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August 16, 2018

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 Reports opined on by BKD LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. 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, 2017, 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 11-13. Findings 2017-001 through 2017-003 report one material weakness and two significant deficiencies in internal control over financial reporting that are required to be reported in accordance with *Government Auditing Standards*. These findings 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.

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

Paul D. Joyce, CPA  
State Examiner

# City of Indianapolis, Indiana

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

Joe Hogsett, Mayor

Fady Qaddoura, Controller



## Comprehensive Annual Financial Report

Year Ended December 31, 2017



**COMPREHENSIVE**

**ANNUAL**

**FINANCIAL**

**REPORT**

**City of Indianapolis, Indiana**

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

**Year Ended December 31, 2017**

**Office of Finance and Management**

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## Introductory Section

# Introductory Section



June 28, 2018

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, 2017. 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 2017, 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 as well as an Inclusive Growth Study and Economic Development Incentives Study, both projects of The Brookings Institution.

### **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 67 percent of the new and retained job announcements in 2017. Information technology was the highest growth industry with nearly 3,964 new and retained job commitments, followed by professional services with more than 3,171 new and retained jobs and manufacturing with nearly 1,451 new and retained job commitments. The average hourly wage for all new job commitments was \$28.69 in 2017.

### **2017 Job Commitments and Investments**

In support of the primary economic development goals for the city, 11,888 job commitments (6,688 new jobs/5,200 current and retained jobs) and over \$1.3 billion in capital investment from 86 companies were announced in 2017. The average wage for retained jobs was \$30.57 per hour and the average wage for new jobs was \$28.69 per hour. These successes were realized due to the partnership between the Indianapolis Mayor's Office and the Indy Chamber.

The commitment from companies to add and retain over 11,000 jobs and invest more than \$1.3 billion 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.

### **2017 Projects of Note**

**CraftMark Bakery, LLC**, a leading supplier of frozen bakery products to the food service and in-store bakery industries announced plans to invest \$16.5 million in new machinery and equipment at their Indianapolis facility. The project also included the retention of 237 jobs and hiring of 29 new full-time employees. A few months later, Craftmark announced plans to invest an additional \$16.3 million on new building construction and building improvements, \$39.9 million in new machinery and equipment, and the creation of an additional 118 new full-time employees. The two projects total a committed \$72.7 million in investment from Craftmark in 2017.

**Daechang Seat Company**, a global supplier of specialized automotive seats based in South Korea announced plans for its first U.S. operation to be located in the Park 100 business park on Indy’s north side. The project expects to hire 180 new full-time equivalent (“FTEs”) over 5 years with a capital investment of approximately \$16 million.

**Federal Express**, provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce, and business services. Federal Express plans to add on to its sorting hub by spending \$400 million in building improvements and new construction and \$385 million on new machinery and equipment and would retain 800 jobs and hire 125 new FTEs over 8 years.

**Levementum**, is a one-stop-shop for customer engagement solutions, delivering superior sales and service process solutions and implementing market leading CRM applications with an emphasis on Salesforce platforms. The company announced plans for an expansion including \$1.3 million in new investment and 140 new jobs.

The historic rehabilitation of the **Ford Assembly Plant** at 1301 E Washington Street is a mixed use project that includes 105 apartment units with 90% at market rate and 10% workforce housing. The project also includes 22,500 square feet of office space and 17,500 square feet of additional commercial space.

The **Riverview** project is a mixed-use development by Riverview Partners LLC, a joint venture between Goodwill of Central and Southern Indiana and Indianapolis-based Strategic Capital Partners LLC. The project includes the construction of 200+ workforce housing apartments. Each apartment unit will be reserved for residents with incomes between 61 percent and 120 percent of area median incomes. The project has an estimated total investment of \$26 million.

## **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 of Indiana.

The City collected \$295 million in net property tax revenue in 2017. The City expects to collect \$309 million in net property tax revenue in 2018. The Circuit breaker impact is estimated to be \$30 million in 2018, approximately 10% of certified property tax levies. This represents a slight decrease from the \$32 million loss in property tax revenue experienced in 2017.

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 and the Department of Local Government Finance, administers these annual distributions. These annual distributions are shared among the county government, all townships, and the municipalities located within the county, including the City. For Marion County, OFM is responsible for calculating the proper allocation of county income tax revenues to all eligible entities per a formula prescribed in State statute. OFM works very closely with the State Budget Agency to track and forecast income tax collections generated from Marion County residents.

For 2017, total income tax revenue distributed to the City was \$230 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 2016, total City income taxes distributed were \$267 million. Of the \$267 million received in 2016, \$53 million represented a special one-time distribution authorized by the Indiana State Legislature. Notwithstanding the special distribution, income taxes in 2016 would have been \$214 million. In comparison to the 2017 revenue of \$230 million there was a \$16 million increase from 2016 that is attributable to organic growth in income tax revenue. The certified 2018 City income tax amount is \$237 million, an increase of \$7 million from the prior year. The effects of economic events on income tax collections are not revealed in annual distributions to counties until two years later. With this said, Marion County certified income tax distributions have shown organic growth in 2017, and this is anticipated to continue in 2018.

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 and fund balance are less than budgeted expenditures, the City Controller can reduce City agency budgets to create a funded budget. In 2014, the City implemented a quarterly allotment system within the City’s financial accounting system. The City continued this in 2017. While the City has not taken all actions allowed by SEA 621, the City did impose management reserves in 2017. This places a percentage of each agency and department’s budget into reserve and does not allow for expenditure unless the Controller believes the appropriation is fully supported by a combination of current revenues and existing fund balance. The City will continue this in 2018.

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 \$79.7 million at the end of 2017. The Fiscal Stability Fund was established by law and has the primary purpose of supporting a solid credit rating for the City.

Finally, the City continues to identify ways to create efficiencies and improve the delivery of services to the City despite limited resources. OFM and the Office of Audit and Performance (“OAP”) work 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 through smart-sizing initiatives 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 Consolidated City-County’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, 2017, the Audit Committee members were:

Mr. Charles Johnson III , <i>Chairperson</i>	Engaging Solutions
Mr. David Reynolds	Indiana General Assembly
Ms. Debra Shoffner	Retired
Mr. Leroy Robinson	City-County Councillor, City of Indianapolis – Marion County
Ms. Bengu Powell	Comer Nowling
Ms. Janice McHenry	City-County Councillor, City of Indianapolis – Marion County
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, 2016. 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, 2016**

*Christopher P. Morill*

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 16th largest city in the nation with a population of 863,002 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**

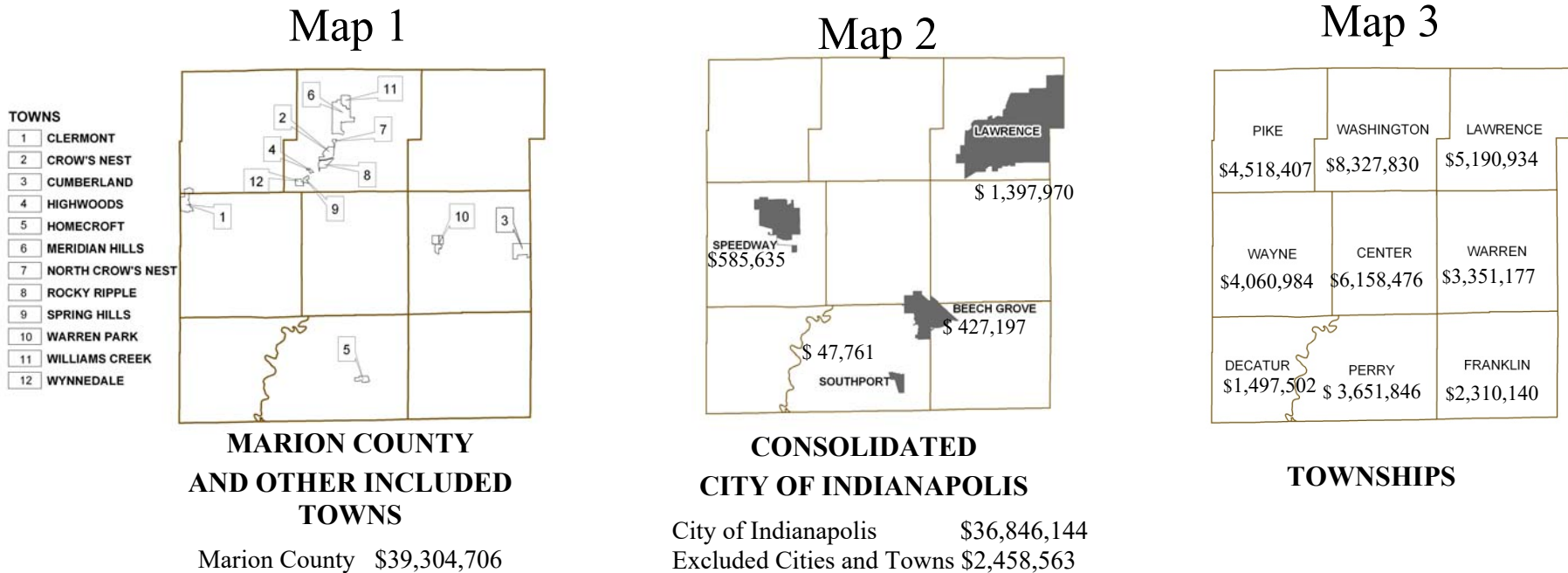
The consolidated City of Indianapolis is within the boundaries of Marion County, as are the following:

- **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 an outstanding bond payable from lease rentals (which are paid from taxes levied) from the County for the 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 Town of Speedway.

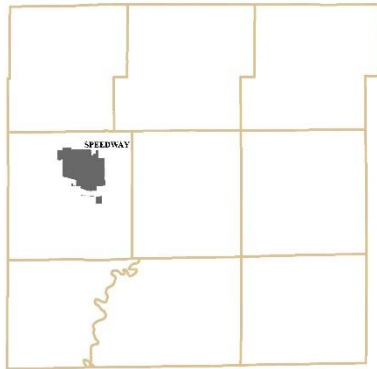
There are also several separate school districts in Marion County. In addition to the general obligation bonds of these school districts, various school building corporations have outstanding bonds payable from lease rentals (which are paid from taxes levied) from school districts for the lease of school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

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



**NOTE:** See Statistical Schedule 13 of Section III of this annual report. The assessed valuation figures are for March 1, 2016 valuations for taxes collectible in 2017.

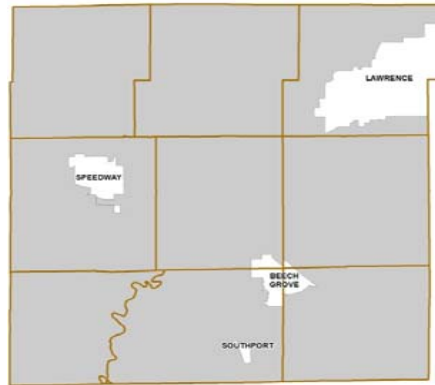
Map 4



**LIBRARIES**

Speedway \$585,635  
 Marion County Libraries \$38,719,071

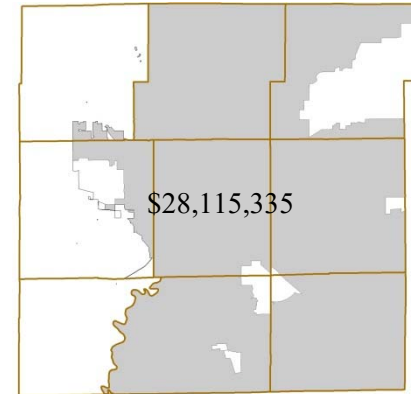
Map 5



**INDIANAPOLIS**

**POLICE SERVICE DISTRICT**

Map 6

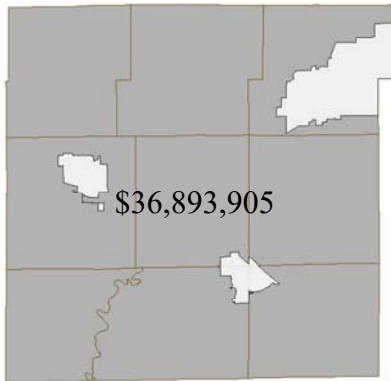


**INDIANAPOLIS**

**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**

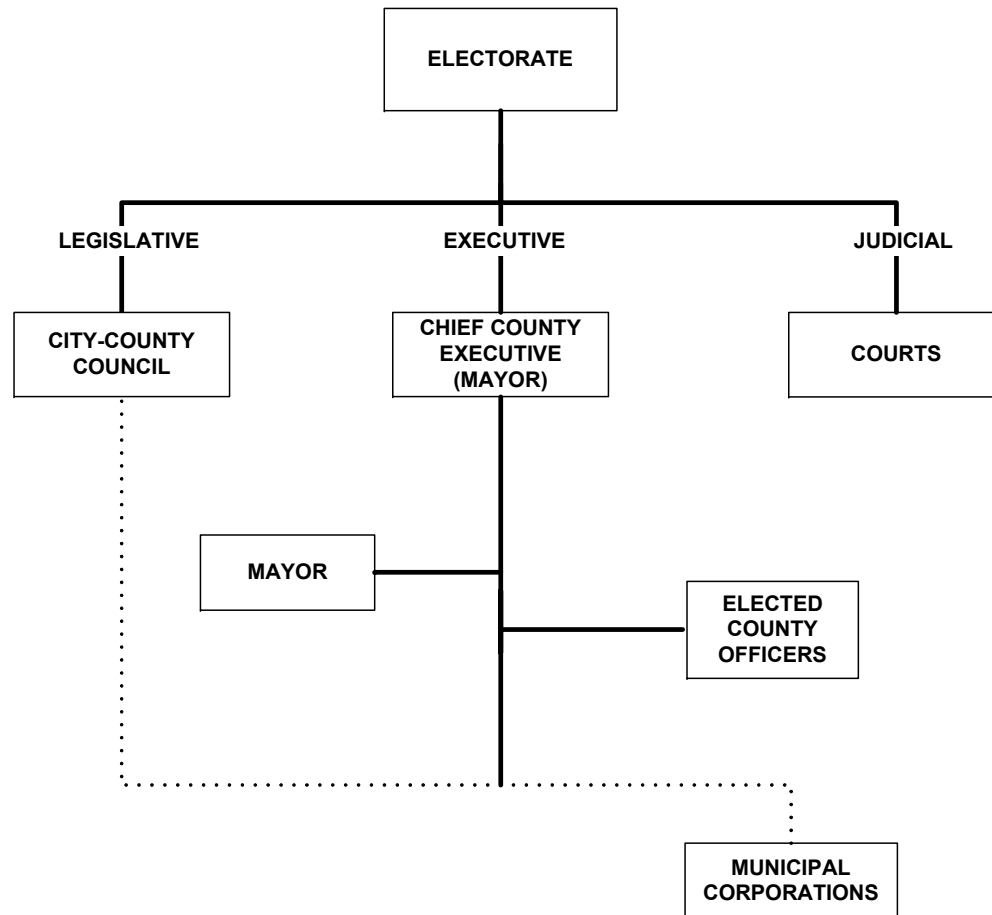
Map 8

Pike \$4,672,351	Washington \$5,862,164	Lawrence \$4,827,902
Speedway \$726,535	<b>Indianapolis Public Schools</b> \$10,749,502	Warren \$2,477,950
Wayne \$2,908,553	Perry \$3,353,785	Beech Grove \$429,053
Decatur \$1,639,900		Franklin \$2,173,219

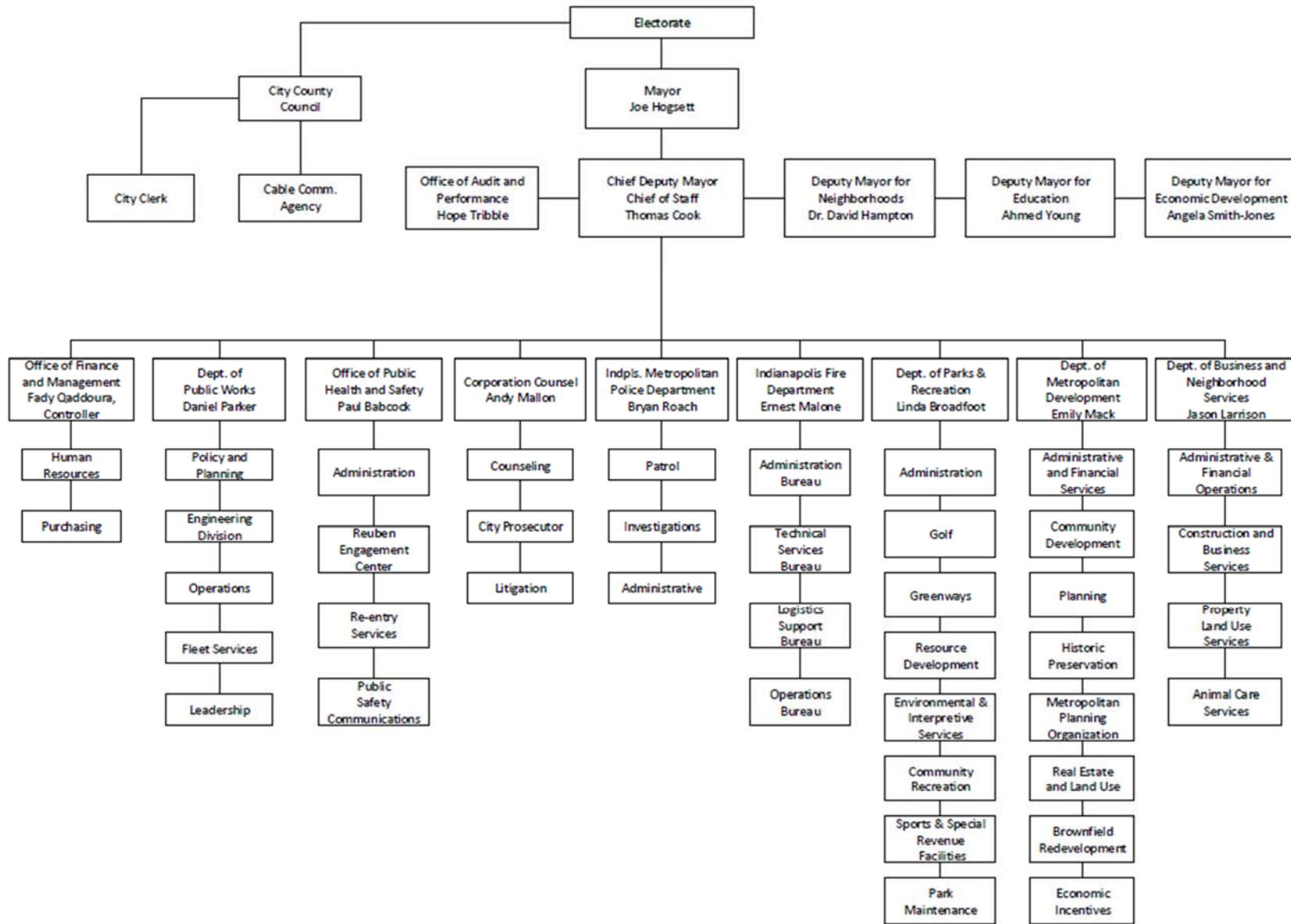
**SCHOOL DISTRICTS**

**NOTE:** See Statistical Schedule 13 of Section III of this annual report. The assessed valuation figures are for January 1, 2016 valuations for taxes collectible in 2017.

