenues	—	—	—	—	—	—	—	1,491	—	1,491
Charges for services	—	—	—	—	—	—	—	—	—	—
Interest on investments	9	5	3	3	7	15	7	70	6	125
Other revenues	—	—	—	8,043	37	181	78	9,290	8,168	25,797
Total revenues	9,554	9,194	3,853	8,046	44	5,999	3,245	13,880	8,174	61,989
Expenditures:										
Debt service:										
Redemption of bonds and notes	7,105	—	2,575	7,212	3,421	5,757	3,069	6,372	—	35,511
Interest on bonds and notes	2,405	—	1,264	736	2,429	587	313	13,293	7,910	28,937
Lease payments and other	56	14,231	26	2	54	14	8	1,429	1	15,821
Total expenditures	9,566	14,231	3,865	7,950	5,904	6,358	3,390	21,094	7,911	80,269
Excess (deficiency) of revenues over (under) expenditures	(12)	(5,037)	(12)	96	(5,860)	(359)	(145)	(7,214)	263	(18,280)
Other financing sources (uses):										
Transfers in	—	3,997	—	—	10,921	—	—	17,487	—	32,405
Transfers out	—	—	—	—	(5,121)	—	—	(770)	—	(5,891)
Total other financing sources (uses)	—	3,997	—	—	5,800	—	—	16,717	—	26,514
Net change in fund balances	(12)	(1,040)	(12)	96	(60)	(359)	(145)	9,503	263	8,234
Fund balances at beginning of year	626	1,050	323	141	356	902	340	52,658	262	56,658
Fund balances at end of year	\$ 614	\$ 10	\$ 311	\$ 237	\$ 296	\$ 543	\$ 195	\$ 62,161	\$ 525	\$ 64,892

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, 2016

(In thousands)

	Civil City		Redevelopment District		Public Safety Communications	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 9,340	\$ 9,545	\$ 9,187	\$ 9,189	\$ 3,777	\$ 3,850
Charges for services	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—
Other operating revenues	—	9	—	4	—	3
Total revenues	<u>9,340</u>	<u>9,554</u>	<u>9,187</u>	<u>9,193</u>	<u>3,777</u>	<u>3,853</u>
Expenditures:						
Economic development and assistance	—	—	8,000	8,000	—	—
Debt service	9,567	9,566	6,227	6,227	3,867	3,865
Total expenditures	<u>9,567</u>	<u>9,566</u>	<u>14,227</u>	<u>14,227</u>	<u>3,867</u>	<u>3,865</u>
Deficiency of revenues under expenditures	<u>(227)</u>	<u>(12)</u>	<u>(5,040)</u>	<u>(5,034)</u>	<u>(90)</u>	<u>(12)</u>
Other financing sources (uses), net:						
Bond proceeds	—	—	—	—	—	—
Transfers in (out)	—	—	5,000	3,997	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>5,000</u>	<u>3,997</u>	<u>—</u>	<u>—</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(227)</u>	<u>(12)</u>	<u>(40)</u>	<u>(1,037)</u>	<u>(90)</u>	<u>(12)</u>
Fund balances (deficits) at beginning of year	474	626	158	1,042	266	324
Cancellation of purchase orders and other	264	—	(117)	(4)	88	—
Fund balances at end of year	<u>\$ 511</u>	<u>\$ 614</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 264</u>	<u>\$ 312</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, 2016
(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	\$ —	\$ —	\$ —	\$ —	\$ 5,735	\$ 5,803
Charges for services	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—
Other operating revenues	<u>7,873</u>	<u>7,860</u>	<u>—</u>	<u>7</u>	<u>—</u>	<u>15</u>
Total revenues	<u>7,873</u>	<u>7,860</u>	<u>—</u>	<u>7</u>	<u>5,735</u>	<u>5,818</u>
Expenditures:						
Economic development and assistance	—	—	—	—	—	—
Debt service	<u>7,873</u>	<u>7,859</u>	<u>5,886</u>	<u>5,886</u>	<u>6,269</u>	<u>6,269</u>
Total expenditures	<u>7,873</u>	<u>7,859</u>	<u>5,886</u>	<u>5,886</u>	<u>6,269</u>	<u>6,269</u>
Deficiency of revenues under expenditures	<u>—</u>	<u>1</u>	<u>(5,886)</u>	<u>(5,879)</u>	<u>(534)</u>	<u>(451)</u>
Other financing sources (uses), net:						
Bond proceeds	—	—	—	—	—	—
Transfers in (out)	<u>—</u>	<u>—</u>	<u>5,800</u>	<u>5,800</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>5,800</u>	<u>5,800</u>	<u>—</u>	<u>—</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>—</u>	<u>1</u>	<u>(86)</u>	<u>(79)</u>	<u>(534)</u>	<u>(451)</u>
Fund balances (deficits) at beginning of year	653	114	86	350	548	860
Cancellation of purchase orders and other	<u>(169)</u>	<u>—</u>	<u>312</u>	<u>—</u>	<u>333</u>	<u>(1)</u>
Fund balances at end of year	<u>\$ 484</u>	<u>\$ 115</u>	<u>\$ 312</u>	<u>\$ 271</u>	<u>\$ 347</u>	<u>\$ 408</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, 2016

(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	\$ 89,553	\$ 93,860	\$ 3,118	\$ 3,161	\$ 3,495	\$ 3,029	\$ —	\$ —	\$ 124,205	\$ 128,437
Charges for services	—	—	—	—	1,500	1,588	—	—	1,500	1,588
Intergovernmental	235	40	—	—	—	1,491	—	—	235	1,531
Other operating revenues	1,958	6,998	—	7	—	70	8,168	8,174	17,999	23,147
Total revenues	<u>91,746</u>	<u>100,898</u>	<u>3,118</u>	<u>3,168</u>	<u>4,995</u>	<u>6,178</u>	<u>8,168</u>	<u>8,174</u>	<u>143,939</u>	<u>154,703</u>
Expenditures:										
Economic development and assistance	323	323	—	—	—	—	—	—	8,323	8,323
Debt service	118,013	116,522	3,351	3,351	17,938	17,886	7,910	7,910	186,901	185,341
Total expenditures	<u>118,336</u>	<u>116,845</u>	<u>3,351</u>	<u>3,351</u>	<u>17,938</u>	<u>17,886</u>	<u>7,910</u>	<u>7,910</u>	<u>195,224</u>	<u>193,664</u>
Deficiency of revenues under expenditures	<u>(26,590)</u>	<u>(15,947)</u>	<u>(233)</u>	<u>(183)</u>	<u>(12,943)</u>	<u>(11,708)</u>	<u>258</u>	<u>264</u>	<u>(51,285)</u>	<u>(38,961)</u>
Other financing sources (uses), net:										
Bond proceeds	—	56,934	—	—	—	—	—	—	—	56,934
Transfers in (out)	(5,489)	(34,813)	—	—	—	16,717	—	—	5,311	(8,299)
Total other financing sources (uses)	<u>(5,489)</u>	<u>22,121</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,717</u>	<u>—</u>	<u>—</u>	<u>5,311</u>	<u>48,635</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(32,079)</u>	<u>6,174</u>	<u>(233)</u>	<u>(183)</u>	<u>(12,943)</u>	<u>5,009</u>	<u>258</u>	<u>264</u>	<u>(45,974)</u>	<u>9,674</u>
Fund balances (deficits) at beginning of year	5,821	5,323	261	328	1,474	—	85	262	9,826	9,229
Cancellation of purchase orders and other	27,636	(10,175)	84	(2)	11,494	(1,411)	180	—	40,105	(11,593)
Fund balances at end of year	<u>\$ 1,378</u>	<u>\$ 1,322</u>	<u>\$ 112</u>	<u>\$ 143</u>	<u>\$ 25</u>	<u>\$ 3,598</u>	<u>\$ 523</u>	<u>\$ 526</u>	<u>\$ 3,957</u>	<u>\$ 7,310</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, 2016
(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		\$ 323	\$ 323	\$ —
Total		<u>323</u>	<u>323</u>	<u>—</u>
Non Departmental	Flood Control District			
Other services and charges		5,886	5,886	—
Total		<u>5,886</u>	<u>5,886</u>	<u>—</u>
Non Departmental	Metropolitan Thoroughfare District			
Other services and charges		6,269	6,269	—
Total		<u>6,269</u>	<u>6,269</u>	<u>—</u>
Non Departmental	Park District			
Other services and charges		3,351	3,351	—
Total		<u>3,351</u>	<u>3,351</u>	<u>—</u>
Non Departmental	Public Safety Communications			
Other services and charges		3,867	3,865	2
Total		<u>3,867</u>	<u>3,865</u>	<u>2</u>
Non Departmental	Civil City			
Other services and charges		9,567	9,566	1
Total		<u>9,567</u>	<u>9,566</u>	<u>1</u>
Non Departmental	Redevelopment District			
Other services and charges		14,227	14,227	—
Total		<u>14,227</u>	<u>14,227</u>	<u>—</u>
Non Departmental	Revenue			
Other services and charges		118,013	116,522	1,491
Total		<u>118,013</u>	<u>116,522</u>	<u>1,491</u>
Non Departmental	Sanitary District			
Other services and charges		7,873	7,859	14
Total		<u>7,873</u>	<u>7,859</u>	<u>14</u>
Non Departmental	Economic Development			
Other services and charges		17,938	17,886	52
Total		<u>17,938</u>	<u>17,886</u>	<u>52</u>
Non Departmental	PILOT			
Other services and charges		7,910	7,910	—
Total		<u>7,910</u>	<u>7,910</u>	<u>—</u>
Total – Debt Service Funds – by Department		<u>\$ 195,224</u>	<u>\$ 193,664</u>	<u>\$ 1,560</u>