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



## City of Indianapolis Organization Chart December 31, 2017



**CITY OF INDIANAPOLIS**  
**SCHEDULE OF ELECTED AND APPOINTED OFFICIALS**  
**December 31, 2017**

**ELECTED OFFICIALS\***

<b>Name</b>	<b>Title</b>	<b>Service</b>	<b>Occupation</b>
Joe Hogsett	Mayor	2	Mayor and Chief County Executive
Maggie Lewis	City-County Council President	9	Director of Quality Assurance & Community Outreach, Centaur
Zach Adamson	City-County Council Vice President	6	Vice President of Compliance and Regulatory Affairs, NESCO
Stephen J. Clay	City-County Councillor	3	Senior Pastor, Messiah Missionary Baptist Church
Jeff Coats	City-County Councillor	2	Product Manager, Salesforce
Susie Cordi	City-County Councillor	2	Bus Driver
Jared Evans	City-County Councillor	2	Consultant
Colleen Fanning	City-County Councillor	2	Owner, Grey Market Wine
Monroe Gray, Jr.	City-County Councillor	25	Retired
Jason Holliday	City-County Councillor	6	Account Executive, Ray's Trash Service
LaKeisha Jackson	City-County Councillor	3	Executive Director, Pathway Resource Center
Blake Johnson	City-County Councillor	2	Director of Communications, Complete College America
Scott Kreider	City-County Councillor	2	Partner, Kreider McNevin Schiff, LLP
Frank Mascari	City-County Councillor	7	Jeweler, Spalding Jewelry
Janice McHenry	City-County Councillor	10	Retired
Michael McQuillen	City-County Councillor	10	Owner, PoliticalParade.com
Jeff Miller	City-County Councillor	8	Consultant
Brian Mowery	City-County Councillor	2	Logistics Freight Broker, Direct Connect Logistix
William C. Oliver	City-County Councillor	14	Retired
Vop Osili	City-County Councillor	7	Architect/Principal, A+X Design and Development
Marilyn Pfisterer	City-County Councillor	14	Retired
David Ray	City-County Councillor	2	Account Manager, Miller-Eads Company
Leroy Robinson	City-County Councillor	7	CEO, Winthrop Tech

**CITY OF INDIANAPOLIS**

**SCHEDULE OF ELECTED AND APPOINTED OFFICIALS (Cont.)**

**December 31, 2017**

<b>Name</b>	<b>Title</b>	<b>Service</b>	<b>Occupation</b>
Christine Scales	City-County Councillor	10	Retired
Joseph Simpson	City-County Councillor	7	Director of Administration, Indiana Legal Services
John Wesseler	City-County Councillor	2	Retired
Claudia O. Fuentes	Ex-Officio City Treasurer	6	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, 2020.

**APPOINTED OFFICIALS**

<b>Name</b>	<b>Position</b>	<b>Number of Years in This Position</b>	<b>Number of Years Associated with City of Indianapolis – Marion County</b>
Thomas Cook	Chief Deputy Mayor/Chief of Staff	2	2
Dr. David Hampton	Deputy Mayor for Neighborhoods	2	2
Angela Smith Jones	Deputy Mayor for Economic Development	2	2
Ahmed Young	Director of Office of Education Innovation	2	2
Fady Qaddoura	Controller-Office of Finance and Management	2	2
Andy Mallon	Corporation Counsel	2	6
Emily Mack	Director of Metropolitan Development	2	10
Daniel Parker	Director of Public Works	1	1
Linda Broadfoot	Director of Parks and Recreation	2	2
Jason Larrison	Director of Business and Neighborhood Services	2	7
Paul Babcock	Director of Office of Public Health and Safety	1	1
NaTrina Debow	Clerk of the City-County Council	6	13
Hope Tribble	Director of Office of Audit and Performance	2	5

**CERTIFIED PUBLIC ACCOUNTANTS**      BKD, LLP

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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, 2017, 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 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, 2017, 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 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.

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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

*BKD, LLP*

Indianapolis, Indiana  
June 28, 2018

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Management's  
Discussion and Analysis

# Management's Discussion and Analysis

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

This Comprehensive Annual Financial Report presents an analysis of the financial activities of the City of Indianapolis (“City”) for the year ended December 31, 2017 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, 2017 by \$157.3 million, which represents the total net deficit of the City’s governmental activities. Included in this net position amount is a \$1,016.1 million unrestricted deficit due mainly to an unfunded net pension liability of \$896.7 million and an unfunded postemployment benefit obligation of \$188.3 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 \$836.1 million of the total net pension liabilities 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 \$8.3 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 2017, the City’s total expenses were \$892.8 million or \$16.2 million more than the \$876.6 million generated in charges for services, grants, taxes, and other revenues.
- As of December 31, 2017, the City’s governmental funds reported combined ending fund balances of \$645.4 million. Of this amount, \$0.4 million was nonspendable, \$466.9 million was restricted, \$0.7 million was committed, \$77.7 million was assigned, and \$99.8 million was unassigned.
- The unassigned fund balance for the general fund was \$99.8 million or 15.6% 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 \$178.1 million or 27.8% 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 2016.
- The general fund revenues were \$25.0 million higher than original budget estimates and \$20.6 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.

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

**Government-wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

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

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, capital projects, and permanent). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund 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:

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

- *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 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.

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net position.** The City’s governmental activities net position at December 31, 2017 and 2016 was \$(157.3) million and \$(141.1) million, respectively.

**Statement of Net Position**  
*(In thousands)*

		<b>Governmental activities 2017</b>		<b>Governmental activities 2016</b>
<b>Assets:</b>				
Current and other assets	\$	762,195	\$	678,919
Capital assets, net of accumulated depreciation		<u>1,493,018</u>		<u>1,487,927</u>
Total assets		2,255,213		2,166,846
<b>Deferred outflows of resources</b>		<u>106,174</u>		<u>128,455</u>
Total assets and deferred outflows of resources		<u>2,361,387</u>		<u>2,295,301</u>
<b>Liabilities:</b>				
Other liabilities		110,834		90,206
Long-term liabilities		<u>2,323,830</u>		<u>2,258,429</u>
Total liabilities		2,434,664		2,348,635
<b>Deferred inflows of resources</b>		<u>84,026</u>		<u>87,755</u>
Total liabilities and deferred inflows of resources		<u>2,518,690</u>		<u>2,436,390</u>
<b>Net position:</b>				
Net investment in capital assets		682,445		658,793
Restricted		176,332		180,615
Unrestricted (deficit)		<u>(1,016,080)</u>		<u>(980,497)</u>
Total net position (deficit)	\$	<u>(157,303)</u>	\$	<u>(141,089)</u>

**ANALYSIS OF NET POSITION**

As noted earlier, net position may serve as a useful indicator of a government’s financial position. The largest portion of the City’s net position reflects its investments of \$682.4 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 2016 balance was \$658.8 million. The increase is primarily due to capital asset additions exceeding disposals and depreciation during 2017. 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 \$176.3 million, versus \$180.6 million in 2016, which represents resources that are subject to external restrictions on how they may be used.

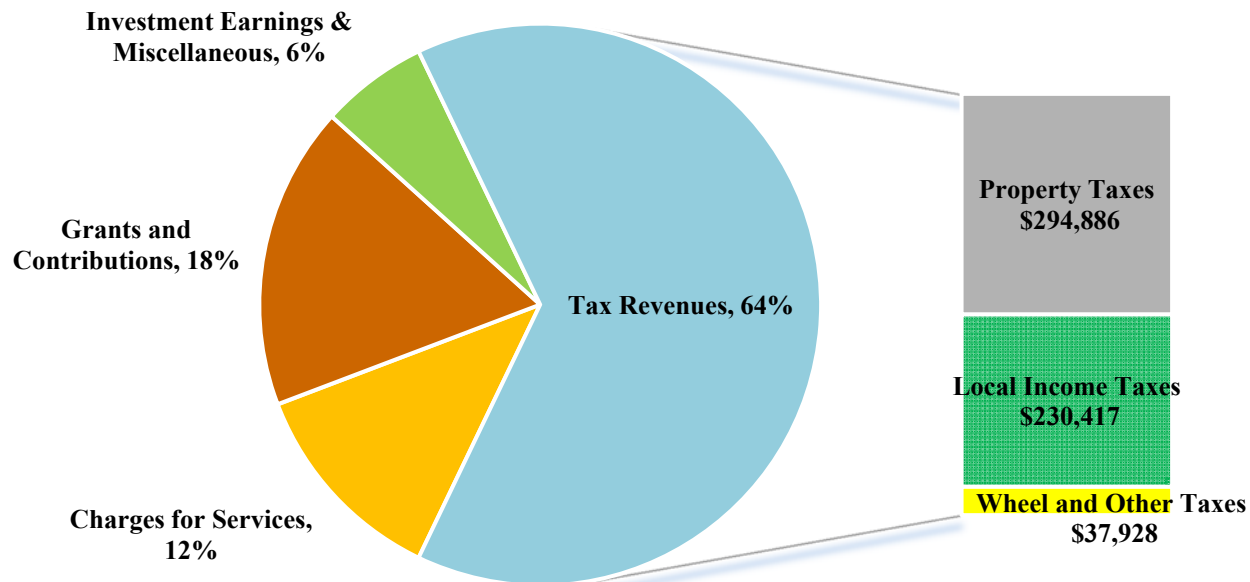
**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
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**Year ended December 31, 2017**

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 \$1,016.1 million deficit at the end of the year as compared to a \$980.5 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 liabilities of \$896.7 million and postemployment obligation of \$188.3 million.

**Change in net position.** The City’s total revenue (including transfers) on a government-wide basis for 2017 was \$876.6 million and \$925.5 million for 2016. Taxes represent 64% of the City’s revenue (65% for 2016). Another 12% of revenue (12% in 2016) came from fees charged for services, and the remainder came from grants and contributions, interest earnings, and miscellaneous revenues.

**Revenues by Source - Governmental Activities**  
*(In thousands)*



**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

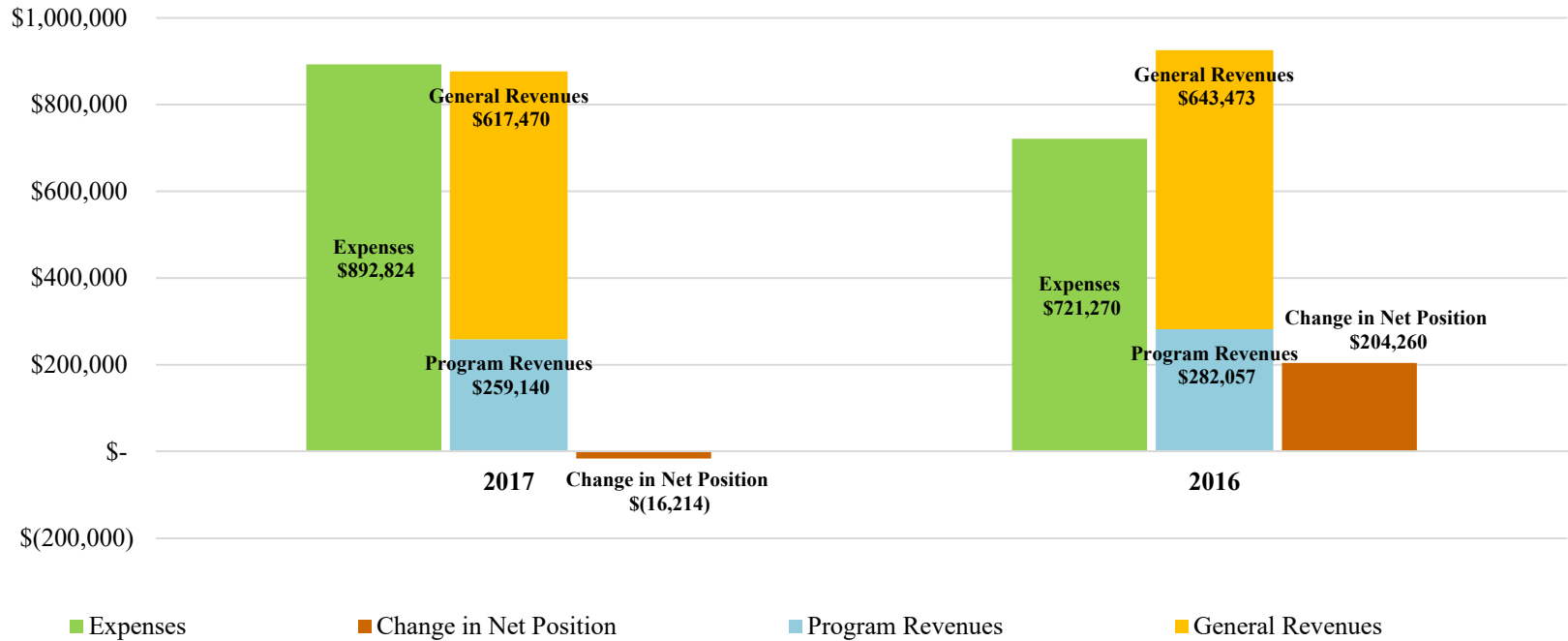
The changes in net position for the years ended December 31, 2017 and 2016 are as follows:

**Schedule of Changes in Net Position**  
**For the Years Ended December 31, 2017 and 2016**  
*(In thousands)*

	<b>Governmental activities 2017</b>	<b>Governmental activities 2016</b>
	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
Program revenues		
Charges for services	\$ 106,028	\$ 113,144
Operating grants and contributions	133,040	134,890
Capital grants and contributions	20,072	34,023
General revenues:		
Property tax	294,886	300,101
Other taxes	268,345	302,445
Other general revenues	54,239	40,927
Total revenues	<u>876,610</u>	<u>925,530</u>
<b>Expenses:</b>		
General government	44,321	44,689
Public safety	511,305	389,302
Public works	208,581	163,710
Health and welfare	7,730	7,926
Cultural and recreation	26,059	15,313
Urban redevelopment and housing	18,752	18,899
Economic development and assistance	30,412	27,512
Interest	45,664	53,919
Total expenses	<u>892,824</u>	<u>721,270</u>
Change in net position	(16,214)	204,260
Net position (deficit), beginning of year	<u>(141,089)</u>	<u>(345,349)</u>
Net position (deficit), ending	<u>\$ (157,303)</u>	<u>\$ (141,089)</u>

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

**Governmental Activities Change in Net Position**  
*(In thousands)*



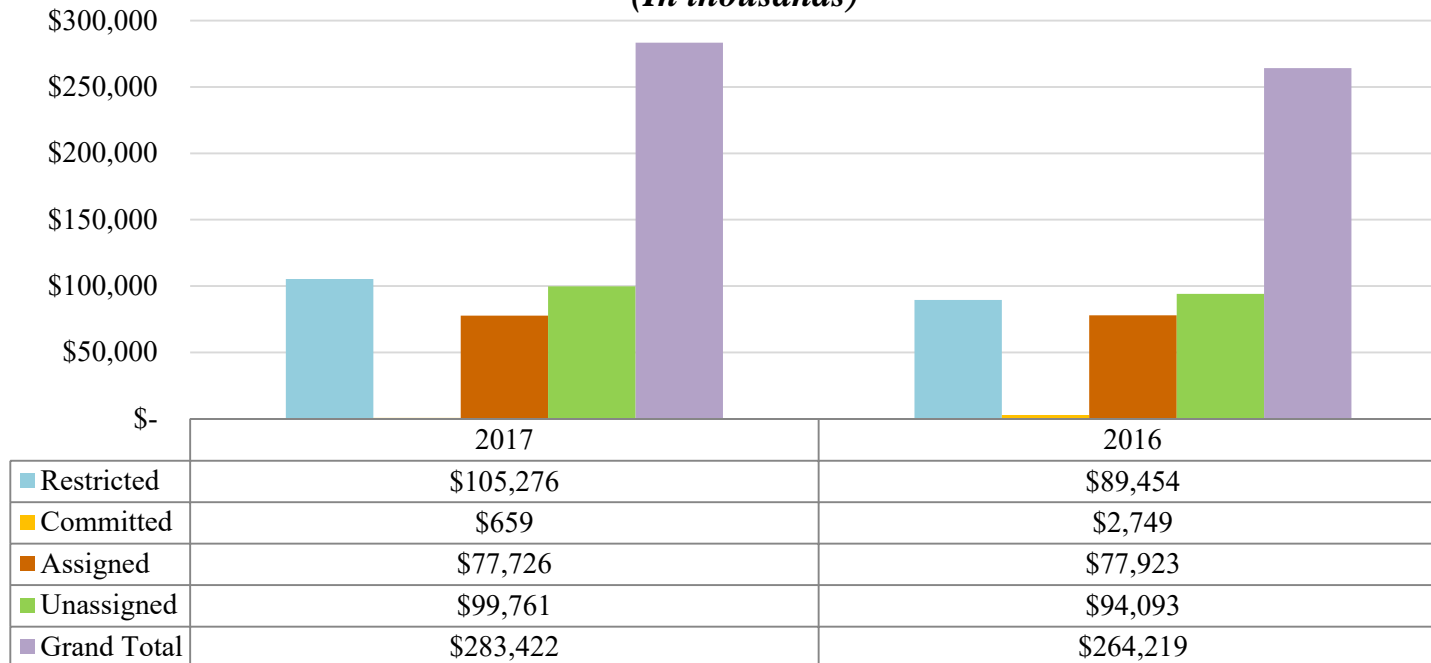
**Governmental activities.** The City’s governmental activities net position decreased by \$16.2 million compared to an increase of \$204.3 million in the prior year. Total expenses for governmental activities for 2017 were \$892.8 million, an increase of \$171.6 million from the prior year which was primarily the impact of GASB statement 68 which reduced expense in 2016 by \$97 million. Total revenues for governmental activities for 2017 were \$876.6 million, a decrease of \$48.9 million from the prior year. In 2016, the City received a special on-time distribution of \$53 million of County Option Income Tax dollars authorized by the State of Indiana.