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 Tax Increment -	to account for all financial resources related to projects constructed from proceeds of the Redevelopment District Tax Increment bond issues
Economic Development -	to account for all financial resources relating to projects funded through economic development bonds of the City
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
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
Landmark Building Preservation -	to account for all financial resources related to costs of major repairs to certain City properties

(Continued)

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
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
General Revenue Note Series 2015 -	to account for all financial resources related to expenditures in connection with the planning of a proposed criminal justice center

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2016
(In thousands)

	Redevelopment District Tax Increment	Economic Development	PILOT Revenue Bonds	Metropolitan Thoroughfare District	City Cumulative Capital Development	County Cumulative Capital Development	Tax Revenue Note
ASSETS							
Equity in pooled cash	\$ 4,952	\$ 154	\$ 49	\$ —	\$ 2,393	\$ 934	\$ 13
Cash and investments with fiscal agents	1,243	5,890	—	39,207	—	—	59
Investments	20,044	622	199	—	9,686	3,782	55
Property taxes receivable	—	—	—	—	384	—	—
Accounts receivable	—	—	—	—	156	—	—
Due from federal and state governments	37	—	—	—	—	—	—
Long-term receivables, less allowance \$250	825	—	—	—	—	—	—
Total assets	\$ 27,101	\$ 6,666	\$ 248	\$ 39,207	\$ 12,619	\$ 4,716	\$ 127
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 805	\$ —	\$ 3	\$ 3,684	\$ 1,078	\$ 107	\$ —
Due to other funds	—	—	—	4,203	—	—	—
Bond anticipation notes	—	5,500	—	—	—	—	—
Total liabilities	805	5,500	3	7,887	1,078	107	—
Deferred inflows of resources	37	—	—	—	516	—	—
Fund balances:							
Nonspendable	825	—	—	—	—	—	—
Restricted	25,434	1,166	245	31,320	11,025	4,609	127
Total fund balances	26,259	1,166	245	31,320	11,025	4,609	127
Total liabilities, deferred inflows of resources and fund balances	\$ 27,101	\$ 6,666	\$ 248	\$ 39,207	\$ 12,619	\$ 4,716	\$ 127

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2016
(In thousands)

	<u>Public Safety Communications</u>	<u>Landmark Building Preservation</u>	<u>Fire Cumulative</u>	<u>Storm Water</u>	<u>Capital Asset Development</u>	<u>General Revenue Note Series 2015</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS							
Equity in pooled cash	\$ 247	\$ 5	\$ 756	\$ 815	\$ 24	\$ 99	\$ 10,441
Cash and investments with fiscal agents	—	—	—	8	—	—	46,407
Investments	1,004	18	3,060	3,300	99	401	42,270
Property taxes receivable	—	—	107	—	—	—	491
Accounts receivable	1,250	—	30	—	—	—	1,436
Due from federal and state governments	—	—	—	—	—	—	37
Long-term receivables, less allowance \$300	—	—	—	—	—	—	825
Total assets	<u>\$ 2,501</u>	<u>\$ 23</u>	<u>\$ 3,953</u>	<u>\$ 4,123</u>	<u>\$ 123</u>	<u>\$ 500</u>	<u>\$ 101,907</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ —	\$ —	\$ 454	\$ 934	\$ —	\$ —	\$ 7,065
Due to other funds	—	—	—	—	—	—	4,203
Bond anticipation notes	—	—	—	—	—	—	5,500
Total liabilities	—	—	454	934	—	—	16,768
Deferred inflows of resources	—	—	137	—	—	—	690
Fund balances:							
Nonspendable	—	—	—	—	—	—	825
Restricted	2,501	23	3,362	3,189	123	500	83,624
Total fund balances	2,501	23	3,362	3,189	123	500	84,449
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,501</u>	<u>\$ 23</u>	<u>\$ 3,953</u>	<u>\$ 4,123</u>	<u>\$ 123</u>	<u>\$ 500</u>	<u>\$ 101,907</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, 2016
(In thousands)

	<u>Redevelopment District Tax Increment</u>	<u>Economic Development</u>	<u>PILOT Revenue Bonds</u>	<u>Metropolitan Thoroughfare District</u>	<u>City Cumulative Capital Development</u>	<u>County Cumulative Capital Development</u>
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 9,757	\$ —
Federal revenues	—	—	—	39	483	—
Other revenues	—	—	—	—	—	3,500
Interest and other operating revenues	87	6	2	75	86	16
Total revenues	<u>87</u>	<u>6</u>	<u>2</u>	<u>114</u>	<u>10,326</u>	<u>3,516</u>
Expenditures:						
Current:						
Economic development and assistance	2,768	6,344	—	—	—	—
Debt service:						
Redemption of bonds and notes	—	—	—	—	129	—
Interest on bonds and notes	—	—	—	—	10	—
Bond and note issuance costs	—	370	—	—	—	—
Lease payments and other	—	10	—	—	—	—
Capital outlays	3,827	—	2	28,674	16,160	1,143
Total expenditures	<u>6,595</u>	<u>6,724</u>	<u>2</u>	<u>28,674</u>	<u>16,299</u>	<u>1,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,508)</u>	<u>(6,718)</u>	<u>—</u>	<u>(28,560)</u>	<u>(5,973)</u>	<u>2,373</u>
Other financing sources (uses):						
Sale of capital assets	—	—	—	—	—	286
Bonds and notes issued	—	2,380	—	—	—	—
Transfers in	10,532	—	—	—	—	—
Transfers out	(26)	—	—	—	—	(61)
Total other financing sources (uses)	<u>10,506</u>	<u>2,380</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>225</u>
Net change in fund balances	3,998	(4,338)	—	(28,560)	(5,973)	2,598
Fund balances at beginning of year	22,261	5,504	245	59,880	16,998	2,011
Fund balances at end of year	<u>\$ 26,259</u>	<u>\$ 1,166</u>	<u>\$ 245</u>	<u>\$ 31,320</u>	<u>\$ 11,025</u>	<u>\$ 4,609</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, 2016
(In thousands)

	Tax Revenue Note	Public Safety Communications	Landmark Building Preservation	Fire Cumulative	Storm Water	Capital Asset Development	General Revenue Note Series 2015	Total Nonmajor Capital Projects Funds
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ 2,524	\$ —	\$ —	\$ —	\$ 12,281
Federal revenues	—	—	—	—	—	—	—	522
Other revenues	—	—	—	—	—	—	—	3,500
Interest and other operating revenues	1	2,492	—	21	2	1	4	2,793
Total revenues	<u>1</u>	<u>2,492</u>	<u>—</u>	<u>2,545</u>	<u>2</u>	<u>1</u>	<u>4</u>	<u>19,096</u>
Expenditures:								
Current:								
Economic development and assistance	—	—	—	—	—	—	—	9,112
Debt service:								
Redemption of bonds and notes	—	—	—	21	—	—	—	150
Interest on bonds and notes	—	—	—	2	—	—	127	139
Bonds and notes issuance costs	—	—	—	—	259	—	—	629
Lease payments and other	—	—	—	—	—	—	6	16
Capital outlays	—	—	—	2,908	4,929	40	28	57,711
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,931</u>	<u>5,188</u>	<u>40</u>	<u>161</u>	<u>67,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>2,492</u>	<u>—</u>	<u>(386)</u>	<u>(5,186)</u>	<u>(39)</u>	<u>(157)</u>	<u>(48,661)</u>
Other financing sources (uses):								
Sale of capital assets	—	—	—	39	—	—	—	325
Bonds and notes issued	—	—	—	—	8,327	—	—	10,707
Transfers in	—	8	—	—	—	—	—	10,540
Transfers out	—	—	—	—	—	—	—	(87)
Total other financing sources (uses)	<u>—</u>	<u>8</u>	<u>—</u>	<u>39</u>	<u>8,327</u>	<u>—</u>	<u>—</u>	<u>21,485</u>
Net change in fund balances	1	2,500	—	(347)	3,141	(39)	(157)	(27,176)
Fund balances at beginning of year	126	1	23	3,709	48	162	657	111,625
Fund balances at end of year	<u>\$ 127</u>	<u>\$ 2,501</u>	<u>\$ 23</u>	<u>\$ 3,362</u>	<u>\$ 3,189</u>	<u>\$ 123</u>	<u>\$ 500</u>	<u>\$ 84,449</u>

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, 2016
(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	\$ 9,254	\$ 9,756	\$ —	\$ —	\$ 2,438	\$ 2,525	\$ 11,692	\$ 12,281
Charges for services	—	—	—	—	—	—	—	—
Other intergovernmental revenues	1,200	352	—	—	—	—	1,200	352
Interest and other operating revenues	—	89	—	16	—	21	—	126
Total revenues	<u>10,454</u>	<u>10,197</u>	<u>—</u>	<u>16</u>	<u>2,438</u>	<u>2,546</u>	<u>12,892</u>	<u>12,759</u>
Expenditures:								
Current:								
General government	500	500	—	—	—	—	500	500
Public safety	3,179	1,698	—	—	500	484	3,679	2,182
Public works	907	906	—	—	—	—	907	906
Cultural and recreation	15	—	—	—	—	—	15	—
Urban redevelopment	—	—	—	—	—	—	—	—
Economic development and assistance	500	443	—	—	—	—	500	443
Capital outlays	10,024	9,863	2,575	2,546	2,421	2,266	15,020	14,675
Total expenditures	<u>15,125</u>	<u>13,410</u>	<u>2,575</u>	<u>2,546</u>	<u>2,921</u>	<u>2,750</u>	<u>20,621</u>	<u>18,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,671)</u>	<u>(3,213)</u>	<u>(2,575)</u>	<u>(2,530)</u>	<u>(483)</u>	<u>(204)</u>	<u>(7,729)</u>	<u>(5,947)</u>
Other financing sources (uses), net:								
Transfers in	—	—	3,500	3,439	—	—	3,500	3,439
Total other financing sources	<u>—</u>	<u>—</u>	<u>3,500</u>	<u>3,439</u>	<u>—</u>	<u>—</u>	<u>3,500</u>	<u>3,439</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(4,671)</u>	<u>(3,213)</u>	<u>925</u>	<u>909</u>	<u>(483)</u>	<u>(204)</u>	<u>(4,229)</u>	<u>(2,508)</u>
Fund balances at beginning of year	6,279	6,580	2,369	1,309	2,433	2,553	11,081	10,442
Cancellation of purchase orders and other	(116)	602	(829)	387	178	42	(767)	1,031
Fund balances at end of year	<u>\$ 1,492</u>	<u>\$ 3,969</u>	<u>\$ 2,465</u>	<u>\$ 2,605</u>	<u>\$ 2,128</u>	<u>\$ 2,391</u>	<u>\$ 6,085</u>	<u>\$ 8,965</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, 2016
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative				
Office of Finance and Management	City Cumulative Capital Improvement			
Other services and charges		\$ 500	\$ 500	\$ —
Capital outlay		—	—	—
Total – Executive and Legislative		<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ —</u>
Department of Metropolitan Development				
Other services and charges	City Cumulative Capital Improvement	\$ 500	\$ 443	\$ 57
Total – Department of Metropolitan Development		<u>\$ 500</u>	<u>\$ 443</u>	<u>\$ 57</u>
Department of Public Works				
Supplies	City Cumulative Capital Improvement	\$ 14	\$ 11	\$ 3
Other services and charges		907	895	12
Capital outlay		5,990	5,915	75
Total		<u>6,911</u>	<u>6,821</u>	<u>90</u>
Department of Public Works				
Capital outlay	County Cumulative Capital Improvement	2,575	2,546	29
Total		<u>2,575</u>	<u>2,546</u>	<u>29</u>
Total – Department of Public Works		<u>\$ 9,486</u>	<u>\$ 9,367</u>	<u>\$ 119</u>
Department of Public Safety				
Other services and charges	Fire Cumulative	\$ 500	\$ 484	\$ 16
Capital Outlay		2,421	2,266	155
Total		<u>2,921</u>	<u>2,750</u>	<u>171</u>
Department of Public Safety				
Supplies	City Cumulative Capital Improvement	1,100	1,096	4
Other services and charges		2,079	603	1,476
Capital outlay		4,035	3,947	88
Total		<u>7,214</u>	<u>5,646</u>	<u>1,568</u>
Total – Department of Public Safety		<u>\$ 10,135</u>	<u>\$ 8,396</u>	<u>\$ 1,739</u>
Total – Capital Projects Funds – by Department and Division		<u>\$ 20,621</u>	<u>\$ 18,706</u>	<u>\$ 1,915</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, 2016
(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	\$ —	\$ 1,020	\$ 2,526	\$ 3,546
Cash and investments with fiscal agents	18	—	—	18
Investments	—	4,127	10,223	14,350
Accounts receivable	<u>20</u>	<u>—</u>	<u>2,230</u>	<u>2,250</u>
Total current assets	<u>38</u>	<u>5,147</u>	<u>14,979</u>	<u>20,164</u>
LIABILITIES				
Accounts payable and other current accrued liabilities	\$ 7,945	368	6,958	15,271
Due to other funds	<u>6,941</u>	<u>—</u>	<u>—</u>	<u>6,941</u>
Total current liabilities	<u>14,886</u>	<u>368</u>	<u>6,958</u>	<u>22,212</u>
NET POSITION (DEFICIT)				
Unrestricted (deficit)	<u>\$ (14,848)</u>	<u>\$ 4,779</u>	<u>\$ 8,021</u>	<u>\$ (2,048)</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, 2016
(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	\$ 8,617	\$ 2,020	\$ 67,897	\$ 78,534
Operating expenses:				
Administration	147	—	—	147
Claims	11,339	566	66,397	78,302
Total operating expenses	11,486	566	66,397	78,449
Operating income (loss)	(2,869)	1,454	1,500	85
Nonoperating revenue (expense):				
Interest on investments	(55)	25	39	9
Income (loss)	(2,924)	1,479	1,539	94
Change in net position	(2,924)	1,479	1,539	94
Total net position (deficit) – beginning of year	(11,924)	3,300	6,482	(2,142)
Total net position (deficit) – end of year	\$ (14,848)	\$ 4,779	\$ 8,021	\$ (2,048)

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, 2016
(In thousands)

	Risk Management	Public Liability Self Insurance	Employee Health Insurance	Total
Cash flows from operating activities:				
Receipts from users	\$ 8,602	\$ 2,020	\$ 65,667	\$ 76,289
Payments for administration	(147)	—	—	(147)
Payments for claims	(8,401)	(1,140)	(63,093)	(72,634)
Net cash provided by (used in) operating activities	54	880	2,574	3,508
Cash flows from investing activities:				
Investment purchases	—	(1,351)	(3,589)	(4,940)
Investment income (loss)	(55)	25	39	9
Net cash provided by (used in) investing activities	(55)	(1,326)	(3,550)	(4,931)
Net increase (decrease) in cash	(1)	(446)	(976)	(1,423)
Cash, beginning of year	19	1,466	3,502	4,987
Cash, end of year	\$ 18	\$ 1,020	\$ 2,526	\$ 3,564
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (2,869)	\$ 1,454	\$ 1,500	\$ 85
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	(15)	—	(2,230)	(2,245)
Increase (decrease) in accounts payable	2,938	(574)	3,304	5,668
Net cash provided by (used in) operating activities	\$ 54	\$ 880	\$ 2,574	\$ 3,508

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
- E-911 Allocation -** to account for assets, obligations, and activities of the E-911 dispatch programs
- Police & Fire 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, 2016

(In thousands)

	Police Pension	Firefighters Pension	Total
ASSETS			
Equity in pooled cash	\$ 217	\$ 127	\$ 344
Investments	878	513	1,391
Total assets	1,095	640	1,735
LIABILITIES			
Accounts payable and other accrued liabilities	24	—	24
Total liabilities	24	—	24
NET POSITION RESTRICTED FOR PENSIONS			
Net position restricted for pensions	\$ 1,071	\$ 640	\$ 1,711

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, 2016
(In thousands)

	Pension Trust Funds		
	<u>Police Pension</u>	<u>Firefighters Pension</u>	<u>Total</u>
ADDITIONS			
State of Indiana pension subsidy	\$ 28,887	\$ 27,974	\$ 56,861
DEDUCTIONS			
Benefits	<u>28,761</u>	<u>27,727</u>	<u>56,488</u>
Net increase in net position	126	247	373
Net position restricted for pensions – beginning of year	<u>945</u>	<u>393</u>	<u>1,338</u>
Net position restricted for pensions – end of year	<u>\$ 1,071</u>	<u>\$ 640</u>	<u>\$ 1,711</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, 2016
(In thousands)

	Police Pension			Firefighters Pension		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Intergovernmental	\$ 30,060	\$ 28,887	\$ (1,173)	\$ 29,518	\$ 27,974	\$ (1,544)
Total revenues	<u>30,060</u>	<u>28,887</u>	<u>(1,173)</u>	<u>29,518</u>	<u>27,974</u>	<u>(1,544)</u>
Expenditures:						
Personal services	30,060	28,731	1,329	29,518	27,713	1,805
Total expenditures	<u>30,060</u>	<u>28,731</u>	<u>1,329</u>	<u>29,518</u>	<u>27,713</u>	<u>1,805</u>
Excess (deficiency) of revenues over (under) expenditures	\$ —	\$ 156	\$ 156	\$ —	\$ 261	\$ 261

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, 2016
(In thousands)

	<u>Sanitation 15 Year Law</u>	<u>E-911 Allocation</u>	<u>Police and Fire Retiree Health Insurance</u>	<u>IMPD Confiscated Cash</u>	<u>Other</u>	<u>Total</u>
ASSETS						
Equity in pooled cash	\$ 61	\$ 258	\$ 273	\$ 853	\$ 152	\$ 1,597
Investments	242	1,043	1,103	3,450	616	6,454
Accounts receivable	—	969	—	—	—	969
Total assets	<u>\$ 303</u>	<u>\$ 2,270</u>	<u>\$ 1,376</u>	<u>\$ 4,303</u>	<u>\$ 768</u>	<u>\$ 9,020</u>
LIABILITIES						
Accounts payable and other accrued liabilities	<u>\$ 303</u>	<u>\$ 2,270</u>	<u>\$ 1,376</u>	<u>\$ 4,303</u>	<u>\$ 768</u>	<u>\$ 9,020</u>
Total liabilities	<u>\$ 303</u>	<u>\$ 2,270</u>	<u>\$ 1,376</u>	<u>\$ 4,303</u>	<u>\$ 768</u>	<u>\$ 9,020</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, 2016
(In thousands)

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
SANITATION 15 YEAR LAW FUND				
Assets:				
Cash and investments	\$ 303	\$ —	\$ —	\$ 303
Total assets	\$ 303	\$ —	\$ —	\$ 303
Liabilities:				
Accounts payable and other accrued liabilities	\$ 303	\$ —	\$ —	\$ 303
Total liabilities	\$ 303	\$ —	\$ —	\$ 303
E – 911 ALLOCATION				
Assets:				
Cash and investments	\$ 2,526	\$ 7,114	\$ 8,339	\$ 1,301
Accounts receivable	1,599	969	1,599	969
Total assets	\$ 4,125	\$ 8,083	\$ 9,938	\$ 2,270
Liabilities:				
Accounts payable and other accrued liabilities	\$ 4,125	\$ 8,083	\$ 9,938	\$ 2,270
Total liabilities	\$ 4,125	\$ 8,083	\$ 9,938	\$ 2,270

(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, 2016
(In thousands)