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**Year ended December 31, 2017**

**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

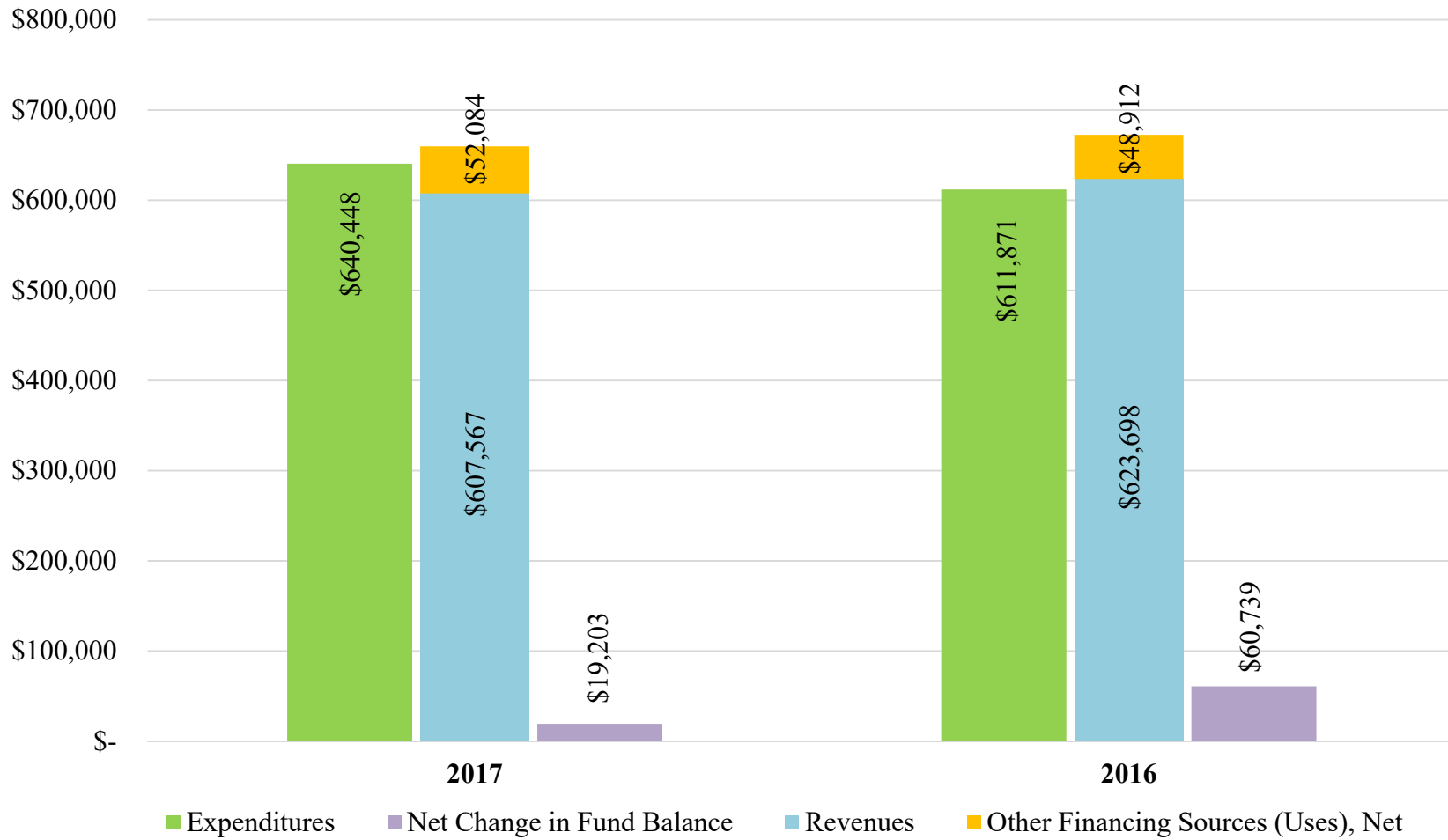
The focus of the City’s governmental funds is to provide information on inflows and balances of resources that are available for spending. An unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year. At December 31, 2017, the unassigned fund balance of the General Fund was \$99.8 million (as compared to \$94.1 million in 2016) while the total General Fund balance was \$283.4 million (as compared to \$264.2 million in 2016). 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 15% for 2016), while total fund balance represents 44% (43% for 2016) of total General Fund expenditures and transfers out. The fund balance in the City’s General Fund increased by \$19.2 million or 7.3% from the prior year fund balance. The City received \$9 million more in property tax than was budgeted, \$3.4 million more of gas taxes than was budgeted, and \$5 million more in stormwater fees than was budgeted. All of these contributed to the increase in fund balance.

**General Fund Fund Balance Breakdown**  
*(In thousands)*



**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

**General Fund Change in Fund Balance**  
*(In thousands)*

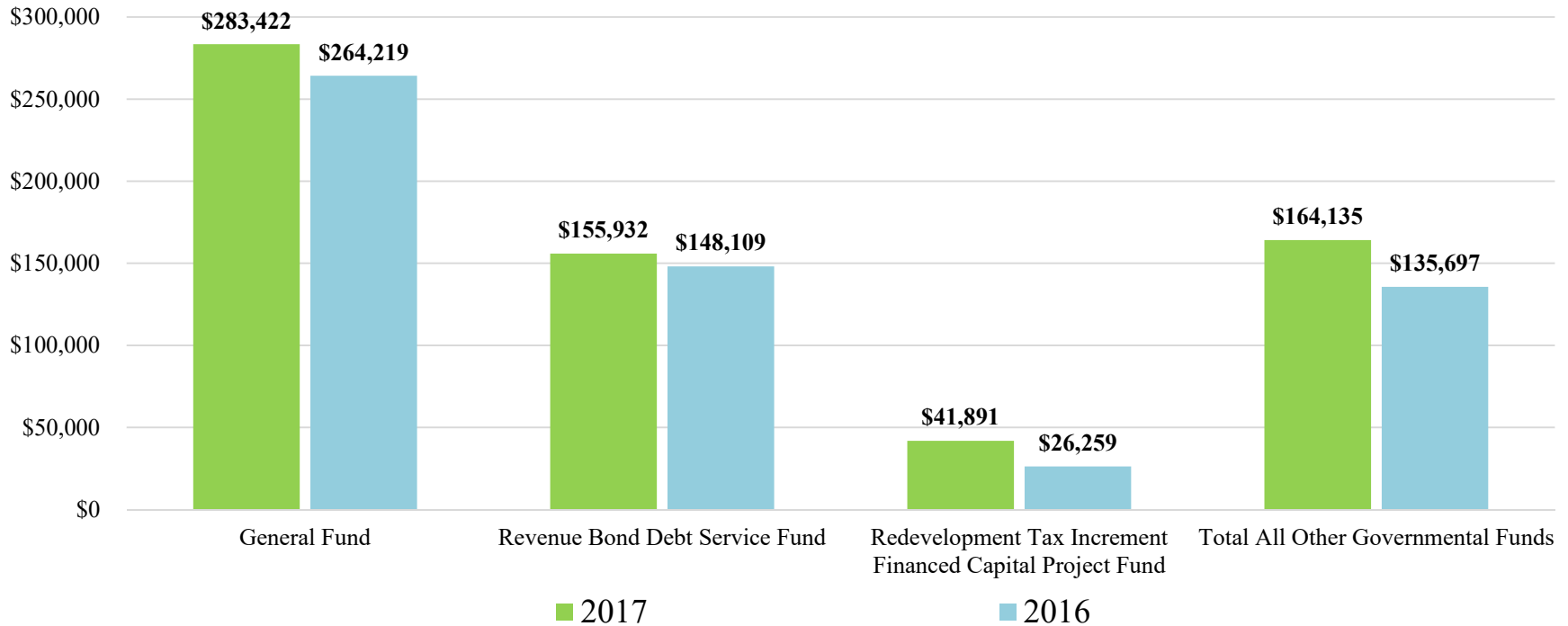


**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

The Revenue Debt Service Fund ended the year with a \$155.9 million fund balance (as compared to \$148.1 million in 2016) which was restricted for debt service. The fund balance for the Revenue Debt Service Fund increased by \$7.8 million due mainly to a decrease in interest due on bonds.

The Redevelopment District Tax Increment Capital Project Fund ended the year with a \$41.9 million fund balance (as compared to \$26.3 million in 2016) which was restricted for capital project funds. The fund balance for the Redevelopment District Tax Increment Capital Project Fund increased by \$15.6 million mainly due to the issuance of bonds used for economic development and capital improvements.

**Governmental Funds – Fund Balances**  
*(In thousands)*

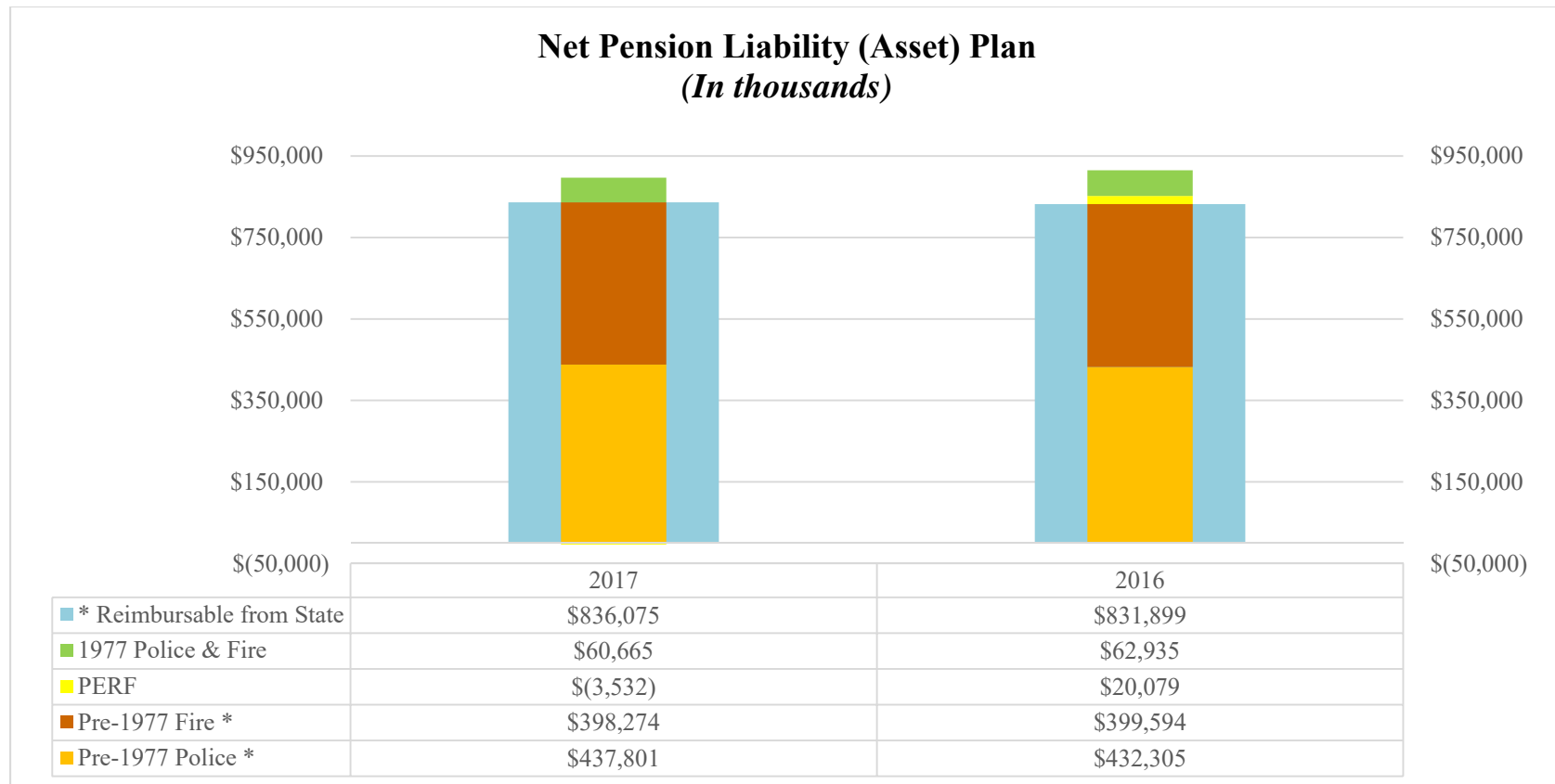


**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

**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 2017, the net position of these pension funds amounted to \$1.1 million, which represents a decrease of \$0.61 million in total net position during the year. Effective January 1, 2009, all pension payments are funded by the State of Indiana. No further funding is required by the City.

The PERF and 1977 Police and Fire Plan listed below are not a part of the fiduciary funds, but included in governmental activities.



**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

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 2017, the combined gross assets of the agency funds totaled \$13.2 million (\$9.0 million in 2016). 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 2017, there was a \$21.9 million increase in appropriations during the year to the original General Fund budget or an increase of less than 3.7%.

Excluding prior year encumbrances, the original General Fund expenditures budget for 2017 was \$594.2 million. The final General Fund expenditures budget was \$616.1 million. Actual expenditures were \$593.1 million. Of the total \$23.0 million underspent from the final budget, \$6.6 million was in general government, \$5.5 million was in public works, and \$3.6 million was in health and welfare. These underspent amounts were due to planned reductions in the budget to improve available fund balances. General revenues were originally estimated at \$515.4 million, final estimated at \$519.9 million, and the actual was \$540.4 million, which was \$20.5 million greater than budgeted. Out of the total \$20.5 million, \$11.6 million was in taxes and \$3.3 million was in interest and other operating revenue. Actual expenditures were greater than revenues by \$52.6 million. However, if transfers of \$51.0 million are taken into account, the net of revenues plus transfers is only less than expenditures by \$1.6 million. This is important to note since the transfers include \$59.0 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 \$5.9 million of transfers out of the General Fund which are stormwater fees that are budgeted to fund debt service.

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

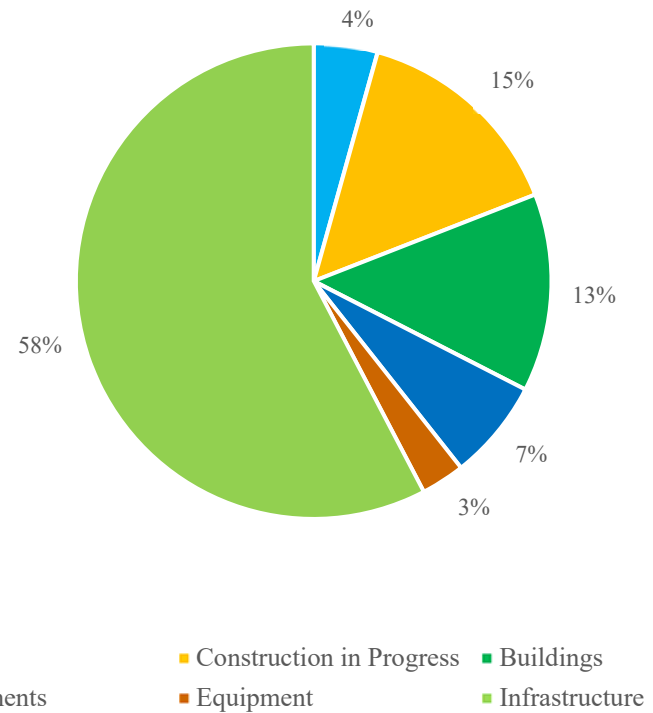
**Capital Assets** The City had a net investment of \$1.5 billion in capital assets at December 31, 2017 (net of accumulated depreciation of \$2.7 billion) in a broad range of capital assets. This amount represents a net increase for the current year (including additions and deductions) of \$5.1 million.

**Schedule of Capital Assets**

*(In thousands)*

	Governmental activities 2017	Governmental activities 2016
Land	\$ 64,735	\$ 57,981
Construction in progress	219,969	168,046
Buildings	201,081	218,619
Improvements	101,910	97,668
Equipment	44,315	41,640
Infrastructure	861,008	903,973
Total	<u>\$ 1,493,018</u>	<u>\$ 1,487,927</u>

**2017 Capital Assets**



**CITY OF INDIANAPOLIS**  
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Major capital asset additions in 2017 for governmental activities included:

- \$91.1 million of additions to construction in progress, principally infrastructure, and improvements. Reductions to construction in progress were \$39.2 million of which \$31.9 million was transferred into infrastructure and \$7.3 million was transferred into improvements.
- \$10.1 million of additions to improvements, principally upgrades at parks and recreation facilities.
- \$12.7 million of additions to equipment, principally for public safety and public works vehicles.
- \$46.3 million of additions to infrastructure, principally \$4.5 million for storm sewers, \$40.7 million for streets, curbs and sidewalks, \$0.3 million for bridges and \$0.8 million for traffic signals.
- \$7.3 million of additions to land.