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
POLICE AND FIRE RETIREE HEALTH INSURANCE				
Assets:				
Cash and investments	\$ 1,104	\$ 2,723	\$ 2,451	\$ 1,376
Total assets	\$ 1,104	\$ 2,723	\$ 2,451	\$ 1,376
Liabilities:				
Accounts payable and other accrued liabilities	\$ 1,104	\$ 2,723	\$ 2,451	\$ 1,376
Total liabilities	\$ 1,104	\$ 2,723	\$ 2,451	\$ 1,376
IMPD CONFISCATED CASH				
Assets:				
Cash and investments	\$ 3,613	\$ 690	\$ —	\$ 4,303
Total assets	\$ 3,613	\$ 690	\$ —	\$ 4,303
Liabilities:				
Accounts payable and other accrued liabilities	\$ 3,613	\$ 690	\$ —	\$ 4,303
Total liabilities	\$ 3,613	\$ 690	\$ —	\$ 4,303
OTHER				
Assets:				
Cash and investments	\$ 768	\$ —	\$ —	\$ 768
Total assets	\$ 768	\$ —	\$ —	\$ 768
Liabilities:				
Accounts payable and other accrued liabilities	\$ 768	\$ —	\$ —	\$ 768
Total liabilities	\$ 768	\$ —	\$ —	\$ 768
TOTAL – ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 8,314	\$ 10,527	\$ 10,790	\$ 8,051
Accounts receivable	1,599	969	1,599	969
Total assets	\$ 9,913	\$ 11,496	\$ 12,389	\$ 9,020
Liabilities:				
Accounts payable and other accrued liabilities	\$ 9,913	\$ 11,496	\$ 12,389	\$ 9,020
Total liabilities	\$ 9,913	\$ 11,496	\$ 12,389	\$ 9,020

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Statistical Section

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.

	<u>Schedule #'s</u>
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.	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 Ten Fiscal Years
(Accrual basis of accounting)
(In thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 1,009,258	\$ 963,536	\$ 920,186	\$ 961,358	\$ 605,824	\$ 621,413	\$ 682,291	\$ 604,736	\$ 618,860	\$ 658,793
Restricted	175,864	195,743	214,479	209,948	188,976	124,511	122,379	171,863	177,408	180,615
Unrestricted (deficit)	<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>	<u>(505,392)</u>	<u>(1,141,617)</u>	<u>(980,497)</u>
Total governmental activities net position (deficit)	<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>	<u>\$ 271,207</u>	<u>\$ (345,349)</u>	<u>\$ (141,089)</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 46,890	\$ 34,652	\$ 88,824	\$ 65,883	\$ 60,880	\$ 45,395	\$ 36,467	\$ 43,599	\$ 48,124	\$ 44,689
Public safety	401,015	382,716	395,465	428,230	442,327	448,007	447,016	461,873	412,157	389,302
Public works	234,673	227,589	267,286	276,331	252,332	196,687	204,217	230,470	214,740	163,710
Health and welfare	5,621	5,354	5,112	4,079	4,496	3,890	6,015	6,320	7,555	7,926
Cultural and recreation	38,250	34,296	33,506	30,275	30,705	22,413	18,465	10,130	14,714	15,313
Urban redevelopment and housing	33,207	30,594	34,813	48,407	47,262	31,493	28,124	24,114	18,354	18,899
Economic development and assistance	22,315	26,247	28,491	45,441	79,164	97,983	41,862	33,181	75,451	27,512
Interest	62,178	73,774	74,039	63,280	69,382	55,920	55,480	51,571	51,584	53,919
Total governmental activities expenses	<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>	<u>861,258</u>	<u>842,679</u>	<u>721,270</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	14,025	13,980	14,816	17,712	18,551	20,982	22,245	21,785	25,881	17,468
Public safety	18,486	17,773	20,135	16,911	22,818	27,576	19,698	23,679	29,080	29,549
Public works	144,653	162,167	176,591	181,742	135,233	35,520	37,427	38,896	43,184	52,597
Health and welfare	864	901	375	289	31	74	675	808	149	264
Cultural and recreation	4,968	4,845	4,645	4,179	4,374	3,426	3,129	3,638	3,714	4,036
Urban redevelopment and housing	1,943	2,251	7,187	3,259	3,565	1,357	1,330	1,835	2,050	2,008
Economic development and assistance	966	675	298	477	692	791	1,051	1,530	1,259	7,222
Operating grants and contributions	142,344	107,546	137,557	157,126	161,033	143,556	138,311	137,828	139,251	134,890
Capital grants and contributions	69,657	31,167	32,637	25,652	51,681	30,217	77,797	4,845	37,351	34,023
Total governmental activities program revenues	<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>	<u>234,844</u>	<u>281,919</u>	<u>282,057</u>
Net (Expense) Revenue	(446,243)	(473,917)	(533,295)	(554,579)	(588,570)	(638,289)	(535,983)	(626,414)	(560,760)	(439,213)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property tax	256,969	247,908	274,655	265,801	256,517	277,122	280,883	297,487	285,649	300,101
Wheel tax	12,756	13,432	13,549	11,890	12,193	12,433	12,983	13,250	14,645	13,644
County option income tax	110,426	188,486	117,764	187,880	170,092	174,342	154,273	164,582	206,838	266,834
Other taxes	16,947	19,040	19,841	19,544	20,753	21,998	19,949	21,460	20,472	21,967
Grants and contributions not restricted by function	13,503	4,872	11,916	9,411	8,483	12,745	12,978	13,165	9,465	10,017
Investment earnings not restricted by function	17,967	11,000	3,625	3,743	4,054	3,481	3,416	7,984	6,373	9,977
Miscellaneous	4,607	11,870	4,769	3,950	15,110	24,021	20,133	17,000	28,675	20,933
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>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>	<u>534,928</u>	<u>572,117</u>	<u>643,473</u>
Change in Net Position										
Governmental activities	<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>	<u>\$ (91,486)</u>	<u>\$ 11,357</u>	<u>\$204,260</u>

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 14,459	\$ 14,595	\$ 16,372	\$ 23,693	\$ 31,250	\$ 25,197	\$ 28,022	\$ 28,433	\$ 29,935	\$ 20,722
Public safety	98,792	70,569	103,991	104,023	104,691	113,605	91,203	89,255	91,716	93,854
Public works	242,473	222,155	233,101	227,920	211,232	85,696	139,321	88,035	118,727	125,176
Health and welfare	3,503	3,755	2,000	2,485	3,678	4,611	7,118	6,807	7,302	6,547
Cultural and recreation	9,333	7,127	7,073	6,663	4,380	4,935	11,527	4,865	8,845	7,290
Urban redevelopment and housing	26,836	19,749	29,841	40,528	38,588	21,638	15,832	13,373	22,314	17,152
Economic development and assistance	2,510	3,355	1,863	2,035	4,159	7,817	8,640	4,076	3,080	11,316
Total governmental activities program revenues	<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>	<u>\$ 234,844</u>	<u>\$ 281,919</u>	<u>\$ 282,057</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Reserved	\$ 37,412	\$ 33,865	\$ 48,759	\$ 32,866
Unreserved	79,182	83,292	162,602	133,765
Total general fund	<u>\$ 116,594</u>	<u>\$ 117,157</u>	<u>\$ 211,361</u>	<u>\$ 166,631</u>
All other governmental funds:				
Reserved	\$ 198,655	\$ 230,856	\$ 307,052	\$ 362,565
Unreserved, reported in:				
Special revenue funds	148	(503)	184	14,442
Capital projects funds	100,381	103,328	64,895	87,575
Debt service funds	—	—	(1,930)	178
Permanent fund	361	377	376	376
Total all other governmental funds	<u>\$ 299,545</u>	<u>\$ 334,058</u>	<u>\$ 370,577</u>	<u>\$ 465,136</u>

	Fiscal Year					
	2011 (a)	2012	2013	2014	2015	2016
General Fund:						
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	20,930	34,950	42,256	32,069	35,306	89,454
Committed	215,273	134,151	70,457	37,992	9,207	2,749
Assigned	51,434	96,691	76,815	83,902	79,775	77,923
Unassigned	84,750	82,931	91,191	70,784	79,192	94,093
Total General Fund	<u>\$ 372,387</u>	<u>\$ 348,723</u>	<u>\$ 280,719</u>	<u>\$ 224,747</u>	<u>\$ 203,480</u>	<u>\$ 264,219</u>
All other governmental funds:						
Nonspendable	\$ 6,631	\$ 1,872	\$ 3,138	\$ 2,275	\$ 1,959	\$ 1,180
Restricted	403,782	259,101	221,517	271,375	317,629	308,953
Committed	1,000	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	(10,020)	(5,586)	(2,155)	(364)	(322)	(68)
Total all other governmental funds	<u>\$ 401,393</u>	<u>\$ 255,387</u>	<u>\$ 222,500</u>	<u>\$ 273,286</u>	<u>\$ 319,266</u>	<u>\$ 310,065</u>