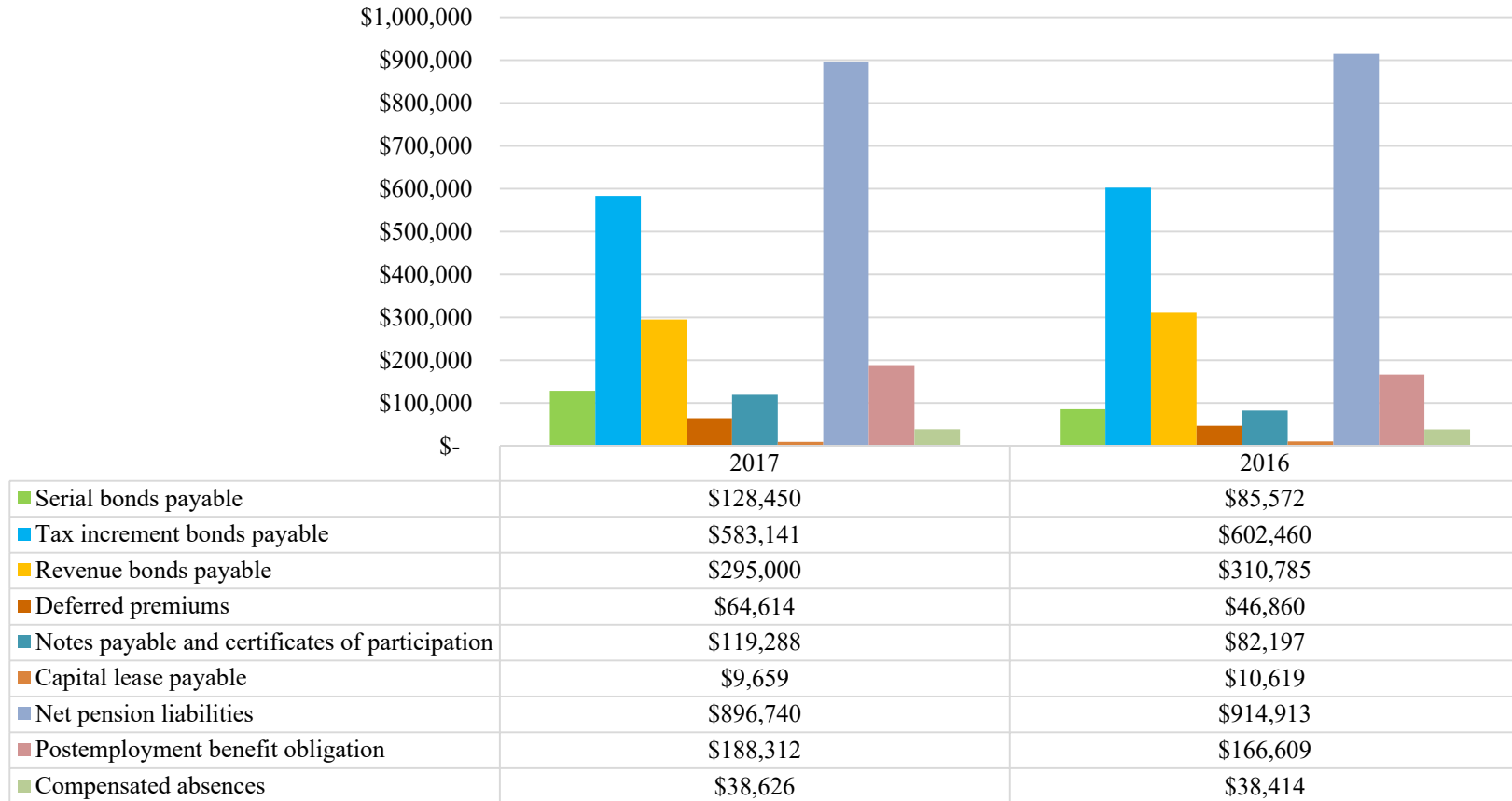
Donated capital assets for governmental activities were \$15.7 million, mainly attributable to capital contributions from the State of Indiana for public work projects built on the City’s behalf. Depreciation expense for 2017 for governmental activities was \$114.5 million. At December 31, 2017, the City had commitments related to ongoing capital asset construction projects of \$61.2 million. See footnote 9 to the basic financial statements for more information regarding capital assets.

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

**Long-Term Obligations**

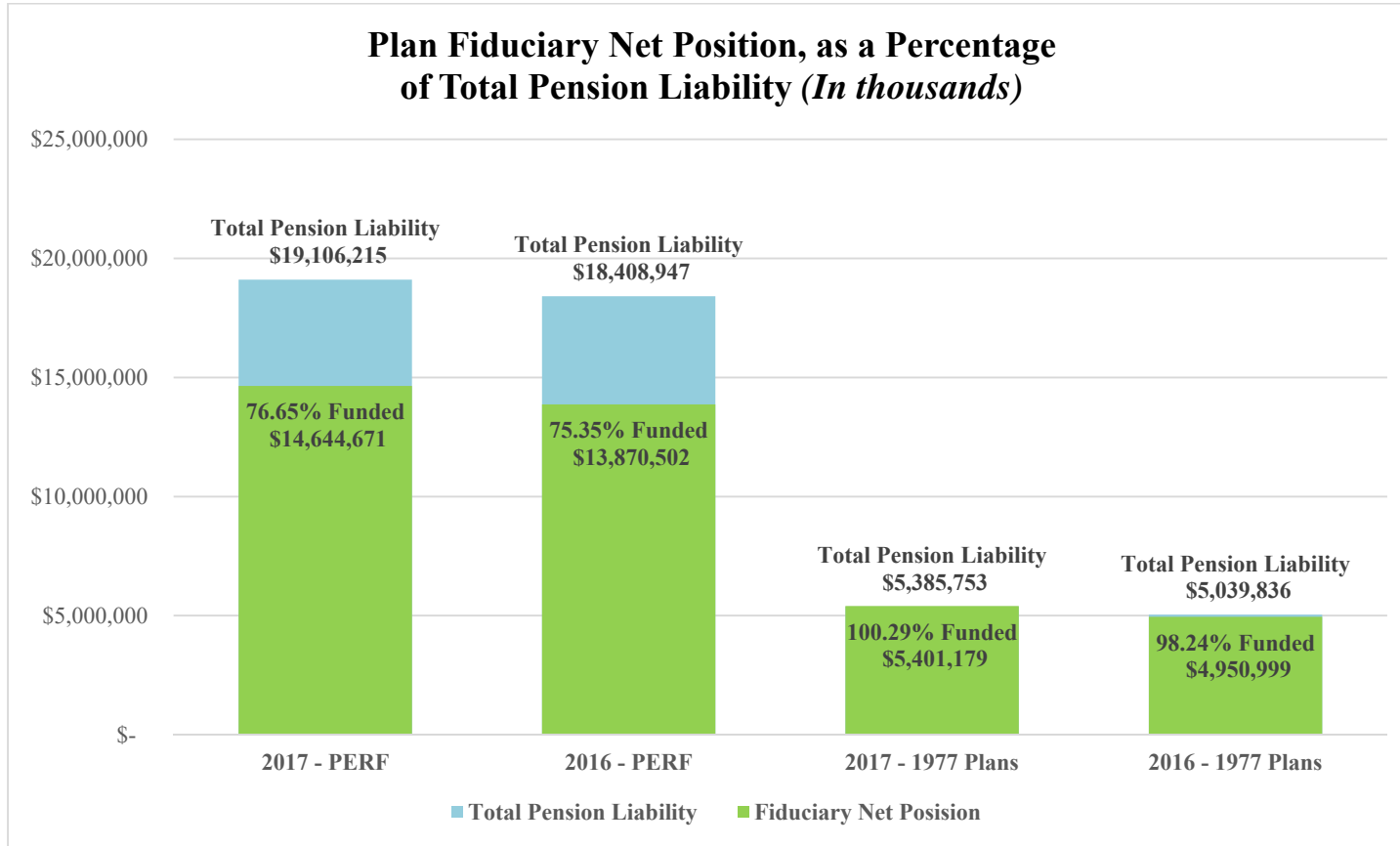
At the end of 2017, the City had outstanding long-term debt and other long-term obligations for governmental activities of \$2.32 billion, compared to \$2.26 billion at December 31, 2016 as shown below:

**Schedule of Long-term Debt Obligations**  
*(In thousands)*



**CITY OF INDIANAPOLIS**  
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**Year ended December 31, 2017**

The chart below demonstrates that, for the pension plans that must be funded by the City and not the State of Indiana, the City’s percentage of funded status improved for both the PERF plan and the 1977 Police and Fire pension plans from 2016 to 2017. The 1977 plans now have a net pension asset rather than a net pension liability.



The increase in the postemployment benefit obligation on the previous page demonstrates the fact that the liability continues to grow with no intent by the City to actually fund this liability on other than a current contractually required basis.

**CITY OF INDIANAPOLIS**  
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**Year ended December 31, 2017**

**Bonds and Notes Issued**

On February 1, 2017, the City issued its Consolidated City Bonds, Series 2017A in the amount of \$22,080. The proceeds will be used for the acquisition, construction, installation, equipping and financing of all or a portion of the following projects: solid waste equipment, certain police vehicles, a back-up generator for the City-County Building and repairs to certain City owned facilities, new voting machines, firehouse building; and fire apparatus with the Consolidated City, and related expenses. The bonds mature on January 15, 2038 and have interest rates of 3.125%-5.00%.

On February 1, 2017, the City issued its Public Safety Communications District Bonds, Series 2017A in the amount of \$7,835. The proceeds will be used by the Public Safety Communications District to fund the acquisition, construction, installation and equipping of a public safety communications computer aided dispatch (“CAD”) system located within the Public Safety Communications District as well as the acquisition, construction, installation and equipping of a records management system and related expense. The bonds mature on January 15, 2028 and have an interest rate of 5.00%.

On February 1, 2017, the City issued its Public Safety Communications District Bonds, Series 2017B bonds in the amount of \$11,900. The proceeds will be used by the Public Safety Communications District to finance the refunding of certain outstanding obligations entered into to finance a service agreement installation, equipping and upgrading of apparatus, devices, systems and appurtenances necessary for the operation of Marion County’s E-911 communications system facility, and related expenses. The bonds mature on January 15, 2024 and have interest rates of 1.600%-3.050%.

On February 1, 2017, the City issued its Metropolitan Thoroughfare District Bonds, Series 2017A in the amount of \$24,585. The proceeds will be used by the Metropolitan Thoroughfare District to fund the construction of certain road and street improvements projects, and the purchase of certain equipment for use within the Consolidated City and County, and related expenses. The bonds mature on January 15, 2032 and have interest rates of 3.125%-5.00%.

On February 1, 2017, the City issued its Park District Bonds, Series 2017A in the amount of \$4,925. The proceeds will be used by the Park District to fund the acquisition, construction, installation and equipping of certain community park improvements within the Consolidated City and/or the County, and related expenses. The bonds mature on January 15, 2028 and have interest rates of 4.00%-5.00%.

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, 2017 is \$1,600. On October 20, 2017, the City loaned Ford TWG, LLC (Ford) \$4,650, the loan will mature on August 1, 2037. Principal payments are due annually and interest payments are due quarterly. The City will use the payments received from Ford to repay the loan to HUD. At December 31, 2017, the long-term receivable and the outstanding balance of the note is \$4,650.

**CITY OF INDIANAPOLIS**  
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**Year ended December 31, 2017**

On August 10, 2017, the City issued Economic Development Tax Increment Revenue Bond Anticipation Note, Series 2017 (Indy Penn Center Hotel Garage Project) in an amount of \$17,895. The proceeds are being used to fund a portion of the Indy Penn Center Hotel Garage Project, as well as to pay interest and the costs of issuance of the bond anticipation note. This note has a maturity date of February 1, 2022.

On September 19, 2017, the City issued its Economic Development Revenue Bonds, Series 2017 (Bethel AME Project) in the amount of \$8,020. The proceeds will be used for the acquisition, construction, installation, and equipping of the preservation of the historic Bethel A.M.E Church, and the acquisition, construction, and equipping of a parking facility, adjacent hotels, and retail space.

On November 15, 2017, the City issued the Local Option Income Tax Notes, Series 2017A with borrowing authorization of up to \$20,000 for the planning and design costs for the proposed community justice campus facility. Under the terms of the agreement, the City makes interest payments on each January 15 and July 15, with the notes bearing interest at a per annum rate equal to the Bank Rate applicable to any given period. The maturity date for the note is November 15, 2019, but the notes are subject to redemption upon at least thirty days written notice. The outstanding balance that has been drawn down at December 31, 2017 is \$4,687.

On December 28, 2017, the City issued its PILOT Refunding Bonds, Series 2017C in the amount of \$150,800. The proceeds from these bonds, together with other available funds on hand, were used to advance refund the City’s outstanding PILOT Revenue Bonds, Series 2010A, which had an outstanding principal balance of \$159,515. The refunding resulted in an accounting loss of \$5,403, 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 \$15,362, 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 \$14,803.

**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.

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
**Management’s Discussion and Analysis**  
**Year ended December 31, 2017**

**ECONOMIC FACTORS AND THE 2018 BUDGET**

The 2018 original budget for all annually budgeted funds was \$840 million. Revisions of \$42.2 million have been made through June 2018, which was primarily due to an increase for the transportation general fund for \$35.1 million to be spent on road improvements.

The 2018 general fund original budget was \$627.5 million, an increase of 5.6% from the 2017 original General Fund budget of \$594.2 million. Revisions (\$40.5 million) have been made through June 2018.

Unemployment rates were as follows:

	May 2018	May 2017
City of Indianapolis	n/a	3.4%
State of Indiana	3.2%	3.5%
United States	3.8%	4.3%

Source: United States Department of Labor, [www.bls.gov](http://www.bls.gov)

**REQUESTS FOR INFORMATION**

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

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# Basic Financial Statements

# Basic Financial Statements

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis - Marion County)**  
**Statement of Net Position**  
December 31, 2017  
*(In thousands)*

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental activities</b>	<b>Indianapolis Housing Agency</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Assets:</b>		
Equity in pooled cash	\$ 77,116	\$ 8,975
Cash and investments with fiscal agents	197,628	15,560
Investments	414,421	—
Property taxes receivable	7,804	—
Accounts receivable, less allowance for uncollectibles	27,330	654
Due from federal and state governments	11,091	237
Other assets	—	1,347
Long-term receivables, less allowance for uncollectibles	23,273	8,650
Restricted assets	—	985
Net pension asset	3,532	—
Capital assets:		
Land	64,735	20,405
Infrastructure, net of accumulated depreciation	861,008	—
Other capital assets, net of accumulated depreciation	347,306	145,751
Construction in progress	219,969	522
Total assets	2,255,213	203,086
<b>Deferred outflows of resources - pensions</b>	91,151	1,237
<b>Deferred outflows of resources - deferred losses on refundings</b>	15,023	—
Total assets and deferred outflows of resources	2,361,387	204,323

(Continued)

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis - Marion County)**  
**Statement of Net Position**  
December 31, 2017  
*(In thousands)*

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental activities</b>	<b>Indianapolis Housing Agency</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Liabilities:</b>		
Accounts payable and other current liabilities	\$ 88,827	\$ 1,029
Accrued interest payable	12,199	—
Unearned revenue	4,308	—
Customer deposits	—	274
Bond anticipation notes	5,500	—
Other liabilities	—	581
Long-term liabilities:		
Due within one year	99,682	1,896
Due in more than one year	2,224,148	25,520
Total liabilities	2,434,664	29,300
<b>Deferred inflows of resources - pensions</b>	66,826	75
<b>Deferred inflows of resources - parking meter concession agreement</b>	17,200	—
Total liabilities and deferred inflows of resources	2,518,690	29,375
<b>NET POSITION (DEFICIT)</b>		
Net investment in capital assets	682,445	147,546
Restricted for:		
Capital projects	28,561	—
Debt service	44,455	—
Section 8 vouchers and VASH	—	401
Reserves and escrow	—	11,653
Programs	—	2,956
Other purposes by grantors	21,855	—
Other purposes by contributor – nonexpendable	357	—
Statutory restrictions	81,104	—
Unrestricted (deficit)	(1,016,080)	12,392
Total net position (deficit)	\$ (157,303)	\$ 174,948

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, 2017  
*(In thousands)*

	Program revenues				Net (expense) revenue and changes in net position	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities	Component Unit Indianapolis Housing Agency
<b>Functions/Programs</b>						
Governmental activities:						
General government	\$ 44,321	\$ 14,703	\$ 14,625	\$ —	\$ (14,993)	\$ —
Public safety	511,305	30,475	63,901	2,145	(414,784)	—
Public works	208,581	52,641	36,380	14,079	(105,481)	—
Health and welfare	7,730	1,214	6,197	—	(319)	—
Cultural and recreation	26,059	3,396	1,335	1,174	(20,154)	—
Urban redevelopment and housing	18,752	2,451	9,763	2,674	(3,864)	—
Economic development and assistance	30,412	1,148	839	—	(28,425)	—
Interest	45,664	—	—	—	(45,664)	—
Total governmental activities	<u>\$ 892,824</u>	<u>\$ 106,028</u>	<u>\$ 133,040</u>	<u>\$ 20,072</u>	<u>(633,684)</u>	<u>—</u>
<b>Component Unit</b>						
Indianapolis Housing Agency	<u>\$ 77,697</u>	<u>\$ 8,650</u>	<u>\$ 60,348</u>	<u>\$ 3,145</u>		<u>(5,554)</u>
Total component units	<u>\$ 77,697</u>	<u>\$ 8,650</u>	<u>\$ 60,348</u>	<u>\$ 3,145</u>		<u>(5,554)</u>
General revenues:						
Taxes:						
Property taxes					294,886	—
Wheel taxes					14,843	—
Local income taxes					230,417	—
Other taxes					23,085	—
Grants and contributions not restricted to specific programs					12,224	—
Investment earnings not restricted to specific programs					14,249	—
Miscellaneous					27,766	2,053
Total general revenues					<u>617,470</u>	<u>2,053</u>
Change in net position					(16,214)	(3,501)
Net position (deficit) – beginning of year					(141,089)	178,449
Net position (deficit) – ending					<u>\$ (157,303)</u>	<u>\$ 174,948</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, 2017  
*(In thousands)*

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Redevelopment District Tax Increment Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Equity in pooled cash	\$ 46,947	\$ 5,157	\$ 5,645	\$ 15,062	\$ 72,811
Cash and investments with fiscal agents	—	132,878	16,816	47,740	197,434
Investments	251,756	18,852	20,636	107,442	398,686
Property taxes receivable	6,692	—	—	1,112	7,804
Accounts receivable, less allowance of \$706	24,475	—	—	633	25,108
Due from other funds	13,691	—	—	—	13,691
Due from federal and state governments	72	—	—	11,019	11,091
Long-term receivables, less allowance of \$24,294	—	—	578	22,695	23,273
Total assets	<u>\$ 343,633</u>	<u>\$ 156,887</u>	<u>\$ 43,675</u>	<u>\$ 205,703</u>	<u>\$ 749,898</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Matured bonds and notes payable	\$ —	\$ 840	\$ —	\$ 3,780	\$ 4,620
Matured interest payable	—	115	—	2,537	2,652
Accounts payable and other accrued liabilities	23,623	—	1,784	16,875	42,282
Accrued payroll and payroll taxes	22,594	—	—	190	22,784
Due to other funds	—	—	—	7,772	7,772
Unearned revenue	142	—	—	435	577
Bond anticipation notes	—	—	—	5,500	5,500
Total liabilities	<u>46,359</u>	<u>955</u>	<u>1,784</u>	<u>37,089</u>	<u>86,187</u>
<b>Deferred inflows of resources</b>	<u>13,852</u>	<u>—</u>	<u>—</u>	<u>4,479</u>	<u>18,331</u>
<b>Fund balances:</b>					
Nonspendable	—	—	—	357	357
Restricted	105,276	155,932	41,891	163,778	466,877
Committed	659	—	—	—	659
Assigned	77,726	—	—	—	77,726
Unassigned	99,761	—	—	—	99,761
Total fund balances	<u>283,422</u>	<u>155,932</u>	<u>41,891</u>	<u>164,135</u>	<u>645,380</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 343,633</u>	<u>\$ 156,887</u>	<u>\$ 43,675</u>	<u>\$ 205,703</u>	<u>\$ 749,898</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, 2017  
*(In thousands)*

Fund balances – total governmental funds		
Amounts reported for governmental activities in the statement of net position are different because:	\$	645,380
Capital assets not reported in the fund statements		1,493,018
Net deficit of internal service funds		(3,143)
Deferred outflows of resources - pensions		91,151
Deferred outflows of resources - loss on refundings		15,023
Deferred inflows of resources - parking meter concession agreement		(17,200)
Deferred inflows of resources - pensions		(66,826)
Long-term liabilities not in the fund statements (excludes matured bonds payable of \$4,620)		(2,319,210)
Other liabilities not in the fund statements		(4,081)
Deferred inflows of resources in the fund statements not in the statement of net position		18,331
Unearned revenue in the statement of net position not in the fund statements		(3,731)
Pension asset not recorded in the fund statements		3,532
Accrued interest payable not in the fund statements (excludes matured interest payable)		(9,547)
Net deficit of governmental activities	\$	<u><u>(157,303)</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 Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
Year ended December 31, 2017  
*(In thousands)*

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Redevelopment District Tax Increment Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 380,380	\$ 83,670	\$ —	\$ 99,163	\$ 563,213
Licenses and permits	14,362	—	—	—	14,362
Charges for services	72,408	—	—	2,987	75,395
Intergovernmental revenues	115,200	327	—	34,277	149,804
Intragovernmental revenues	2,974	—	—	—	2,974
Traffic violations and court fees	2,898	—	—	2,963	5,861
Interest and other operating revenues	19,345	7,406	211	29,025	55,987
Total revenues	<u>607,567</u>	<u>91,403</u>	<u>211</u>	<u>168,415</u>	<u>867,596</u>
Expenditures:					
Current:					
General government	25,240	—	—	1,351	26,591
Public safety	459,288	—	—	9,741	469,029
Public works	99,765	—	—	1,578	101,343
Health and welfare	2,227	—	—	5,467	7,694
Cultural and recreation	23,251	—	—	1,355	24,606
Urban redevelopment and housing	5,770	—	—	8,253	14,023
Economic development and assistance	1,462	8,300	8,689	8,875	27,326
Debt service:					
Redemption of bonds and notes	1,384	35,863	—	46,328	83,575
Interest on bonds and notes	714	12,931	—	40,162	53,807
Bond and note issuance costs	—	—	833	2,455	3,288
Lease payments and other	111	601	—	1,625	2,337
Capital outlays	21,236	—	13,143	100,594	134,973
Total expenditures	<u>640,448</u>	<u>57,695</u>	<u>22,665</u>	<u>227,784</u>	<u>948,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,881)</u>	<u>33,708</u>	<u>(22,454)</u>	<u>(59,369)</u>	<u>(80,996)</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, 2017  
*(In thousands)*

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Redevelopment District Tax Increment Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):					
Sales of capital assets	\$ 1,097	\$ —	\$ —	\$ 56	\$ 1,153
Bonds and notes issued	—	—	25,915	102,217	128,132
Premium on bonds and notes issued	—	—	113	31,409	31,522
Refunding bonds issued	—	—	—	150,800	150,800
Payment to refunding bond escrow agent	—	—	—	(159,515)	(159,515)
Transfers in	59,282	1,505	15,241	26,258	102,286
Transfers out	(8,295)	(27,390)	(3,183)	(63,418)	(102,286)
Total other financing sources (uses)	<u>52,084</u>	<u>(25,885)</u>	<u>38,086</u>	<u>87,807</u>	<u>152,092</u>
Net change in fund balances	19,203	7,823	15,632	28,438	71,096
Fund balances at beginning of year	<u>264,219</u>	<u>148,109</u>	<u>26,259</u>	<u>135,697</u>	<u>574,284</u>
Fund balances at end of year	<u>\$ 283,422</u>	<u>\$ 155,932</u>	<u>\$ 41,891</u>	<u>\$ 164,135</u>	<u>\$ 645,380</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, 2017  
*(In thousands)*

Net change in fund balances – total governmental funds

Amounts reported for governmental activities in the statement of activities are different because:		\$ 71,096
Depreciation expense reported in the statement of activities but not in the fund statements		(114,503)
Capital outlay expenditures, exceeding capitalization threshold, reported in the fund statements but reported as additions to capital assets in the statement of net position		102,115
Donations of capital assets not recorded in the fund statements		15,712
Loss on disposals of capital assets not recorded in the fund statements		(874)
Revenues in the statement of activities that do not provide current financial resources and are deferred inflows in the fund statements		18,331
Revenues in the fund statements representing payments on a long-term receivable from sale of wastewater collection and treatment facilities		(7,578)
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		(19,435)
Remediation settlement expenditures recorded in the fund statements but reported as a reduction of liabilities in the statement of net position		1,168
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		(310,454)
Bond and note principal payments reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of activities		243,090
Amortization of deferred inflows 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		(1,095)
Amortization of bond premium, discount, and loss on refunding reported in the statement of activities but not in the fund statements		21,184
Increase in compensated absences that is not reported in the fund statements		(212)
Capital appreciation bond interest expense that is reported in the statement of activities but not the fund statements, as there is no cash outflow		(9,243)
Accrued interest on bonds and notes payable through December 31, 2017 reported as expenses in the statement of activities but not the fund statements, net of matured interest payable		(9,547)
Capital lease payments reported as expenditures in the fund statements but as reduction of long-term liabilities in the statement of activities		960
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		9,037
Net increase in the postemployment benefit obligation that is not reported in the fund statements		(21,703)
Excess of pension expense recognized in the statement of activities over pension contributions recognized as expenditures in the fund statements		<u>(4,663)</u>
Change in net position of governmental activities	\$	<u>(16,214)</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, 2017  
*(In thousands)*

		<b>Governmental activities – Internal Service Funds</b>
<b>ASSETS</b>		
Current assets:		
Equity in pooled cash	\$	4,305
Cash with fiscal agents		194
Investments		15,735
Accounts receivable		2,222
Total current assets		22,456
<b>LIABILITIES</b>		
Accounts payable and other current accrued liabilities		19,680
Due to other funds		5,919
Total current liabilities		25,599
<b>NET POSITION (DEFICIT)</b>		
Unrestricted deficit		(3,143)
Total net deficit	\$	(3,143)

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, 2017  
*(In thousands)*

		<b>Governmental activities – Internal Service Funds</b>
Operating revenues:		
Charges to other funds	\$	97,986
Operating expenses:		
Claims		98,787
Administration		258
Total operating expenses		99,045
Operating loss		(1,059)
Nonoperating expense:		
Investment expense		(36)
Changes in net position		(1,095)
Net deficit, beginning of year		(2,048)
Net deficit, end of year	\$	(3,143)

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

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis - Marion County)**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year ended December 31, 2017  
*(In thousands)*

		<b>Governmental activities – Internal Service Funds</b>
Cash flows from operating activities:		
Receipts from users	\$	98,014
Payments for administration		(258)
Payments for claims		(95,400)
Net cash provided by operating activities		2,356
Cash flows from investing activities:		
Investment purchases		(1,385)
Investment expense		(36)
Net cash used in investing activities		(1,421)
Net increase in cash		935
Cash, beginning of year		3,564
Cash, end of year	\$	4,499
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$	(1,059)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Change in assets and liabilities:		
Decrease in accounts receivable		28
Increase in accounts payable		3,387
Net cash provided by operating activities	\$	2,356

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, 2017  
*(In thousands)*

	<b>ASSETS</b>		<b>Police and Firefighters' Pre-1977 Pension Trust Funds</b>		<b>Agency Funds</b>
Equity in pooled cash		\$	328	\$	2,568
Investments			867		9,663
Accounts receivable			—		969
Total assets			1,195		13,200
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities			95		13,200
Total liabilities			95	\$	13,200
<b>NET POSITION RESTRICTED FOR PENSIONS</b>					
Net position restricted for pensions		\$	1,100		

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, 2017

*(In thousands)*

	<b>Police and Firefighters Pre-1977 Pension Trust Funds</b>
<b>ADDITIONS</b>	
Employer contributions	\$ 55,789
Total additions	<u>55,789</u>
<b>DEDUCTIONS</b>	
Benefits	<u>56,400</u>
Total deductions	<u>56,400</u>
Net decrease in net position	(611)
Net position restricted for pensions – beginning of year	<u>1,711</u>
Net position restricted for pensions – end of year	<u>\$ 1,100</u>

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

**CITY OF INDIANAPOLIS**  
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**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 (Speedway, Lawrence, Southport, and Beech Grove) 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 and the Mayor, serve as the executive body for both the City and the County, while the City-County Council (“Council”) serves as the legislative body 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 component unit of the Housing Agency and its financial information is included in the blended 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. The CAC issues separate financial statements, which can be obtained by writing to Circle Area Community Development Corporation, 200 East Washington Street, Indianapolis, Indiana 46204.

**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)**  
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**B. Government-wide and Fund Financial Statements**

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized 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.

For financial reporting purposes, nonexchange transactions are grouped 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.

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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 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, 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.

The *Redevelopment District Tax Increment Capital Project Fund* accounts for all financial resources related to projects constructed from proceeds of the Redevelopment District Tax Increment bond issues.

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 in the general fund and restricted fund balance in funds other than the general fund.

**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 and in the balance sheet – governmental funds. The availability period does not apply; however, amounts may not be considered earned due to eligibility requirements.

**I. 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, 2017.

**J. 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 of resources, liabilities and deferred inflows of resources 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.

**K. 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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**L. 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.

**M. 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 Statement No. 72, *Fair Value Measurement and Application*, and are predominantly at fair value.

**N. 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 \$27,676, 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, 2017, the unassigned fund balance of the Fiscal Stability Fund is \$79,708. 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.

**O. 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 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 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.

**P. Future Adoption of Accounting Standards**

GASB has issued 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*, Statement No. 86, *Certain Debt Extinguishment Issues*, Statement No. 87, *Leases*, and Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The City intends to adopt these GASB Statements, as applicable, on their respective effective dates.

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**2. Cash Deposits and Investments**

As of December 31, 2017, the City had the following cash deposits and investments:

Cash and investments	\$ 491,537
Cash and investments with fiscal agents	197,628
Cash and investments – Fiduciary Funds	<u>13,426</u>
Total cash and investments	<u>\$ 702,591</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 carrying amount of the City’s total cash deposits at December 31, 2017 was \$153,843 (bank balance of \$156,663). 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, 2017.

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, 2017:

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	25,000	—	15,000	10,000
United States Treasury Notes	251,541	—	137,150	114,391
Money market mutual funds	123,795	123,795	—	—
State external investment pool – TrustINDiana	148,412	148,412	—	—
	<u>\$ 548,748</u>	<u>\$ 272,207</u>	<u>\$ 152,150</u>	<u>\$ 124,391</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, 2017, the City’s investments were rated by Moody's and Standard & Poor’s as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Ratings Moody's / S&amp;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	251,541	Aaa/AAA
Money market mutual funds	123,795	Aaa/AAA
State external investment pool – TrustINDiana	148,412	Not Rated
	\$ 548,748	

**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, 2017, 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 \$51,192, 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, 2017, 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, 2017, 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, 2017:

	<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>
<b>Investment by fair value level</b>				
United States Treasury Notes	\$ 251,541	\$ 251,541	\$ —	\$ —
Federal Home Loan Mortgage Corporation	5,000	—	5,000	—
Federal National Mortgage Association	20,000	—	20,000	—
Money market mutual funds	123,795	123,795	—	—
Total investments measured at fair value	<u>400,336</u>	<u>\$ 375,336</u>	<u>\$ 25,000</u>	<u>\$ —</u>
<b>Investments measured at the net asset value (NAV) (a)</b>				
State external investment pool - TrustINDiana	148,412			
Total	<u>\$ 548,748</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 2017 property taxes were levied based on assessed valuations determined by the Auditor as of the 2016 assessed valuations, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2017 property taxes was January 1, 2016 (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 2017, the first half of the year 2017 taxes were due and payable to the Treasurer in May 2017. The second half of the year 2017 taxes were due and payable to the Treasurer in November 2017. Property taxes outstanding at December 31, 2017, 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.

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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 2017 taxes) were reduced as a result of the aforementioned abatement programs follows:

Real Property Tax Abatement	\$	1,510
Personal Property Tax Abatement		2,530
Vacant Building Abatement		8
Total	\$	4,048

While the City has calculated the potential impact of existing tax abatements on total property tax revenues for 2017, as shown above, the actual extent of lost revenues may be 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, 2017, for the City, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Accounts</b>	<b>Due from Other Governments</b>	<b>Total Accounts Receivable</b>
<b>Governmental Activities:</b>			
General Fund	\$ 10,191	\$ 14,990	\$ 25,181
Other Nonmajor Governmental Funds	97	536	633
Internal Service Fund	2,222	—	2,222
Total receivables	12,510	15,526	28,036
Allowance for uncollectible accounts	(706)	—	(706)
Total governmental activities	\$ 11,804	\$ 15,526	\$ 27,330
Amounts not scheduled for collection during the subsequent year	\$ —	\$ —	\$ —

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, state and local grants at December 31, 2017 for specific programs and capital projects include:

	<b>Governmental Activities</b>	
	<b>General</b>	<b>Other Nonmajor Governmental</b>
Reimbursements under federal grants:		
Department of Housing and Urban Development (HUD)	\$ —	\$ 5,183
Department of Justice (DOJ)	—	1,867
Department of Transportation (DOT)	—	212
Department of Education (DOE)	—	417
Department of Homeland Security (DHS)	—	3,145
Reimbursements under State of Indiana/local grants	72	195
	\$ 72	\$ 11,019

At December 31, 2017, the City had available lines of credit or grant authorizations from HUD totaling \$58,808.

**8. Long-term Receivables**

The City has U.S. Department of Housing and Urban Development (“HUD”) loans outstanding at December 31, 2017 of \$22,594 including accrued interest of \$8,774. The City has provided a reserve of \$22,594 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 2017, \$248 of the loan was repaid and \$50 was forgiven. At December 31, 2017, the City has recorded a \$200 reserve against the long-term receivable and the outstanding balance is \$778.

The City has loaned Herron High School, Inc. (“Herron”) \$1,500 under an Interlocal Agreement dated December 19, 2017 and the associated Loan Agreement. The loan proceeds were used to finance the construction, acquisition, design, renovation, and equipping of the Heslar Naval Armory. Over the term of this agreement, which expires in 2055, the City will forgive up to \$1,500 of the loan if certain percentages of the student population are eligible for the Free and Reduced Lunch program. At December 31, 2017, the City has recorded a \$1,500 reserve against the long-term receivable to fully reserve the loan.

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.

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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 2017, the outstanding balance of this general obligation debt and the associated long-term receivable was paid in full.

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, 2017, the long-term receivable and the outstanding balance is \$1,600. On October 20, 2017, the City loaned Ford TWG, LLC (Ford) \$4,650, the loan will mature on August 1, 2037. Principal payments are due annually and interest payments are due quarterly. The City will use the payments received from Ford to repay the loan to HUD. At December 31, 2017, the long-term receivable and the outstanding balance is \$4,650.

In 2015, the CAC loaned \$596 to a project investor, NOS Preferred Equity Investor, LLC. The advance to the project investor was made pursuant to a promissory note for \$18,250 dated December 31, 2016, between the CAC and the project investor. Additional proceeds under the note were drawn by the project investor in 2017 to fund the City Way II project. Repayment terms include semi-annual interest only payments through January 2018 followed by principal and interest payments through maturity with a balloon payment due in December 2035. Repayment of the note is guaranteed by Buckingham Property Holdings, LLC, in the event that the property tax revenues generated by the project do not meet specified levels. NOS Preferred equity investor, LLC and Buckingham Property Holdings, LLC are related by common ownership. At December 31, 2017, the long-term receivable is \$16,445.