(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 Ten Fiscal Years
(Modified accrual basis of accounting)
(In thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	\$ 295,784	\$ 445,216	\$ 556,816	\$ 474,935	\$ 458,035	\$ 487,666	\$ 467,820	\$ 497,061	\$ 529,231	\$ 601,328
Licenses and permits	14,441	15,898	11,887	12,488	14,573	14,632	13,457	12,010	14,249	13,952
Charges for services	158,671	159,169	200,817	198,623	155,277	61,207	58,826	63,949	65,744	76,844
Intergovernmental revenues	158,782	112,674	152,128	168,344	172,171	171,362	164,365	151,369	154,789	146,074
Intragovernmental revenues	3,401	2,497	3,338	2,674	2,929	1,650	4,880	3,286	2,342	1,909
Traffic violations and court fees	4,185	11,309	13,602	6,291	9,514	6,707	5,429	5,112	5,822	6,771
Interest and other operating revenues	44,429	25,631	14,378	15,144	27,394	37,630	31,816	46,174	57,835	53,004
Total revenues	679,693	772,394	952,966	878,499	839,893	780,854	746,593	778,961	830,012	899,882
Expenditures:										
Current:										
General government	25,024	18,190	21,842	42,446	35,980	25,015	21,721	25,957	24,888	24,720
Public safety	343,222	345,965	352,790	388,364	407,409	414,456	416,774	429,520	442,491	452,435
Public works	129,584	131,156	133,258	150,988	174,235	100,806	101,172	114,061	107,819	107,520
Health and welfare	5,430	5,221	4,928	4,053	4,471	3,865	5,973	6,241	7,550	7,832
Cultural and recreation	28,883	28,085	25,431	22,581	23,933	14,579	13,864	13,031	13,267	14,910
Urban redevelopment and housing	28,355	23,962	30,093	44,037	40,733	27,374	24,033	17,760	22,731	17,641
Economic development and assistance	12,614	20,289	24,308	42,111	73,758	95,236	37,981	28,411	61,202	20,163
Capital outlays	194,529	138,879	138,754	226,218	246,409	151,228	105,394	84,975	122,022	78,901
Debt service:										
Redemption of bonds and notes	92,076	78,811	78,607	93,793	80,162	68,114	61,598	76,953	69,066	72,787
Interest on bonds and notes	54,809	63,886	68,255	55,388	57,971	50,892	51,981	47,877	45,915	49,835
Swap termination payment	—	—	28,780	—	—	—	—	—	—	—
Bond and note issuance costs	3,760	1,160	2,758	4,987	4,130	614	5,705	1,099	2,445	1,358
Advance funding escrow	—	—	649	—	3,318	—	36,705	10,525	11,655	—
Operating lease payments and administration	19,636	15,399	15,167	15,439	15,781	16,339	16,047	16,184	18,448	16,662
Total expenditures	937,922	871,003	925,620	1,090,405	1,168,290	968,518	898,948	872,594	949,499	864,764
Excess (deficiency) of revenues under expenditures	(258,229)	(98,609)	27,346	(211,906)	(328,397)	(187,664)	(152,355)	(93,633)	(119,487)	35,118
Other financing sources (uses):										
Proceeds of financing from capital lease	—	—	—	—	8,175	—	—	605	3,248	—
Proceeds from execution of parking meter contract	—	—	—	20,000	—	—	—	—	—	—
Proceeds from restructuring of debt	—	—	—	—	—	—	85	212	749	—
Sales of capital assets	939	363	645	910	1,574	1,608	795	625	472	1,264
Bond and notes issued	198,915	129,675	87,281	229,732	146,495	17,915	5,780	69,370	116,600	10,707
Premium on bonds and notes issued	5,381	1,647	15,451	11,093	6,810	2,509	11,744	6,215	12,146	6,609
Refunding bonds issued	89,410	—	133,775	—	39,000	24,415	86,605	11,420	10,985	50,325
Payment to refunded bond escrow agent	(86,697)	—	(133,775)	—	(25,979)	(28,453)	(53,545)	—	—	(52,485)
Transfers in	60,253	82,245	59,105	108,357	141,489	65,313	102,216	53,138	128,974	98,909
Transfers out	(60,253)	(82,245)	(59,105)	(108,357)	(160,266)	(65,313)	(102,216)	(53,138)	(128,974)	(98,909)
Total other financing sources (uses)	207,948	131,685	103,377	261,735	157,298	17,994	51,464	88,447	144,200	16,420
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)	\$ (50,281)	\$ 33,076	\$ 130,723	\$ 49,829	\$ 142,013	\$ (169,670)	\$ (100,891)	\$ (5,186)	\$ 24,713	\$ 51,538
Debt service as a percentage of noncapital expenditures	19%	19%	18%	17%	15%	15%	15%	17%	15%	15%
Debt service expenditures	\$ 146,885	\$ 142,697	\$ 146,862	\$ 149,181	\$ 138,133	\$ 119,006	\$ 113,579	\$ 124,830	\$ 114,981	\$ 122,622
Noncapital expenditures	781,184	746,880	809,808	892,858	932,309	803,222	781,499	721,252	768,280	793,994

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

Fiscal year	Property	Local income tax	Wheel tax	Other (a)	Total taxes
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
2014	297,905	164,582	13,250	21,324	497,061
2015	287,170	206,838	14,645	20,579	529,232
2016	299,225	266,834	13,644	21,625	601,328

(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.

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

Fiscal year	Residential property	Commercial property	Industrial property	Personal property	Other	Total taxable assessed value (a) (b)	Total direct tax rate	Estimated actual taxable value	Taxable assessed value as a % of actual taxable value (a)
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
2014	18,171,183	13,464,533	3,103,892	5,972,597	842,391	41,554,596	0.7667	41,554,596	100
2015	18,103,687	13,437,532	3,096,297	6,160,989	977,912	41,776,417	0.7069	41,776,417	100
2016	18,531,258	13,631,932	3,139,384	6,325,056	903,782	42,531,412	0.7136	42,531,412	100

Note: Tax-exempt property for 2016 of \$859,420 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 2016, total taxable assessed value includes \$3,982,213 of assessed valuation for Marion County Tax Increment Financing Districts.

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

Fiscal Year	City of Indianapolis			County direct rates			Overlapping rates			Total direct and overlapping rates
	Operating millage	Debt service millage	Total city millage	County	Municipal corporations	Total City-County Council approved	School	State	Other	
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
2014	0.6795	0.0872	0.7667	0.4034	0.4340	1.6041	1.2889	0.0000	0.0620	2.9550
2015	0.6431	0.0638	0.7069	0.3825	0.4205	1.5099	1.3504	0.0000	0.0607	2.9210
2016	0.6554	0.0582	0.7136	0.3883	0.4454	1.5473	1.4170	0.0000	0.0630	3.0273

- (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).

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

Principal taxpayers	2016			Principal taxpayers	2007		
	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	\$ 1,215,794	1	2.859 %	Eli Lilly and Company	\$ 1,256,497	1	3.171% %
Citizens Energy Group	460,423	2	1.083	South Western Bell	332,955	2	0.840%
Indianapolis Power and Light Company	262,042	3	0.616	General Motors Corporation	305,847	3	0.772%
Federal Express Corporation	245,659	4	0.578	Indianapolis Power and Light	304,320	4	0.768%
Convention Headquarters Hotels, LLC	180,811	5	0.425	Simon Property Group	269,592	5	0.680%
Hertz Indianapolis 111 Monument, LLC	154,456	6	0.363	International Truck and Engine	246,269	6	0.621%
American United Life Insurance Company	112,906	7	0.265	St. Vincent Hospital & Health Care Center, Inc.	185,967	7	0.469%
Verizon Wireless	90,704	8	0.213	Federal Express Corporation	185,818	8	0.469%
SVC Manufacturing	88,554	9	0.208	Citizens Gas & Coke Utility	184,577	9	0.466%
Castleton Square, LLC	80,872	10	0.190	Visteon Corporation	157,229	10	0.397%
Ingredion Inc.	71,482	11	0.168	Duke-Weeks Realty LP	150,583	11	0.380%
Roche Diagnostics Corporation	66,851	12	0.157	Community Hospitals Foundations Inc.	143,749	12	0.363%
HPT Indianapolis 101-115 West Washington LLC	65,679	13	0.154	Dugan Realty, LLC	129,764	13	0.327%
NG 211 N Pennsylvania St, LLC	62,712	14	0.147	American United Life Insurance Company	127,489	14	0.322%
DOW Agrosiences, LLC	59,836	15	0.141	Duke Financing, LLC	115,921	15	0.293%
Fastenal Company	58,888	16	0.138	Macquarie Office Monument	114,946	16	0.290%
Circle Centre Development Co.	58,381	17	0.137	Rolls-Royce	114,380	17	0.289%
Rolls-Royce Corporation	57,493	18	0.135	Kroger	112,770	18	0.285%
Axis FC LLC	53,813	19	0.127	Target Corporation	111,759	19	0.282%
Summit Hospitality 22, LLC	53,644	20	0.126	Roche Diagnostic Corporation	109,610	20	0.277%
	<u>\$ 3,501,000</u>		<u>8.230 %</u>		<u>\$ 4,660,041</u>		<u>11.76% %</u>

- (a) Represents the March 1, 2015 valuations for taxes due and payable in 2016 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, 2006 valuations for taxes due and payable in 2007 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 2007 Comprehensive Annual Financial Report.

CITY OF INDIANAPOLIS
Property Tax Levies and Collections
Schedule 10
Last Six 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 %	\$ 8,288	\$ 183,357	99.5 %
2012	195,321	185,118	94.8	6,927	192,045	98.3
2013	186,122	179,501	96.4	6,725	186,226	100.1
2014	214,798	198,358	92.3	6,931	205,289	95.6
2015	195,944	188,572	96.2	4,913	193,485	98.7
2016	194,983	193,413	99.2	—	193,413	99.2

- (a) Beginning in 2011, delinquent collections were broken down by original levy year in information provided by 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 Ten 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		
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	1.33	1,309
2014	157,574	669,880	271,520	40,422	8,549	1,147,945	1.32	1,352
2015	129,860	649,323	345,558	74,633	11,607	1,210,981	1.26	1,404
2016	85,898	624,750	335,028	82,197	10,619	1,138,492	1.19	1,331

- (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.

CITY OF INDIANAPOLIS
Ratios of Net General Bonded Debt Outstanding
Schedule 12
Last Ten 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				
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) 20,275		160,525	0.409	190.33
2014	157,574	(c) 21,255		136,319	0.328	160.60
2015	129,860	(c) 24,850		105,010	0.251	121.71
2016	85,898	(c) 8,727		77,171	0.181	90.24

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.