The minimum future payments as of December 31, 2017 on long-term receivables are as follows:

	<u>Governmental Activities</u>
2018	\$ 1,102
2019	3,496
2020	1,231
2021	1,163
2022	1,031
2023-2027	6,838
2028-2032	8,388
2033-2037	10,270
2038-2042	1,282
2043-2047	12,341
2048-2052	250
2053-2057	175
	<u>47,567</u>
Less: allowance	<u>(24,294)</u>
Total	<u>\$ 23,273</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, 2017

	<b>Balance, January 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance, December 31, 2017</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 57,981	\$ 7,329	\$ 575	\$ 64,735
Construction in progress	168,046	91,116	39,193	219,969
Total capital assets not being depreciated	<u>226,027</u>	<u>98,445</u>	<u>39,768</u>	<u>284,704</u>
Capital assets being depreciated:				
Buildings	408,619	685	11,386	397,918
Improvements	198,158	10,111	—	208,269
Equipment	193,589	12,706	7,199	199,096
Infrastructure	3,056,611	46,292	4,121	3,098,782
Total capital assets being depreciated	<u>3,856,977</u>	<u>69,794</u>	<u>22,706</u>	<u>3,904,065</u>
Less accumulated depreciation:				
Buildings	190,000	10,209	3,372	196,837
Improvements	100,490	5,869	—	106,359
Equipment	151,949	9,204	6,372	154,781
Infrastructure	2,152,638	89,221	4,085	2,237,774
Total accumulated depreciation	<u>2,595,077</u>	<u>114,503</u>	<u>13,829</u>	<u>2,695,751</u>
Total capital assets being depreciated, net	<u>1,261,900</u>	<u>(44,709)</u>	<u>8,877</u>	<u>1,208,314</u>
Governmental activities capital assets, net	<u>\$ 1,487,927</u>	<u>\$ 53,736</u>	<u>\$ 48,645</u>	<u>\$ 1,493,018</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, 2017:

	<u>Balance, January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2017</u>
<b>Housing Agency</b>				
Capital assets not being depreciated:				
Land	\$ 20,392	\$ 13	\$ —	\$ 20,405
Construction in progress	<u>55</u>	<u>467</u>	<u>—</u>	<u>522</u>
Total capital assets not being depreciated	<u>20,447</u>	<u>480</u>	<u>—</u>	<u>20,927</u>
Capital assets being depreciated:				
Buildings and improvements	213,582	561	4,481	209,662
Equipment	<u>8,608</u>	<u>61</u>	<u>251</u>	<u>8,418</u>
Total capital assets being depreciated	<u>222,190</u>	<u>622</u>	<u>4,732</u>	<u>218,080</u>
Less accumulated depreciation:				
Buildings and improvements	62,677	5,757	2,266	66,168
Equipment	<u>5,541</u>	<u>866</u>	<u>246</u>	<u>6,161</u>
Total accumulated depreciation	<u>68,218</u>	<u>6,623</u>	<u>2,512</u>	<u>72,329</u>
Total capital assets being depreciated, net	<u>153,972</u>	<u>(6,001)</u>	<u>2,220</u>	<u>145,751</u>
Total Housing Agency	<u>\$ 174,419</u>	<u>\$ (5,521)</u>	<u>\$ 2,220</u>	<u>\$ 166,678</u>

Within the statement of activities, depreciation expense was charged to functions/programs of the City during 2017 as follows:

**Governmental Activities:**

General government	\$ 3,870
Public safety	9,899
Public works	93,870
Cultural and recreation	1,847
Urban redevelopment and housing	4,884
Economic development and assistance	<u>133</u>
	<u>\$ 114,503</u>

Depreciation expense of \$6,623 was charged to the City’s discretely presented component unit, the Housing Agency during 2017.

Construction in progress at December 31, 2017 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, 2017, the City’s commitments relating to construction in progress include the following:

	<b>Accrued Expenditures</b>		
	<b>Authorized</b>	<b>Through December 31, 2017</b>	<b>Committed</b>
Executive and Legislative	\$ 4,689	\$ 4,689	\$ —
Indianapolis Metropolitan Police Department	13,319	13,319	—
Department of Metropolitan Development	21,874	18,317	3,557
Department of Public Works	229,589	176,664	52,925
Indianapolis Fire Department	4,640	352	4,288
Department of Parks and Recreation	3,971	3,971	—
Office of Public Health & Safety	2,982	2,519	463
Department of Business & Neighborhood Services	138	138	—
Total governmental activities	<u>\$ 281,202</u>	<u>\$ 219,969</u>	<u>\$ 61,233</u>

**10. Accounts Payable and Other Accrued Liabilities Disaggregation**

Accounts payable and other current liabilities as of December 31, 2017 for the City are as follows:

						<b>Total</b>
	<b>Vendors</b>	<b>Third-party Contracts</b>	<b>Due to Other Governments</b>	<b>Claims and Settlements</b>	<b>Accrued Payroll and Taxes</b>	<b>Payables and Other Current Liabilities</b>
<b>Governmental Activities:</b>						
General Fund	\$ 23,388	\$ 232	\$ 3	\$ —	\$ 22,594	\$ 46,217
Redevelopment District Tax Increment Capital Project	1,288	221	275	—	—	1,784
Other Nonmajor Governmental	11,882	4,803	190	—	190	17,065
Internal Service Fund	2,045	—	—	17,635	—	19,680
Adjustment to government-wide	—	—	—	4,081	—	4,081
Total governmental activities	<u>\$ 38,603</u>	<u>\$ 5,256</u>	<u>\$ 468</u>	<u>\$ 21,716</u>	<u>\$ 22,784</u>	<u>\$ 88,827</u>

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**11. Operating Leases and Management Contracts**

**A. Lessee Arrangements**

**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 lease agreements provide for sufficient rent to offset budgeted operating costs (“Additional Rentals”) of the leased facilities. All of the leases provide for annual adjustment to the Additional Rentals based upon the operating expense budgets for the facilities. 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 debt related obligations to the Building Authority. During 2017, the City paid \$2,523 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 2017, the City paid the Building Authority \$2,294 in Maintenance Fees. The City’s management contracts expire on various dates through December 31, 2021.

**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 \$2,479 for governmental activities in 2017. The leases expire at various dates through 2035. Minimum future payments on all noncancelable operating leases as of December 31, 2017 are as follows:

	<b>Governmental Activities</b>
2018	\$ 2,137
2019	2,101
2020	2,013
2021	1,647
2022	1,332
2023-2027	519
Thereafter	<u>104</u>
Total future payments	<u>\$ 9,853</u>

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**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 2017, the City contributed additional subsidies to the Market of \$400.

**Circle Centre Mall**

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

**Other Lessor Arrangements**

The City is also the lessor in several operating lease agreements with 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, 2017, the leased property had a carrying amount of \$748 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 \$477 in 2017.

Minimum future rental amounts to be received on noncancelable operating leases as of December 31, 2017 are as follows:

	<u>Governmental Activities</u>
2018	\$ 253
2019	148
2020	134
2021	101
2022	101
2023-2027	305
Thereafter	<u>295</u>
Total future receipts	<u><u>\$ 1,337</u></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, 2017:

	<u>Balance, January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2017</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds payable	\$ 85,572	\$ 71,325	\$ 28,447	\$ 128,450	\$ 9,055
Tax increment bonds payable	602,460	17,264	36,583	583,141	38,319
Revenue bonds payable	310,785	150,800	166,585	295,000	3,245
Unamortized amounts:					
Premiums	46,860	31,522	13,768	64,614	—
Total bonds payable	<u>1,045,677</u>	<u>270,911</u>	<u>245,383</u>	<u>1,071,205</u>	<u>50,619</u>
Notes payable and certificates of participation	82,197	48,786	11,695	119,288	29,460
Capital leases payable	10,619	—	960	9,659	1,066
Net pension liabilities	914,913	5,495	23,668	896,740	—
Postemployment benefit obligation	166,609	23,323	1,620	188,312	—
Compensated absences	38,414	30,518	30,306	38,626	18,537
Total governmental activities	<u>\$ 2,258,429</u>	<u>\$ 379,033</u>	<u>\$ 313,632</u>	<u>\$ 2,323,830</u>	<u>\$ 99,682</u>
<b>Discretely Presented Component Unit - Housing Agency:</b>					
Capital leases payable	\$ 41	\$ —	\$ 41	\$ —	\$ —
Notes payable	21,839	50	2,758	19,131	1,204
Due to other governmental units	1,522	2	—	1,524	65
Unearned revenue and FSS escrow	5,398	1,377	5,471	1,304	600
Net pension liability	5,117	1,136	1,077	5,176	—
Compensated absences	257	82	58	281	27
Total discretely presented component unit	<u>\$ 34,174</u>	<u>\$ 2,647</u>	<u>\$ 9,405</u>	<u>\$ 27,416</u>	<u>\$ 1,896</u>

Included in additions to bonds payable is \$9,243 representing accretion on capital appreciation bonds, which is not included in the statement of revenues, expenditures, and changes in fund balance. This amount, plus \$278,932 of bonds and notes reported in the statement of revenues, expenditures, and changes in fund balance amount to the \$288,175 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, 2017 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%	\$ 37,715
Consolidated City, Series 2017A	02/01/2017	01/15/2038	3.125 – 5.000	22,080
Total Civil City Bonds				<u>59,795</u>
Public Safety Communication System Bonds:				
Computer Facilities District Bonds, Series 2008B	12/18/2008	01/15/2024	2.350 – 5.600	19,410
Public Safety Communication District Bonds, Series 2017A	02/01/2017	01/15/2028	5.000	7,835
Public Safety Communication District Bonds, Series 2017B	02/01/2017	01/15/2024	1.600 – 3.050	11,900
Total Public Safety Communication System Bonds				<u>39,145</u>
Metropolitan Thoroughfare District Bonds:				
Metropolitan Thoroughfare District, Series 2017A	02/01/2017	01/15/2032	3.125 – 5.000	<u>24,585</u>
Park District Bonds:				
Park District Bonds, Series 2017A	02/01/2017	01/15/2028	4.000 – 5.000	<u>4,925</u>
Total general obligation bonds recorded in governmental activities				128,450
Less: matured bonds payable recorded in the debt service funds				(3,780)
				<u>\$ 124,670</u>

All principal and interest payments for the City's general obligation bonds are due on January 15 and July 15 of the respective year. Accordingly, the City appropriates all payments due on January 15 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 15, 2018 have been recorded as matured bonds payable and matured interest payable at December 31, 2017 within the fund statements.

On February 1, 2017, the City issued its Consolidated City Bonds, Series 2017A in the amount of \$22,080. The proceeds will be used for the acquisition, construction, installation, equipping and financing of all or a portion of the following projects: solid waste equipment, certain police vehicles, a back-up generator for the City-County Building and repairs to certain City owned facilities, new voting machines, firehouse building; and fire apparatus with the Consolidated City, and related expenses. The bonds mature on January 15, 2038 and have interest rates of 3.125%-5.00%.

On February 1, 2017, the City issued its Public Safety Communications District Bonds, Series 2017A in the amount of \$7,835. The proceeds will be used by the Public Safety Communications District to fund the acquisition, construction, installation and equipping of a public safety communications computer aided dispatch (CAD) system located within the Public Safety Communications District as well as the acquisition, construction, installation and equipping of a records management system and related expense. The bonds mature on January 15, 2028 and have an interest rate of 5.00%.

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On February 1, 2017, the City issued its Public Safety Communications District Bonds, Series 2017B bonds in the amount of \$11,900. The proceeds will be used by the Public Safety Communications District to finance the current refunding of certain outstanding obligations entered into to finance a service agreement installation, equipping and upgrading of apparatus, devices, systems and appurtenances necessary for the operation of Marion County’s E-911 communications system facility, and related expenses. The bonds mature on January 15, 2024 and have interest rates of 1.600%-3.050%.

On February 1, 2017, the City issued its Metropolitan Thoroughfare District Bonds, Series 2017A in the amount of \$24,585. The proceeds will be used by the Metropolitan Thoroughfare District to fund the construction of certain road and street improvements projects, and the purchase of certain equipment for use within the Consolidated City and County, and related expenses. The bonds mature on January 15, 2032 and have interest rates of 3.125%-5.00%.

On February 1, 2017, the City issued its Park District Bonds, Series 2017A in the amount of \$4,925. The proceeds will be used by the Park District to fund the acquisition, construction, installation and equipping of certain community park improvements within the Consolidated City and/or the County, and related expenses. The bonds mature on January 15, 2028 and have interest rates of 4.00%-5.00%.

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

Years Ending December 31	Civil City		Metropolitan Thoroughfare		Park		Public Safety Communications System	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 7,655	\$ 2,841	\$ —	\$ 1,132	\$ —	\$ 242	\$ 1,400	\$ 1,199
2019	10,350	2,401	1,280	1,106	395	234	4,805	1,598
2020	9,750	1,902	1,330	1,047	410	216	4,980	1,417
2021	10,270	1,388	1,395	979	430	195	5,180	1,212
2022	6,050	841	1,465	907	455	173	5,410	983
2023-2027	6,815	2,567	8,500	3,333	2,630	493	16,530	1,863
2028-2032	4,160	1,149	10,615	1,041	605	15	840	21
2033-2037	3,890	492	—	—	—	—	—	—
2038	855	15	—	—	—	—	—	—
	<u>\$ 59,795</u>	<u>\$ 13,596</u>	<u>\$ 24,585</u>	<u>\$ 9,545</u>	<u>\$ 4,925</u>	<u>\$ 1,568</u>	<u>\$ 39,145</u>	<u>\$ 8,293</u>
	<b>Total</b>							
	<u>Principal</u>	<u>Interest</u>						
2018	\$ 9,055	\$ 5,414						
2019	16,830	5,339						
2020	16,470	4,582						
2021	17,275	3,774						
2022	13,380	2,904						
2023-2027	34,475	8,256						
2028-2032	16,220	2,226						
2033-2037	3,890	492						
2038	855	15						
	<u>\$ 128,450</u>	<u>\$ 33,002</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, 2017 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	02/01/2029	5.650% – 5.820%	\$ 240,945
Less: discount				<u>(74,191)</u>
				<u>166,754</u>
Redevelopment District Bonds, Series 2007A	12/13/07	02/01/2021	4.000 – 4.125	2,980
Redevelopment District Bonds, Series 2007 (AmeriPLEX)	12/28/07	02/01/2023	6.200	2,670
Redevelopment District Bonds, Series, 2007 (Glendale)	05/10/07	02/01/2027	5.450 – 6.210	3,565
Redevelopment District Bonds, Series 2009A	09/02/09	02/01/2020	3.000 – 5.000	74,340
Redevelopment District Bonds, Series 2010A	06/03/10	02/01/2025	5.000	4,259
Redevelopment District Bonds, Series 2010 (Dow AgroSciences)	06/22/10	02/01/2025	3.000 – 5.125	14,575
Redevelopment District Bonds, Series 2010 (AIT Laboratories)	11/04/10	02/01/2035	2.600 – 5.150	4,615
Redevelopment District Bonds, Series 2011A	03/10/11	08/01/2024	.500 – 5.000	24,015
Redevelopment District Bonds, Series 2011C	05/19/11	02/01/2036	4.000 – 5.750	23,265
Redevelopment District Bonds, Series 2012A	09/25/12	08/01/2020	3.340	1,825
Redevelopment District Refunding Bonds, Series 2013A	05/16/13	02/01/2029	2.000 – 5.000	21,990
Redevelopment District Bonds, Series 2013A	05/16/13	02/01/2030	5.000	3,915
Redevelopment District Refunding Bonds, Series 2014 (Fall Creek Project)	6/26/2014	02/01/2029	.450 - 4.500	9,395
Redevelopment District Bonds, Series 2015A (Tarkington Park Project)	5/20/2015	02/01/2020	1.98	1,060
Redevelopment District Refunding Bonds, Series 2015A (Brokenburr Project)	8/6/2015	02/01/2030	3.25	1,343
Redevelopment District Refunding Bonds 2016A (Marriott)	10/19/2016	02/01/2038	3.00 - 5.00	50,325
Economic Development Revenue Bonds, Series 2011A (North of South)	04/07/11	02/01/2036	5.000 – 5.750	81,640
Economic Development Revenue Bonds, Series 2011B Taxable (North of South)	04/07/11	02/01/2021	2.913 – 4.813	9,025
Economic Development Revenue Bonds, Series 2013A	05/16/13	02/01/2030	5.000	14,270
Economic Development Revenue Bonds, Series 2013B	05/16/13	02/01/2030	5.000	1,865
Economic Development Revenue Bonds, Series 2014A (Mass. Ave. Project)	09/03/14	02/01/2031	5.000	27,320
Economic Development Revenue Bonds, Series 2014B Taxable (Mass. Ave. Project)	09/03/14	02/01/2024	2.300-3.430	2,505
Economic Development Revenue Bonds, Series 2014C (MSA Project)	09/03/14	02/01/2029	2.000-5.000	14,935
Economic Development Revenue Bonds, Series 2014D Taxable (Pulliam Project)	09/03/14	02/01/2029	5.000	3,320
Economic Development Revenue Bonds, Series 2014E (Pulliam/Millikan Project)	09/03/14	02/01/2020	2.300-2.600	1,080
Economic Development Revenue Bonds, Series 2015A (Broad Ripple Project)	05/20/15	02/01/2020	1.980	6,040
Economic Development Revenue Bonds, Series 2016 A (Mass Ave. Project)	10/13/16	02/01/2021	2.39	1,200
Economic Development Revenue Bonds, Series 2016 B (Pulliam Square Project)	10/13/16	02/01/2021	2.39	1,030
Economic Development Tax Increment Revenue Bonds, Series 2017 (Bethel AME Project)	09/19/17	02/01/2042	5.50	<u>8,020</u>
Total tax increment revenue bonds				<u>\$ 583,141</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 September 19, 2017, the City issued its Economic Development Revenue Bonds, Series 2017 (Bethel AME Project) in the amount of \$8,020. The proceeds will be used for the acquisition, construction, installation, and equipping of the preservation of the historic Bethel A.M.E Church, and the acquisition, construction, and equipping of a parking facility, adjacent hotels, and retail space.

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>
2018	\$ 38,319	\$ 19,022	\$ 57,341
2019	40,202	17,308	57,510
2020	50,061	15,383	65,444
2021	44,716	13,961	58,677
2022	45,047	13,203	58,250
2023-2027	216,519	54,628	271,147
2028-2032	162,383	30,075	192,458
2033-2037	55,405	7,124	62,529
2038-2042	4,680	429	5,109
	<u>657,332</u>	<u>171,133</u>	<u>828,465</u>
Less: deferred interest on capital appreciation bonds	(74,191)	—	(74,191)
Total	<u>\$ 583,141</u>	<u>\$ 171,133</u>	<u>\$ 754,274</u>

**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, 2017, these include:

	<u>Issue Dates</u>	<u>Final Maturity Dates</u>	<u>Interest Rates (All Maturities)</u>	<u>Outstanding</u>
Stormwater District Revenue Bonds, Series 2011	08/10/11	01/01/41	3.580%	\$ 13,980
Economic Development Refunding Bonds, Series 2012A	12/20/12	04/01/30	0.60 – 3.0	6,035
Economic Development Refunding Bonds, Series 2012B	12/20/12	04/01/39	2.000 – 5.000	15,560
Indy Roads Revenue Refunding Bonds, Series 2013	09/25/13	01/01/19	3.000 – 5.000	1,775
Stormwater District Revenue Refunding Bonds, Series 2013	10/16/13	01/01/26	2.000 – 5.000	31,745
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	33,110
Facilities Revenue Refunding, Series 2015	12/16/15	07/15/21	1.760	6,995
PILOT Refunding Bonds, Series 2017C	12/28/17	01/01/40	4.000 – 5.000	150,800
Total revenue bonds recorded in governmental activities				<u>295,000</u>
Less matured bonds payable recorded in debt service funds				(840)
				<u>\$ 294,160</u>

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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, 2018 and January 15, 2018 have been recorded as matured bonds payable and matured interest payable at December 31, 2017.

On December 28, 2017, the City issued its PILOT Refunding Bonds, Series 2017C in the amount of \$150,800. The proceeds from these bonds, together with other available funds on hand, were used to advance refund the City’s outstanding PILOT Revenue Bonds, Series 2010A, which had an outstanding principal balance of \$159,515. The refunding resulted in an accounting loss of \$5,403, 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 \$15,362, 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 \$14,803.

Revenue bond debt service requirements to maturity are as follows:

<b>Years Ending December 31</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 3,245	\$ 7,526
2019	8,045	13,680
2020	9,245	13,357
2021	12,375	12,924
2022	13,020	12,336
2023-2027	70,315	51,551
2028-2032	67,135	35,345
2033-2037	72,375	17,582
2038	39,245	3,018
	<u>\$ 295,000</u>	<u>\$ 167,319</u>

At December 31, 2017, \$239,100 of defeased revenue bonds remain outstanding and have been removed from the basic financial statements.

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**E. Pledged Revenues**

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

<u>Revenue Bond Issue</u>	<u>General Purpose for Debt</u>	<u>Term of Commitment</u>	<u>Pledged Revenue</u>	<u>Principal and Interest for Fiscal Year Ended December 31, 2017</u>	<u>Pledged Revenues for Fiscal Year Ended December 31, 2017</u>	<u>Total Principal and Interest Remaining on Debt</u>
Tax increment revenue	Infrastructure improvements and certain economic development projects	Through 2042	Property tax increment	\$ 48,540	\$ 81,848	\$ 608,672 (1)
Transportation revenue	Construction, reconstruction, and repair of roads, streets, and sidewalks	Through 2035	Wheel tax and state transportation distributions	6,190	14,843	103,371
Facilities revenue	Improvements and repairs to various city and county-owned buildings	Through 2021	Rent charged back to City and County agencies	1,811	1,855	7,275
Stormwater	Improvements of stormwater handling capabilities	Through 2041	Net revenues of the stormwater system	4,509	5,637	90,795
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	2,364	2,364	50,376
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	3,955 (2)	10,520	254,604

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

(2) This amount does not include refunding bonds in the amount of \$159,515.

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**F. Notes Payable and Certificates of Participation**

1. The City has outstanding notes payable related to HUD Section 108 loan proceeds. The notes payable, with an original amount of \$5,700, were issued in 2000 and 2001. Under the terms of the agreement, the City makes principal and interest payments on each February 1 and August 1, with the last payment being due on August 1, 2020. At December 31, 2017, \$900 was still outstanding.
2. On April 29, 2010, the City entered into a Master Lease-Purchase Agreement with the Capital Asset Financing Corporation (“CAFCO”). CAFCO is an Indiana Leasing Trust who acts as the lessor of the equipment, with the City as lessee. A trustee has been appointed to collect and disburse all amounts due under the lease agreements. CAFCO issued Certificates of Participation Series, 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, 2017 is \$175.
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, 2017 is \$13,667.
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. The notes were refinanced in January 2018. The outstanding balance of the note at December 31, 2017 is \$15,584.
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 was originally payable on December 1, 2017. The installment contract was extended in 2017 to be payable December 1, 2018. The outstanding balance of the note at December 31, 2017 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, 2017 the CAC has recorded \$2,170 of cash in escrow and long-term debt of \$18,250. Included in the cash balance is \$736 in a debt service reserve and \$1,434 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 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, 2017 is \$29,880.
8. 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, 2017 is \$1,600. On October 20, 2017, the City loaned Ford TWG, LLC (Ford) \$4,650, the loan will mature on August 1, 2037. Principal payments are due annually and interest payments are due quarterly. The City will use the payments received from Ford to repay the loan to HUD. At December 31, 2017, the long-term receivable and the outstanding balance of the note is \$4,650.

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9. On August 10, 2017, the City issued Economic Development Tax Increment Revenue Bond Anticipation Note, Series 2017 (Indy Penn Center Hotel Garage Project) in an amount of \$17,895. The proceeds are being used to fund a portion of the Indy Penn Center Hotel Garage Project, as well as to pay interest and the costs of issuance of the bond anticipation note. This note has a maturity date of February 1, 2022.
10. On November 15, 2017, the City issued the Local Option Income Tax Notes, Series 2017A with borrowing authorization of up to \$20,000 for the planning and design costs for the proposed community justice campus facility. Under the terms of the agreement, the City makes interest payments on each January 15 and July 15, with the notes bearing interest at a per annum rate equal to the Bank Rate applicable to any given period. The maturity date for the note is November 15, 2019, but the notes are subject to redemption upon at least thirty days written notice. The outstanding balance that has been drawn down at December 31, 2017 is \$4,687.

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

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 29,460	\$ 2,704
2019	37,033	2,540
2020	2,521	1,747
2021	2,279	1,664
2022	20,218	1,283
2023-2027	13,713	3,627
2028-2032	7,604	1,776
2033-2037	6,460	459
	<u>\$ 119,288</u>	<u>\$ 15,800</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, 2017, the total net book value of capital assets under such leases was \$10,454 and the related capital lease obligations amounted to \$9,659.

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments as of December 31, 2017:

	<u>Governmental Activities</u>
2018	\$ 1,655
2019	1,655
2020	784
2021	734
2022	686
2023-2027	3,800
2028-2032	3,800
2033-2037	3,800
	16,914
Amount representing interest	<u>(7,255)</u>
Present value of net minimum lease payments	<u>\$ 9,659</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 \$38,626 at December 31, 2017 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 2016A (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.

Bond anticipation notes	Balance January 1, 2017	Issued	Redeemed	Balance December 31, 2017
Economic Development Tax Increment Revenue Bond Anticipation Note, Series 2016A (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, 2017, 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, 2017 since 2001 is \$234,996.

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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>Redev District Tax Increment Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>					
Permanent fund (principal and interest)	\$ —	\$ —	\$ —	\$ 357	\$ 357
<b>Restricted for:</b>					
Street maintenance and projects	79,363	—	—	—	79,363
Stormwater management	25,913	—	—	—	25,913
Debt service	—	155,932	—	70,386	226,318
Capital projects	—	—	41,891	73,033	114,924
Other purposes by grantors	—	—	—	10,361	10,361
Public safety	—	—	—	338	338
Sidewalk, curb and street repair	—	—	—	9,660	9,660
	<u>105,276</u>	<u>155,932</u>	<u>41,891</u>	<u>163,778</u>	<u>466,877</u>
<b>Committed to:</b>					
Rebuild Indy projects	249	—	—	—	249
Utility monitoring	410	—	—	—	410
	<u>659</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>659</u>
<b>Assigned to:</b>					
Redevelopment	17,390	—	—	—	17,390
Solid waste collection	5,211	—	—	—	5,211
Solid waste disposal	916	—	—	—	916
Parks and recreation	5,549	—	—	—	5,549
Stormwater management	3,943	—	—	—	3,943
Operating expenditures	38,934	—	—	—	38,934
Public safety	5,783	—	—	—	5,783
	<u>77,726</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>77,726</u>
<b>Unassigned</b>	<u>99,761</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>99,761</u>
Total fund balance	<u>\$ 283,422</u>	<u>\$ 155,932</u>	<u>\$ 41,891</u>	<u>\$ 164,135</u>	<u>\$ 645,380</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**

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.

Contribution requirements are negotiated between the City and union representatives. For fiscal year 2017, the City contributed \$1,620 to the plan and the active officers’ contributions were \$836. 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.

**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 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, 2017:

Annual required contribution	\$	23,567
Interest on net OPEB obligation		5,998
Amortization		<u>(6,242)</u>
Annual OPEB cost (expense)		23,323
Contributions made		<u>(1,620)</u>
Increase in net OPEB obligation		21,703
Net OPEB obligation – beginning of year		<u>166,609</u>
Net OPEB obligation – end of year	\$	<u><u>188,312</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016, and 2015 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 23,323	\$ 1,620	6.95 %	\$ 188,312
2016	21,755	1,685	7.75	166,609
2015	20,134	1,880	9.34	146,539

**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, 2017, was as follows:

Actuarial accrued liability	\$	203,532
Actuarial value of plan assets		<u>—</u>
Unfunded actuarial accrued liability	\$	<u><u>203,532</u></u>
Funded ratio		0%
Covered payroll	\$	289,540
Unfunded actuarial accrued liability as a percentage of covered payroll		70.29%

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 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, 2017
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of expected payroll
Amortization period	30 years open

Actuarial Assumptions:

Discount rate	3.44% effective annual rate
Projected salary increases	2.75%
General inflation rate	2.20% for the first 15 years and 2.50% thereafter, compounded annually
Healthcare inflation rate	Starting at 6.50% per year and gradually decreasing to 4.30% over a period of 53-59 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, 2017 follows:

	<b>Pre-1977 Police Plan</b>	<b>Pre-1977 Firefighters’ Plan</b>
Retirees and beneficiaries currently receiving benefits	791	739
Current employees - vested	16	8
Total	807	747

*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.

*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%.

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***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***

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 2017, the State of Indiana contributed \$55,789 of pension relief to the City's Police and Firefighters' Pre-1977 Plans (\$28,303 and \$27,486, respectively), which has been reported as grant revenue by the City.

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 17.5% 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. 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 INPRS Board approved an employer contribution rate of 17.5% for 2017 as compared to the actuarially determined contribution rate of 8.54% for this same year. The City's contributions to the plan for the year ended December 31, 2017, exclusive of employer-paid member contributions, was \$32,274, equal to the approved employer contribution and 17.5% 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, 2017, a total of \$79,900 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 \$1,080 for 2017, 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 2017, 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 of an employee in service 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 of an employee in service after January 1, 2007, 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 2017 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, 2017, exclusive of employer-paid member contributions, was \$7,188, 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, 2016-rolled forward to measurement date	December 31, 2016-rolled forward to measurement date	June 30, 2016-rolled forward to measurement date	June 30, 2016-rolled forward to measurement date
Measurement date	December 31, 2017	December 31, 2017	June 30, 2017	June 30, 2017
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	8.00%	7.60%
Inflation rate	2.25%	2.25%	2.25%	2.25%
Cost of living adjustment	2.50%	2.50%	1.00%	1.00%
Salary increase	2.50%	2.50%	2.50%	2.50% - 4.25%
Mortality	RP-2014 Blue Collar/Disabled mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report	RP-2014 Blue Collar/Disabled mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally 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:		
2017	2.75%	2.75%	6.75%	6.75%
2016	3.23%	3.23%	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%	4.9%
Private equity	14%	5.7%
Fixed income - ex inflation linked	20%	2.3%
Fixed income - inflation linked	7%	0.6%
Commodities	8%	2.2%
Real estate	7%	3.7%
Absolute return	10%	3.9%
Risk parity	12%	5.1%
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, 2017.

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: 2.75%)	\$ 486,053	\$ 437,801	\$ 397,050
Pre-1977 Firefighters' Plan (current rate: 2.75%)	440,707	398,274	362,305
1977 Police and Firefighters' Plan (current rate: 6.75%) - proportionate share (22.9%)	193,123	(3,532)	(162,435)
PERF (current rate: 6.75%) - proportionate share (1.36%)	<u>88,477</u>	<u>60,665</u>	<u>37,545</u>
Total	<u>\$ 1,208,360</u>	<u>\$ 893,208</u>	<u>\$ 634,465</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, 2017 and the total pension liability used to calculate the net liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to the measurement date. Member census data as of December 31, 2016, was used in the valuation and adjusted, where appropriate, to reflect changes between December 31, 2016 and December 31, 2017. For December 31, 2017 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 decreased from 3.53% for the December 31, 2016 valuations, to 2.75% for the December 31, 2017 valuations, as directed by INPRS.

The net pension liability for the 1977 Police and Firefighters’ Plan was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to the measurement date. Member census data as of June 30, 2016, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2016 to the June 30, 2017 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, 2017, the City’s proportion for its police officers was 12.06701%, which is an increase of 0.02166% from its proportion measured as of June 30, 2016. At June 30, 2017, the City’s proportion for its firefighters was 10.82714%, which was a increase of 0.27053% from its proportion measured as of June 30, 2016.

The net pension liability for PERF was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to the measurement date. Member census data as of June 30, 2016, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2016 to the June 30, 2017 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, 2017, the City’s proportion was 1.35973%, which was a decrease of 0.02698% from its proportion measured as of June 30, 2016.

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At December 31, 2017, 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 Asset</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	\$ —	\$ 437,801	\$ —	\$ —	\$ 33,929
Firefighters' Pre-1977 Plan	—	398,274	—	—	25,992
1977 Police and Firefighters' Plan	3,532	—	78,508	65,444	28,659
PERF	—	60,665	12,643	1,382	11,332
<b>Total</b>	<b>\$ 3,532</b>	<b>\$ 896,740</b>	<b>\$ 91,151</b>	<b>\$ 66,826</b>	<b>\$ 99,912</b>

The components of the net pension liability of the City for the Police and Firefighters' Pre-1977 Plans as of December 31, 2017 were as follows:

	<u>Pre-1977 Police Plan</u>	<u>Pre-1977 Firefighters' Plan</u>
Total pension liability	\$ 438,605	\$ 398,570
Plan's fiduciary net position	(804)	(296)
City's net pension liability	<u>\$ 437,801</u>	<u>\$ 398,274</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.18%</u>	<u>0.07%</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, 2017	\$ 433,376	\$ 1,071	\$ 432,305	\$ 400,234	\$ 640	\$ 399,594
Changes for the year:						
Service cost	268	—	268	167	—	167
Interest on total pension liability	13,538	—	13,538	12,356	—	12,356
Difference between expected and actual experience	(253)	—	(253)	(4,522)	—	(4,522)
Effect of assumptions changes	20,399	—	20,399	17,990	—	17,990
Employer contributions	—	28,303	(28,303)	—	27,486	(27,486)
Projected benefit payments	(28,723)	—	(28,723)	(27,655)	—	(27,655)
Benefit payments	—	(28,570)	28,570	—	(27,830)	27,830
Total net changes	<u>5,229</u>	<u>(267)</u>	<u>5,496</u>	<u>(1,664)</u>	<u>(344)</u>	<u>(1,320)</u>
Balances as of December 31, 2017	<u>\$ 438,605</u>	<u>\$ 804</u>	<u>\$ 437,801</u>	<u>\$ 398,570</u>	<u>\$ 296</u>	<u>\$ 398,274</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, 2017. Deferred outflows of resources and deferred inflows of resources related to the 1977 Police and Firefighters' Plan and PERF as of December 31, 2017 are from the following sources:

	<b>1977 Police and Firefighters' Plan</b>		<b>PERF</b>		<b>Total</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 14,221	\$ 11,097	\$ 1,152	\$ 49	\$ 15,373	\$ 11,146
Net difference between projected and actual earnings on pension plan investments	69,763	23,137	9,596	3,041	79,359	26,178
Changes of assumptions	—	52,822	974	—	974	52,822
Changes in proportion and differences between the City's contributions and proportionate share of contributions subsequent to the measurement date	1,479	1,525	164	1,333	1,643	2,858
City's contributions subsequent to the measurement date	16,182	—	3,798	—	19,980	—
<b>Total</b>	<b>\$ 101,645</b>	<b>\$ 88,581</b>	<b>\$ 15,684</b>	<b>\$ 4,423</b>	<b>117,329</b>	<b>93,004</b>
Netting required under GASB Statement No. 68					(26,178)	(26,178)
<b>Adjusted Total</b>					<b>\$ 91,151</b>	<b>\$ 66,826</b>

At December 31, 2017, the City reported \$16,182 and \$3,798 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, \$16,182 will be recognized as a decrease in the net pension liability for the 1977 Police and Firefighters' Plan and \$3,798 will be recognized as a decrease in the net pension liability for PERF in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2017, related to pensions will be recognized in pension expense as follows:

	<b>1977 Police and Firefighters' Plan</b>	<b>PERF</b>	<b>Total</b>
2018	\$ 6,062	\$ 2,783	\$ 8,845
2019	17,793	3,682	21,475
2020	1,291	1,326	2,617
2021	(10,962)	(328)	(11,290)
2022	(8,111)	—	(8,111)
Thereafter	(9,191)	—	(9,191)
<b>Total</b>	<b>\$ (3,118)</b>	<b>\$ 7,463</b>	<b>\$ 4,345</b>

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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, 2017 follows:

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash	\$ 252	\$ 76	\$ 328
Investments	587	280	867
Total assets	<u>839</u>	<u>356</u>	<u>1,195</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	<u>35</u>	<u>60</u>	<u>95</u>
<b>NET POSITION</b>			
Net position restricted for pensions	<u>\$ 804</u>	<u>\$ 296</u>	<u>\$ 1,100</u>

The combining statement of changes in fiduciary net position at December 31, 2017 follows:

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Employer contributions	\$ 28,303	\$ 27,486	\$ 55,789
<b>DEDUCTIONS</b>			
Benefits	<u>28,570</u>	<u>27,830</u>	<u>56,400</u>
Net decrease in net position	(267)	(344)	(611)
Net position restricted for pensions – beginning of year	<u>1,071</u>	<u>640</u>	<u>1,711</u>
Net position restricted for pensions – end of year	<u>\$ 804</u>	<u>\$ 296</u>	<u>\$ 1,100</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, and therefore is 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 \$61 at December 31, 2017. 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 \$4,742-\$91,456, 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, 2017, the total termination payments due would be \$3,498.