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2016
(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	\$ 36,103,487	0.67%	\$ 241,893	\$ 44,995
Park District	1	38,549,199	0.67%	258,280	3,225
Redevelopment District	2	36,103,487	(f)	—	—
Flood Control District	1	38,549,199	0.67%	258,280	1,499
Metropolitan Thoroughfare District	1	38,549,199	1.33%	512,704	6,053
Sanitary District	8	35,579,190	4.00%	1,423,168	7,690
Solid Waste Disposal District	7	36,149,510	2.00%	722,990	—
Public Safety Communications and Computer Facilities District	1	38,549,199	0.67%	258,280	22,110
Premium on General Obligation Debt					326
Total City General Obligation Debt				<u>\$ 3,675,595</u>	<u>85,898</u>
Other Direct Debt					
Tax increment bonds					624,750
Revenue bonds					335,028
Note payable and certificate of participations					82,197
Bond anticipation note					5,500
Capital leases					10,619
Total City Direct Debt					<u>\$ 1,143,992</u>
Overlapping:					
Marion County	1	38,549,199	0.67%	<u>\$ 258,280</u>	<u>\$ —</u>
Municipal Corporations:					
Indianapolis Airport Authority		38,549,199	0.67%	\$ 258,280	\$ —
Health and Hospital Corporation	1	38,549,199	0.67%	258,280	189,210
Capital Improvement Board of Managers	1	38,549,199	0.67%	258,280	—
Indianapolis-Marion County Building Authority	1	38,549,199	(b)	—	—
Indianapolis-Marion County Public Library	4	37,576,225	0.67%	251,761	62,810
Indianapolis Public Transportation Corporation	2	36,523,673	0.67%	244,709	—
Total Municipal Corporations				<u>\$ 1,271,310</u>	<u>\$ 252,020</u>
School Districts:					
Beech Grove	8	\$ 419,998	(g)	\$ 36,747	\$ 12,167
Decatur	8	1,544,232	(g)	156,137	6,809
Franklin	8	2,050,935	(g)	256,948	1,295
Indianapolis Public Schools	8	10,399,859	(g)	688,738	14,807
Lawrence	8	4,869,070	(g)	331,375	37,300
Perry	8	3,317,900	(g)	169,584	14,715
Pike	8	4,679,225	(g)	126,455	29,545
Speedway	8	700,660	(g)	14,013	—

(Continued)

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)

Schedule 13
December 31, 2016
(In thousands)

	Map reference (see introduction (e))	Assessed value (d)	Bonding limit		Bonds outstanding (h)
			%	Dollar amount	
School Districts (continued):					
Warren	8	\$ 2,438,649	(g)	\$ 121,748	\$ 3,025
Washington	8	5,833,530	(g)	154,636	12,508
Wayne	8	2,919,439	(g)	302,054	32,883
Total School Districts		<u>\$ 39,173,497</u>		<u>\$ 2,358,435</u>	<u>\$ 165,054</u>
Other Cities and Towns:					
Beech Grove	2	\$ 420,186	0.67%	\$ 2,815	\$ 2,695
Lawrence	2	1,402,564	0.67%	9,397	4,459
Southport	2	46,023	0.67%	308	359
Speedway	2	576,939	0.67%	3,865	5,560
Total Other Cities and Towns		<u>\$ 2,445,712</u>		<u>\$ 16,385</u>	<u>\$ 13,073</u>
Townships:					
Center	3	\$ 5,834,666	0.67%	\$ 39,092	\$ —
Decatur	3	1,349,841	0.67%	9,044	1,916
Franklin	3	2,181,433	0.67%	14,616	—
Lawrence	3	5,226,097	0.67%	35,015	1,410
Perry	3	3,619,638	0.67%	24,252	—
Pike	3	4,517,350	0.67%	30,266	—
Warren	3	3,301,117	0.67%	22,117	—
Washington	3	8,277,259	0.67%	55,458	—
Wayne	3	3,995,814	0.67%	26,772	1,101
Total Townships		<u>\$ 38,303,215</u>		<u>\$ 256,632</u>	<u>\$ 4,427</u>
Excluded Library Districts:					
Beech Grove	4	\$ 396,035	0.67%	\$ 2,653	\$ —
Speedway	4	576,939	0.67%	3,865	260
Total Excluded Library Districts		<u>\$ 972,974</u>		<u>\$ 6,518</u>	<u>\$ 260</u>
Ben Davis Conservancy District		<u>\$ 350,187</u>	(c)	<u>\$ —</u>	<u>\$ —</u>
Total overlapping debt					<u>\$ 434,834</u>
Total direct and overlapping debt					<u>\$ 1,578,826</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2016
(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, 2015 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2016.
- (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, 2016
(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	\$ 36,103,487	0.67%	\$ 241,893	\$ 44,995	\$ 196,898	18.60%
Park District	38,549,199	0.67%	258,280	3,225	255,055	1.25%
Redevelopment District	36,103,487	(b)	—	—	—	—
Flood Control District	38,549,199	0.67%	258,280	1,499	256,781	0.58%
Metropolitan Thoroughfare District	38,549,199	1.33%	512,704	6,053	506,651	1.18%
Sanitary District	35,579,190	4.00%	1,423,168	7,690	1,415,478	0.54%
Solid Waste Disposal District	36,149,510	2.00%	722,990	—	722,990	—
Public Safety Communications and Computer Facilities District	38,549,199	0.67%	258,280	22,110	236,170	8.56%

(a) Excludes Revenue Bonds not 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 Ten Fiscal Years
(In thousands)

Fiscal year	Wheel tax bonds				
	Wheel tax revenue (a)	Debt service		Coverage	
		Principal	Interest		
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	
2014	13,250	1,520	319	7.21	
2015	14,644	1,580	2,076	4.01	
2016	13,644	2,565	3,624	2.20	

Payments in lieu of taxes (b)	PILOT revenue bonds			
	Principal	Debt service		Coverage
		Principal	Interest (h)	
\$ NA	\$ NA	\$ NA	NA	NA
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA
5,574	—	3,054	1.83	
14,214	—	7,910	1.80	
5,264	—	7,910	0.67	
5,875	—	7,910	0.74	
4,307	—	7,910	0.54	
8,168	—	7,910	1.03	
8,168	—	7,910	1.03	

Tax increment revenues (c)	Property tax increment bonds			
	Principal (d)	Debt service		Coverage
		Principal	Interest	
\$ 32,325	\$ 28,065	\$ 21,346	0.65	
57,717	28,150	24,298	1.10	
112,951	24,760	24,458	2.29	
66,615	43,236	22,420	1.01	
60,980	26,975	22,745	1.23	
74,006	36,009	12,960	1.51	
82,754	29,701	17,729	1.74	
82,319	39,223	18,382	1.43	
83,953	34,815	18,673	1.57	
90,418	34,266	21,846	1.61	(i)

Fiscal year	Facilities revenue bonds				
	Charge back (e)	Debt service		Coverage	
		Principal	Interest		
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	
2014	1,956	1,420	515	1.01	
2015	1,952	730	453	1.65	
2016	1,963	1,650	173	1.08	

Parking fees (f)	Economic development bonds			
	Principal	Debt service		Coverage
		Principal	Interest	
\$ 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	
1,575	620	955	1.00	
3,062	1,183	1,879	1.00	
3,182	1,227	1,955	1.00	

Net revenues of the stormwater system (g)	Stormwater revenue bonds			
	Principal	Debt service		Coverage
		Principal	Interest	
\$ 2,651	\$ -	\$ 2,121	1.25	
3,814	930	2,121	1.25	
3,818	970	2,084	1.25	
3,825	1,015	2,045	1.25	
4,025	1,190	2,030	1.25	
4,969	1,435	2,540	1.25	
3,341	780	1,893	1.25	
4,981	1,665	2,320	1.25	
5,573	2,235	2,223	1.25	
5,280	1,990	2,234	1.25	

Note: NA stands for not applicable.

- (a) Wheel taxes on vehicles
- (b) Payments in lieu of taxes wastewater system
- (c) Property tax increment revenues collected in TIF districts
- (d) Does not include principal amount for refunding bonds
- (e) Charge back to City-County agencies
- (f) Fees from parking garage
- (g) Improvements of stormwater handling capabilities
- (h) Any shortfalls in pledged PILOT revenues are covered by accumulated PILOT payments from prior years.
- (i) Principal payment does not include \$52,485 for the Redevelopment District Refunding Bonds, 2016A (Marriott)

CITY OF INDIANAPOLIS
Demographic and Economic Statistics
Schedule 16
Last Ten 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>	
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	83,124,853	38,812	33.90	12	149,697	6.80	
2014	848,788	86,769,196	39,433	34.10	12	130,007	5.90	
2015	862,781	96,004,138	40,998	34.30	12	130,371	4.60	
2016	855,164	96,004,138 (f)	43,492	34.30	12	131,754	4.00	

(a) U.S. Census Bureau

(b) Bureau of Economic Analysis

(c) Stats Indiana

(d) Indiana Department of Education

(e) Bureau of Labor Statistics, Dec 2016 rate

(f) This information will be released by the Bureau of Economics Analysis in August 2017; therefore, prior year numbers were utilized.

CITY OF INDIANAPOLIS
Principal Employers
Schedule 17
December 31, 2016

Employer	2016 (b)			Employer	2007 (c)		
	Employees	Rank	Percentage of total city employment (a)		Employees	Rank	Percentage of total city employment (a)
St Vincent Hospitals & Health Services inc.	17,398	1	3.76%	Eli Lilly and Company	12,500	1	2.83%
Indiana University Health	11,810	2	2.55%	Community Health Network	8,800	2	1.99%
Eli Lilly and Company	11,479	3	2.48%	St Vincent Hospitals & Health Services inc.	7,750	3	1.76%
Community Health Network	10,402	4	2.25%	Clarian Health Partners, Inc	7,503	4	1.70%
Wal-Mart	8,830	5	1.91%	IUPUI	7,066	5	1.60%
Marsh Supermarkets	8,000	6	1.73%	FedEX	6,311	6	1.43%
Kroger	7,840	7	1.70%	Rolls-Royce	4,300	7	0.97%
IUPUI	7,365	8	1.59%	WellPoint Inc.	4,200	8	0.95%
Peyton Manning Children's Hospital	7,000	9	1.51%	Allison Transmission/Div of GMC	4,000	9	0.91%
IU School Of Medicine	6,000	10	1.30%	AT&T	3,500	10	0.79%

- (a) Percentage of total City employment is calculated by using total 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) Data presented as originally published in the 2007 Comprehensive Annual Financial Report.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	264	268	266	236	206	230	211	200	192	190
Protection of People										
Police Department	1,588	1,593	1,610	1,636	1,624	1,542	1,527	1,549	1,654	1,647
Fire Department (a)	978	1,092	1,116	1,300	1,268	1,221	1,155	1,173	1,180	1,184
Other (Civilian)	385	390	309	291	270	262	348	336	337	331
Public Works	648	637	618	670	661	683	620	626	632	648
Parks and Recreation	165	162	150	142	131	114	99	103	103	104
Redevelopment	<u>227</u>	<u>244</u>	<u>222</u>	<u>227</u>	<u>226</u>	<u>206</u>	<u>204</u>	<u>226</u>	<u>237</u>	<u>239</u>
Total full-time City employees	<u><u>4,255</u></u>	<u><u>4,386</u></u>	<u><u>4,291</u></u>	<u><u>4,502</u></u>	<u><u>4,386</u></u>	<u><u>4,258</u></u>	<u><u>4,164</u></u>	<u><u>4,213</u></u>	<u><u>4,335</u></u>	<u><u>4,343</u></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.

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

<u>Function/program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government										
Building permits issued	41,470	34,517	33,619	33,915	34,966	38,803	38,384	39,708	37,967	38,117
Building inspections conducted	23,278	33,193	37,224	32,370	32,034	35,509	29,891	31,026	40,088	37,681
Households assisted with entitlement grants	4,131	5,168	6,872	3,430	3,090	1,789	2,233	2,100	4,219	6,812
Police										
Physical arrests	44,903	52,247	51,944	50,264	60,883	55,965	52,337	42,293	39,417	61,059
Parking violations	12,692	10,912	8,575	8,953	7,277	3,778	2,362	3,440	6,512	7,501
Traffic violations	43,780	68,937	36,850	20,600	34,434	30,328	36,953	31,684	40,642	49,921
Fire										
Emergency responses (a)	65,966	136,198	122,620	154,755	137,476	151,950	150,535	97,140	106,118	164,030
Dispatched fire runs	15,783	16,331	18,457	17,236	17,714	18,682	18,744	18,543	18,809	42,039
Inspections	4,552	4,663	4,663	6,936	12,524	8,231	10,960	15,228	17,678	14,049
Refuse collection										
Refuse collected (tons per day)	890	1,075	1,048	1,038	997	924	960	975	991	1,044
Leaves collected (tons per year)	6,762	6,741	7,610	6,044	7,603	4,907	6,359	5,785	5,397	3,789
Other public works										
Street resurfacing (miles)	99	155	237	515	389	139	175	254	258	157
Pothole work orders completed (b)	9,009	12,094	18,590	16,645	23,821	13,410	14,512	21,722	24,106	21,954
Parks and recreation										
Number of shelter rental reservations	2,988	2,066	2,514	2,216	2,007	2,279	2,176	2,097	2,467	2,208
Number of day camp registrations	3,413	3,128	3,135	3,403	3,428	3,143	3,107	3,213	3,226	3,077
Community park and facility attendance	7,636,927	6,636,487	6,820,927	6,804,867	6,954,806	7,321,222	7,844,919	5,172,493	7,460,471	8,648,601

(a) The increase in emergency responses between 2007 and 2008 is attributable to the township fire departments merging with the Indianapolis Fire Department.

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

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

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police stations	6	7	7	6	6	6	6	6	6	6
Police vehicles and other rolling stock	2,057	2,015	2,005	2,309	2,054	2,033	1,908	1,818	1,896	1,992
Fire stations	35	35	38	45	45	44	44	44	44	43
Fire vehicles and other rolling stock	259	258	277	302	297	282	276	276	291	296
Emergency management vehicles and other rolling stock	10	9	12	12	14	16	17	20	20	17
Animal control vehicles and other rolling stock	31	29	27	27	31	27	34	30	33	33
Other Public Works										
Streets (miles)	3,193	3,215	3,233	3,238	3,244	3,299	3,307	3,323	3,337	3,339
Sidewalks (miles)	2,705	2,707	2,706	2,707	2,706	2,815	3,097	3,199	3,224	3,247
Bridges	513	512	512	512	512	527	541	541	540	538
Traffic signal installations	1,125	1,125	1,127	1,128	1,128	1,130	1,132	1,136	1,141	1,147
Miles of storm sewers and drainage	1,494	1,500	1,513	1,517	1,517	1,525	1,536	1,540	1,544	1,545
Public works vehicle and other rolling stock	551	537	582	546	673	672	652	644	605	590
Cultural and Recreation										
Parks	192	192	206	207	207	207	207	208	208	207
Park properties – acreage	11,140	11,160	11,140	11,168	11,168	11,161	11,161	11,186	11,186	11,254
Playgrounds	131	127	128	127	127	126	126	126	126	125
Golf courses	13	13	13	13	13	13	13	13	13	13
Swimming pools – outdoors	16	16	16	16	16	16	16	16	16	16
Swimming pools – indoors	6	8	5	5	5	5	5	5	5	5
Recreational centers	25	25	25	25	25	24	24	24	24	23

Sources: Various City department reports.

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

Single Audit Report
For the Year Ended December 31, 2016

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Year Ended December 31, 2016

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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, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>Research and Development Cluster</i>				
U.S Department of Justice:				
National Institute of Justice Research, Evaluation and Development Project Grants	16.560		\$ -	\$ 97,125
Environmental Protection Agency:				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814		-	19,350
Total Research and Development Cluster			<u>-</u>	<u>116,475</u>
U.S. Department of Agriculture:				
Indiana State Department of Education Child and Adult Care Food Program	10.558	NA	-	485,332
Indiana State Department of Education <i>Summer Food Service Program for Children (Child Nutrition Cluster)</i>	10.559	NA	-	806,097
Total U.S. Department of Agriculture			<u>-</u>	<u>1,291,429</u>
U.S. Department of Housing and Urban Development:				
Community Development Block Grants/Entitlement Grants (CDBG Entitlement Cluster)	14.218		6,253,239	7,377,788
Indiana State Office of Community & Rural Affairs Community Development Block Grants	14.228	DR2-09-084	-	10,125
Emergency Solutions Grants Program	14.231		630,955	678,016
Shelter Plus Care	14.238		474,643	474,643
Home Investment Partnership Programs	14.239		4,894,157	5,161,752
Housing Opportunities for Persons with AIDS	14.241		885,339	915,373
Community Development Block Grants Section 108 Loan Guarantees	14.248		1,600,000	1,608,805
Continuum of Care Program	14.267		3,652,785	3,762,451
Lead Hazard Reduction Demonstration Grant Program	14.905		-	1,227
Total U.S. Department of Housing and Urban Development			<u>18,391,118</u>	<u>19,990,180</u>
U.S. Department of Justice:				
Indiana State Police Missing Children's Assistance	16.543	A2-10-100931, A2-14-100-016, A2-15-100-020	-	18,360
Indiana Criminal Justice Institute Crime Victim Assistance	16.575	4556, 4268, 5677, 4556	-	239,814
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		-	260,900
Indiana Criminal Justice Institute Project Sage Neighborhoods RSN	16.609	3835	776	151,420
Public Safety Partnership and Community Policing Grants	16.710		-	426,678
Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	3492, 4676, 4675	135,999	193,647
Edward Byrne Memorial Justice Assistance Grant Program	16.738		922,657	1,004,678
		Total 16.738	<u>1,058,656</u>	<u>1,198,325</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, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
Criminal and Juvenile Justice and Mental Health Collaboration	✔ 16.745		\$ -	\$ 19,003
Second Chance Act Reentry Initiative	✔ 16.812		-	48,514
Byrne Criminal Justice Innovation Program	✔ 16.817		41,734	113,790
Federal Equitable Share Law Enforcement- Forfeitures	✔ 16.922		85,432	3,530,516
Total U.S. Department of Justice			<u>1,186,598</u>	<u>6,007,320</u>
U.S. Department of Transportation:				
Indiana Department of Transportation				
Highway Planning and Construction (<i>Highway Planning and Construction Cluster</i>)	✔ 20.205	A249-11-320618, A249-15-G140009, A249-17-G170029	-	2,982,912
Highway Safety Cluster:				
Indiana Criminal Justice Institute State and Community Highway Safety	✔ 20.600	5621, 5182	-	23,316
Indiana Criminal Justice Institute Alcohol Impaired Driving Countermeasures Incentive Grants	✔ 20.601	5870, 4410, 4271	-	424,470
Indiana Criminal Justice Institute National Priority Safety Programs	✔ 20.616	5621	-	247,638
Total Highway Safety Cluster			<u>-</u>	<u>695,424</u>
Total U.S. Department of Transportation			<u>-</u>	<u>3,678,336</u>
Environmental Protection Agency:				
Brownfields Assessment and Cleanup Cooperative Agreements	✔ 66.818		93,973	320,645
Total Environmental Protection Agency			<u>93,973</u>	<u>320,645</u>
U.S. Department of Education:				
Indiana Department of Education				
Twenty-First Century Community Learning Centers	✔ 84.287	A58-6-16-DL-0185, A58-7-17DL-0005	-	285,958
Performance Partnership Pilots for Disconnected Youth	✔ 84.420		86,141	86,141
Total U.S. Department of Education			<u>86,141</u>	<u>372,099</u>
U.S. Department of Homeland Security:				
National Urban Search and Rescue (US&R) Response System	97.025		-	2,057,344
Indiana Department of Homeland Security Emergency Management Performance Grants	97.042	38515, 14519, 16359	-	163,034
Indiana Department of Homeland Security Urban Areas Security Initiative- FFY 2014 Funding	97.067	C44P-5-552B	-	47,425
Indiana Department of Homeland Security Hazardous Material Team Qualification Program - FY 2014 Funding	97.067	14813	-	44,413
		Total 97.067	<u>-</u>	<u>91,838</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		-	2,188,800
Total U.S. Department of Homeland Security			<u>-</u>	<u>4,501,016</u>
Total Expenditures of Federal Awards			<u>\$ 19,757,830</u>	<u>\$ 36,277,500</u>

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, 2016

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Indianapolis, Indiana (City) under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-102, *Grant Awards and Cooperative Agreements with State and Local Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business amounts reported as expenditures in prior years. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
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. Fady Qaddoura, 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 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, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2017, which contained a reference to the report of other auditors. Other auditors audited the financial statements of the Indianapolis Housing Agency, the sole 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 of the financial statements, 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, material weaknesses or significant deficiencies may exist that were not identified. However, as described 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 to be material weaknesses.

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 the attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2016-003 to be a significant deficiency.

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 is 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.

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 30, 2017

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

Independent Auditor's Report

Mr. Fady Qaddoura, Controller and the
Audit Committee
City of Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited the City of Indianapolis' (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. 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.

The City's basic financial statements include the operations of Indianapolis Housing Agency (Housing Agency), as a discretely presented component unit, which received \$56,802,990 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended December 31, 2016. Our audit, described below, did not include the operations of the Housing Agency because the Housing Agency engaged other auditors to perform an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards 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. 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 the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards by Uniform Guidance

We have audited 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 as of and for the year ended December 31, 2016, 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, 2017, which contained an unmodified opinion on those statements. Our report included a reference to other auditors who audited the sole discretely resented component unit of the City. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Indianapolis, Indiana

June 30, 2017

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
 Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:
 Unmodified Qualified Adverse Disclaimer

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, 2016

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

7. The City's major programs were:

Cluster/Program	CFDA Number
HOME Investment Partnerships Program	14.239
CDBG Section 108 Loan Guarantees	14.248
Continuum of Care	14.267
Federal Equitable Share Law Enforcement - Forfeitures	16.922
National Urban Search and Rescue Response System	97.025

8. The threshold used to distinguish between Type A and Type B programs was \$1,088,325.

9. The City qualified as a low-risk auditee? 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, 2016

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2016-001	<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 2016 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 account reconciliations, analyses and financial data are not always subjected to a timely secondary review. Additionally, information may, at times, not be communicated timely to OFM by City/County departments and agencies. These issues are exacerbated by a continuing lack of personnel resources and an organizational structure (prescribed by statute) that hinders the efficient and timely production of financial reports.</p> <p>Recommendation: OFM should establish and maintain an effective secondary review process over financial reporting and continue to improve the processes in place for capturing financial information from other City/County departments and agencies. Finally, serious consideration should be given to adding appropriately skilled personnel resources and pursuing the restructure of the entire enterprise (i.e., the Consolidated City of Indianapolis - Marion County) - most specifically, the division of accounting and reporting responsibilities - in order to align a greater number of resources under OFM to expedite the financial reporting process.</p> <p>Views of Responsible Officials and Planned Corrective Action: Personnel constraints have been a major contributing factor in the amount of audit adjustments that are discovered during the audit process. It is very important to point out that we have continued to see the number of audit adjustments decrease substantially each year. The decrease in adjustments can be directly attributed to the financial reporting division implementing detailed review processes. We are working towards adding additional staff to assist with the audit and the creation of the Comprehensive Annual Financial Report (CAFR). Any changes in the enterprise structure would involve legislative action by either the State or the City-County Council. We will need to give this the appropriate study and evaluation to determine the proper action.</p> <p><i>Persons responsible for implementing:</i> Chuck White, Deputy Controller and Janae Rhoton, Financial Reporting Manager.</p> <p><i>Anticipated completion date:</i> December 31, 2017.</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, 2016

Reference Number	Finding
2016-002	<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 control environment over financial reporting did not detect adjustments related to the City’s infrastructure assets 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. During the 2016 audit, two adjustments and multiple revisions to the capital asset worksheet 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 errors because the accounting for infrastructure assets is generally not subject to a secondary review. Additionally, the City changed fixed asset systems in 2013 and, at the time of implementation, assumed the new system (PeopleSoft) was properly calculating the disposal of group depreciated assets (in other words, infrastructure assets). However, PeopleSoft was not properly calculating the disposal of group depreciated assets.</p> <p>Recommendation: OFM should establish and maintain an effective secondary review process over all aspects of capital asset accounting and reporting for the City.</p> <p>Views of Responsible Officials and Planned Corrective Action: We concur. This has now been corrected.</p> <p><i>Persons responsible for implementing:</i> Chuck White, Deputy Controller and Janae Rhoton, Financial Reporting Manager.</p> <p><i>Anticipated completion date:</i> Corrected in June 2017.</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, 2016

Reference Number	Finding
2016-003	<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 over financial reporting did not detect adjustments to the City’s infrastructure assets relating to projects the City shares with the Indiana Department of Transportation (INDOT) that were needed to prevent the financial statements from being materially misstated. (Significant Deficiency)</p> <p>Context: The City’s Office of Finance and Management (OFM) is primarily responsible for the financial reporting process. These shared projects result in a significant amount of contributed assets in any given year for the City. During the 2016 audit, an adjustment was proposed and multiple revisions to the INDOT worksheet were identified that affected the amounts to be reported in 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 errors because the infrastructure asset information received from INDOT is not subject to a thorough secondary review by OFM or the City’s Department of Public Works (DPW). Additionally, there needs to be more timely communication and reconciliation between OFM, DPW and INDOT in order to mitigate the risk of material misstatement in this area.</p> <p>Recommendation: OFM and DPW should establish and maintain effective review processes over INDOT project reporting.</p> <p>Views of Responsible Officials and Planned Corrective Action: We concur. This has now been corrected.</p> <p><i>Persons responsible for implementing:</i> Chuck White, Deputy Controller and Janae Rhoton, Financial Reporting Manager.</p> <p><i>Anticipated completion date:</i> Corrected in June 2017.</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, 2016

Findings Required to be Reported by *Uniform Guidance*

Reference Number	Finding
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No matters are reportable.

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2016

Reference Number	Summary of Finding	Status
2015-001	<p>Financial Reporting 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 2016 audit, various adjustments were identified that affected the City's financial statements.</p>	<p>Unresolved - see finding 2016-001. The City continues to make progress in reducing the number of adjustments each year. The City believes that in the near future, we can resolve this completely. In order to accomplish this, the City needs additional personnel resources and potentially more sophisticated software for the Comprehensive Annual Financial Report (CAFR) reporting process.</p>
2015-002	<p>Financial Reporting The City's OFM is primarily responsible for the financial reporting process. The City's reporting entity includes the Circle Area Community Development Corporation (CAC), a blended component unit. At the end of 2015, there were two significant transactions for approximately \$27.5 million of additional debt issued by CAC that was not otherwise reflected on the City's financial statements.</p>	<p>Resolved</p>
2015-003	<p>Financial Reporting The City's OFM is primarily responsible for the financial reporting process. The City administers the 1953 Police Pension Fund, which is reported as a pension trust fund in the City's financial statements. During the 2015 audit, two adjustments were identified that affected the City's financial statements.</p>	<p>Resolved</p>
2015-004	<p>Home Investment Partnerships Program (CFDA No. 14.239) - Special Tests and Provisions - Housing Quality Standards We sampled two property managers, out of a total population sampled of seventeen, to determine whether the on-site inspections and financial monitoring of the rental properties was completed. The City did not complete the required visit and monitoring for one of the two properties selected for testing. Our sample selection was not, and was not intended to be, statistically valid.</p>	<p>Deemed cleared by Department of Housing & Urban Development</p>



Subject: Corrective Action Plan
City of Indianapolis, Indiana
2016 Single Audit Results

The purpose of this Corrective Action Plan is to inform you of planned corrective actions in response to the below findings made by BKD, LLP regarding the December 31, 2016 audit.

2016-001 **Finding:** 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.

Views of Responsible Officials and Planned Corrective Actions:

Response: Personnel constraints have been a major contributing factor in the amount of audit adjustments that are discovered during the audit process. It is very important to point out that we have continued to see the number of audit adjustments decrease substantially each year. The decrease in adjustments can be directly attributed to the financial reporting division implementing detailed review processes. We are working towards adding additional staff to assist with the audit and the creation of the Comprehensive Annual Financial Report (CAFR). Any changes in the enterprise structure would involve legislative action by either the State or the City-County Council. We will need to give this the appropriate study and evaluation to determine the proper action.

Person(s) responsible for implementing: Chuck White, Deputy Controller and Janae Rhoton, Financial Reporting Manager

Implementation Date: December 31, 2017.

2016-002 **Finding:** The City's internal control environment over financial reporting did not detect adjustments related to the City's infrastructure assets that were needed to prevent the financial statements from being materially misstated.

Views of Responsible Officials and Planned Corrective Actions:

Response: We concur. This has been corrected.



Person(s) responsible for implementing: Chuck White, Deputy Controller and Janae Rhoton, Financial Reporting Manager

Implementation Date: Corrected in June 2017

2016-003

Finding: The City's internal control environment over financial reporting did not detect adjustments to the City's infrastructure assets relating to projects the City shares with the Indiana Department of Transportation (INDOT) that were needed to prevent the financial statements from being materially misstated.

Views of Responsible Officials and Planned Corrective Actions:

Response: We concur. This has been corrected.

Person(s) responsible for implementing: Chuck White, Deputy Controller and Janae Rhoton, Financial Reporting Manager

Implementation Date: Corrected in June 2017