**19. 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 2017 and 2016, including an estimate of incurred but not reported claims, is as follows:

	Risk Management	Public Liability Self-Insurance	Employee Health Insurance	Total
Unpaid claims, December 31, 2015	\$ 4,459	\$ 942	\$ 3,654	\$ 9,055
Incurred claims and changes in estimates	11,339	566	66,397	78,302
Claims paid	(7,853)	(1,140)	(63,093)	(72,086)
Unpaid claims, December 31, 2016	\$ 7,945	\$ 368	\$ 6,958	\$ 15,271
Incurred claims and changes in estimates	11,616	1,103	86,068	98,787
Claims paid	(9,025)	(1,410)	(83,943)	(94,378)
Unpaid claims, December 31, 2017	\$ 10,536	\$ 61	\$ 9,083	\$ 19,680

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

The City has entered into contracts with two companies to service its workers’ compensation and auto liability claims, which are reported in the Risk Management Internal Service Fund. Under the terms of the contracts, the City is required to maintain a minimum level of funds in a “loss fund account” with the company for the purpose of paying claims and losses. These amounts are recorded as an asset since the self-insurance risk is not transferred to the service agent. The City records a liability for the estimated outstanding losses at year-end, which includes an accrual for incurred but not reported claims, 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.

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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 \$500 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.

**20. 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 2017, the City's monthly share of the revenue was 30% for parking meter revenues collected between \$0 and \$632 and 60% for all such amounts above \$632 (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, 2017, \$17,200 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 2017, \$400 was amortized and recognized as revenue in the government-wide statement of activities.

**21. 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 2017, the City incurred approximately \$16,969 in information systems costs and \$687 in telephone costs, of which approximately \$2,381 is due to the County at December 31, 2017 for these services. The City also paid the County \$6,415 of 911 dispatch fees. During 2017, the County paid the City \$619 for fuel charges. 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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Notes to Financial Statements  
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(Dollars in Thousands)

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 2017 amounted to \$2,099; however, per the agreement, such amount shall never exceed \$3,000 annually. The term of the Public Safety Agreement extends to February 28, 2021 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 \$1,849 in repairs through December 31, 2017.

**22. 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, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 7,772
General Fund	Risk Management Internal Service Fund	5,919
		\$ 13,691

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, 2017 consisted of the following:

Transfers Out	Transfers In				
	Governmental Activities				
	General Fund	Redevelopment Tax Increment	Revenue Bond Debt Service Fund	Nonmajor Governmental Funds	Total
General Fund	\$ —	\$ 2,112	\$ 290	\$ 5,893	\$ 8,295
Redevelopment Tax Increment	—	—	—	3,183	3,183
Revenue Bond Debt Service Fund	—	13,125	—	14,265	27,390
Nonmajor Governmental Funds	59,282	4	1,215	2,917	63,418
Total transfers	\$ 59,282	\$ 15,241	\$ 1,505	\$ 26,258	\$ 102,286

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.

**CITY OF INDIANAPOLIS**  
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Notes to Financial Statements  
December 31, 2017  
(Dollars in Thousands)

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**23. 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, 2017, follow:

Bonds and notes payable and certificates of participation	\$ 1,125,879
Unamortized premiums, net of discounts	64,614
Amounts recorded as matured bonds and notes payable at December 31, 2016	(4,620)
Capital leases payable	9,659
Net pension liabilities	896,740
Postemployment benefit obligation	188,312
Compensated absences	<u>38,626</u>
Combined adjustment	<u>\$ 2,319,210</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, 2017, follow:

Debt issued:

General obligation bonds	\$ 71,325
Tax increment bonds, excluding accretion on capital appreciation bonds of \$9,243	8,021
Revenue bonds	150,800
Note payable	48,786
Unamortized premiums	<u>31,522</u>
Combined adjustment	<u>\$ 310,454</u>

Repayments:

Bond principal, less decrease in matured bonds payable of \$220	\$ 231,395
Notes payable and certificates of participation	<u>11,695</u>
Combined adjustment	<u>\$ 243,090</u>

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
Notes to Financial Statements  
December 31, 2017  
(Dollars in Thousands)

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**24. Deficit Fund Balances and Net Position**

Negative fund balances by fund are as follows:

<b>Deficit Fund Balances</b>	<b>December 31, 2017</b>
<b>Debt Service Fund</b>	
Sanitary District	\$ <u><u>(87)</u></u>
<b>Capital Projects Fund</b>	
Economic Development	\$ <u><u>(3,044)</u></u>
<b>Internal Service Fund</b>	
Risk Management	\$ <u><u>(15,703)</u></u>

The deficit fund balance for the debt service fund will be covered by a transfer. The deficit fund balance for the capital project will be covered by the future refunding of the bond anticipation note. The risk management internal service fund negative fund balance will be covered by future charges to City departments.

**25. Subsequent Events**

On January 1, 2018, the City of Indianapolis extended the maturity date for the 16 Tech Bond Anticipation Note. The original maturity date was January 26, 2018, which was extended to July 21, 2018. The BAN will be refunded with a larger bond issuance.

On January 11, 2018, the City issued Redevelopment District Refunding Bonds, Series 2018 (Taxable) in the amount of \$12,040. The proceeds from these bonds, together with other available funds on hand, were used to pay off the City's outstanding note on the Market District garage. This note has a maturity date of January 1, 2033.

On February 13, 2018, the City entered into a termination agreement with Indy-Vision Funding I, LLC (Vision), to be effective retroactively to January 1, 2018. The City determined the components under the agreement do not sufficiently meet the vehicle needs of various agencies. The City and Vision have agreed to a schedule for the return of the vehicles, winding down operations under the master fleet agreement and terminating the rental term, which was to originally end on November 24, 2019. There are 200 remaining vehicles that will be returned by the City and accepted back by Vision throughout 2018, with all vehicles being returned by December 28, 2018. As of December 31, 2017, the City had recorded a capital lease in the amount of \$2,043 for this agreement.

On March 23, 2018, the City issued Local Option Income Tax Revenue Notes, Series 2018 A in the amount of \$55,000. The proceeds will be used for the purpose of paying site preparation, construction mobilization, and related engineering, planning and design and consulting services costs in connection with a planned community justice campus project.

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, 2017  
*(In thousands)*

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget – positive (negative)</u>
Revenues:				
Taxes	\$ 364,314	\$ 368,602	\$ 380,212	\$ 11,610
Licenses and permits	13,448	13,448	14,156	708
Charges for services	66,759	66,903	68,852	1,949
Intergovernmental revenues	51,325	51,325	54,262	2,937
Traffic violations and court fees	2,284	2,284	2,797	513
Intragovernmental revenues	2,417	2,417	2,033	(384)
Interest and other operating revenues	14,873	14,874	18,129	3,255
Total revenues	<u>515,420</u>	<u>519,853</u>	<u>540,441</u>	<u>20,588</u>
Expenditures:				
Current:				
General government	31,788	32,752	26,136	6,616
Public safety	402,012	402,706	401,825	881
Public works	103,532	111,015	105,502	5,513
Health and welfare	4,472	4,473	859	3,614
Cultural and recreation	25,679	25,750	23,857	1,893
Urban redevelopment and housing	6,212	7,497	5,946	1,551
Economic development and assistance	1,351	2,381	1,674	707
Capital outlays	19,149	29,551	27,284	2,267
Total expenditures	<u>594,195</u>	<u>616,125</u>	<u>593,083</u>	<u>23,042</u>
Deficiency of revenues under expenditures	<u>(78,775)</u>	<u>(96,272)</u>	<u>(52,642)</u>	<u>43,630</u>
Other financing sources:				
Sale and lease of property	320	320	1,073	753
Transfers in	52,915	52,915	50,987	(1,928)
Total other financing sources	<u>53,235</u>	<u>53,235</u>	<u>52,060</u>	<u>(1,175)</u>
Revenues under expenditures and other financing sources	<u>(25,540)</u>	<u>(43,037)</u>	<u>(582)</u>	<u>42,455</u>
Fund balance at beginning of year	138,003	224,272	241,790	17,518
Cancellation of purchase orders and other	86,268	47,014	12,036	(34,978)
Fund balance at end of year	<u>\$ 198,731</u>	<u>\$ 228,249</u>	<u>\$ 253,244</u>	<u>\$ 24,995</u>

See notes to required budgetary supplementary information.

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
Notes to Required Supplementary Information – Budgetary Comparison Schedule  
December 31, 2017  
(In thousands)

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**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	\$ 594,195
Revisions	<u>21,930</u>
Revised appropriations	<u>\$ 616,125</u>

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

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

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
Notes to Required Supplementary Information – Budgetary Comparison Schedule  
December 31, 2017  
(In thousands)

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

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis – Marion County)**  
Notes to Required Supplementary Information – Budgetary Comparison Schedule  
December 31, 2017  
(In thousands)

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**3. Budget/GAAP Reporting Differences**

Adjustments necessary to convert the results of 2017 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)	\$	(582)
Adjustments:		
Accrued revenues		67,150
Accrued expenditures		(62,396)
Encumbrances		38,532
Expenditures from prior year encumbrances		<u>(23,501)</u>
Net change in fund balances (GAAP basis)	\$	<u><u>19,203</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 Net Pension Liability - Last Ten Fiscal Years**  
*(In thousands)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Total Pension Liability</b>					
Service cost	\$ 268	\$ 469	\$ 598	\$ 430	\$ 244
Interest cost	13,538	12,070	12,393	18,697	22,693
Experience (gains)/losses	(253)	270	(2,747)	—	(4,432)
Assumption changes	20,399	(29,167)	(1,539)	61,324	65,959
Projected benefit payments	<u>(28,723)</u>	<u>(28,979)</u>	<u>(29,171)</u>	<u>(29,267)</u>	<u>(28,886)</u>
Net change in total pension liability	5,229	(45,337)	(20,466)	51,184	55,578
Total pension liability - beginning	<u>433,376</u>	<u>478,713</u>	<u>499,179</u>	<u>447,995</u>	<u>392,417</u>
Total pension liability - ending	<u>\$ 438,605</u>	<u>\$ 433,376</u>	<u>\$ 478,713</u>	<u>\$ 499,179</u>	<u>\$ 447,995</u>
<b>Plan Fiduciary Net Position</b>					
Employer contributions	\$ 28,303	\$ 28,887	\$ 29,116	\$ 28,762	\$ 29,503
Actual benefit payments	<u>(28,570)</u>	<u>(28,761)</u>	<u>(30,153)</u>	<u>(28,783)</u>	<u>(28,469)</u>
Net change in plan fiduciary net position	(267)	126	(1,037)	(21)	1,034
Plan fiduciary net position - beginning	<u>1,071</u>	<u>945</u>	<u>1,982</u>	<u>2,003</u>	<u>969</u>
Plan fiduciary net position - ending	<u>\$ 804</u>	<u>\$ 1,071</u>	<u>\$ 945</u>	<u>\$ 1,982</u>	<u>\$ 2,003</u>
<b>City's Net Pension Liability</b>	<u>\$ 437,801</u>	<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 five years.*

*Benefit changes:* None

*Changes in assumptions:* The following changes in assumptions were made from the December 31, 2016 valuation.

- The discount rate, which is equal to the Barclay's 20-year Municipal Bond Index as of the valuation date, decreased from 3.23% for the December 31, 2016 valuation to 2.75% for the December 31, 2017 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)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Total Pension Liability</b>					
Service cost	\$ 167	\$ 330	\$ 327	\$ 299	\$ 187
Interest cost	12,356	11,149	11,500	17,406	21,297
Experience (gains)/losses	(4,522)	(552)	(628)	—	(3,704)
Assumption changes	17,990	(26,359)	(1,395)	55,244	59,984
Projected benefit payments	<u>(27,655)</u>	<u>(28,046)</u>	<u>(28,340)</u>	<u>(28,489)</u>	<u>(29,490)</u>
Net change in total pension liability	(1,664)	(43,478)	(18,536)	44,460	48,274
Total pension liability - beginning	400,234	443,712	462,248	417,788	369,514
Total pension liability - ending	<u>\$ 398,570</u>	<u>\$ 400,234</u>	<u>\$ 443,712</u>	<u>\$ 462,248</u>	<u>\$ 417,788</u>
<b>Plan Fiduciary Net Position</b>					
Employer contributions	\$ 27,486	\$ 27,974	\$ 28,150	\$ 29,163	\$ 29,209
Actual benefit payments	<u>(27,830)</u>	<u>(27,727)</u>	<u>(28,383)</u>	<u>(28,395)</u>	<u>(29,567)</u>
Net change in plan fiduciary net position	(344)	247	(233)	768	(358)
Plan fiduciary net position - beginning	640	393	626	(142)	216
Plan fiduciary net position - ending	<u>\$ 296</u>	<u>\$ 640</u>	<u>\$ 393</u>	<u>\$ 626</u>	<u>\$ (142)</u>
<b>City's Net Pension Liability</b>	<u>\$ 398,274</u>	<u>\$ 399,594</u>	<u>\$ 443,319</u>	<u>\$ 461,622</u>	<u>\$ 417,930</u>

**Notes to Schedule**

*Required supplementary information is not available for the preceding five years.*

*Benefit changes:* None

*Changes in assumptions:* The following changes in assumptions were made from the December 31, 2016 valuation.

- The discount rate, which is equal to the Barclay's 20-year Municipal Bond Index as of the valuation date, decreased from 3.23% for the December 31, 2016 valuation to 2.75% for the December 31, 2017 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 payroll*	City's net pension liability as a percentage of covered payroll ((a-b)/c)
<b>Police Pre-1977 Plan</b>						
12/31/2017	\$ 438,605	\$ 804	\$ 437,801	0.18 %	\$ 1,498	29,225.7 %
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
<b>Firefighters' Pre-1977 Plan</b>						
12/31/2017	398,570	296	398,274	0.07	1,115	35,719.6
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 five years.*

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

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
<b>1977 Police and Firefighters' Plan</b>							
City's proportion of the net pension liability (asset)	22.89 %		22.60 %		22.75 %		22.01 %
City's proportionate share of the net pension liability (asset)	\$ (3,532)	\$	20,079	\$	(33,609)	\$	(11,223)
City's covered payroll	\$ 185,605	\$	174,687	\$	169,660	\$	156,274
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(1.90) %		11.49 %		(19.81) %		(7.18) %
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.29 %		98.24 %		103.16 %		101.08 %
<b>PERF</b>							
City's proportion of the net pension liability (asset)	1.360 %		1.387 %		1.393 %		1.375 %
City's proportionate share of the net pension liability (asset)	\$ 60,665	\$	62,935	\$	56,743	\$	36,131
City's covered payroll	\$ 67,458	\$	66,460	\$	66,731	\$	67,127
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	89.93 %		94.70 %		85.03 %		53.82 %
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.65 %		75.35 %		77.35 %		84.29 %

(Continued)

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

**Notes to Schedule**

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

*Benefit changes:* None

*Changes in assumptions:* The INPRS Board approved the following changes in assumptions, effective June 30, 2017 for the 1977 Police and Firefighters Plans:

For disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Blue Collar Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality Tables.

1% of the members who become disabled are assumed to sustain a catastrophic disability and receive the enhanced disability benefit (100% of salary) added by 2017 House Enrolled Act No. 1617.

*Changes in assumptions:* The INPRS Board approved the following changes in assumptions, effective June 30, 2017 for the PERF Plan:

For active and inactive vested members, a salary load of \$400 was added to approximate the impact on average monthly earnings of unused sick leave accumulated at termination of employment.

For disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Blue Collar Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality Tables.

*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 six years.*

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

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
<b>1977 Police and Firefighters' Plan</b>							
Actuarially determined contribution	\$ 16,540	\$	25,353	\$	26,503	\$	26,211
Contributions in relation to the actuarially determined contribution	\$ 32,274	\$	35,650	\$	33,947	\$	31,256
Contribution deficiency (excess)	\$ (15,734)	\$	(10,297)	\$	(7,444)	\$	(5,045)
City's covered payroll	\$ 183,122	\$	179,821	\$	169,213	\$	159,052
Contributions as a percentage of covered payroll	17.62 %		19.83 %		20.06 %		19.65 %
<b>PERF</b>							
Actuarially determined contribution	\$ 6,761	\$	6,666	\$	7,682	\$	7,065
Contributions in relation to the actuarially determined contribution	\$ 7,188	\$	7,496	\$	7,682	\$	7,065
Contribution deficiency (excess)	\$ (427)	\$	(830)	\$	—	\$	—
City's covered payroll	\$ 66,251	\$	66,984	\$	68,622	\$	67,406
Contributions as a percentage of covered payroll	10.85 %		11.19 %		11.19 %		10.48 %
<b>Police Pre-1977 Plan</b>							
Statutorily required contribution	\$ 28,303	\$	28,887	\$	29,116	\$	28,762
Contributions in relation to the statutorily required contribution	\$ 28,303	\$	28,887	\$	29,116	\$	28,762
Contribution deficiency (excess)	\$ —	\$	—	\$	—	\$	—
City's covered payroll*	\$ 1,498	\$	1,824	\$	1,645	\$	1,805
Contributions as a percentage of covered payroll	1,889.39 %		1,583.72 %		1,769.97 %		1,593.46 %
<b>Firefighters' Pre-1977 Plan</b>							
Statutorily required contribution	\$ 27,486	\$	27,974	\$	28,150	\$	29,164
Contributions in relation to the statutorily required contribution	\$ 27,486	\$	27,974	\$	28,150	\$	29,164
Contribution deficiency (excess)	\$ —	\$	—	\$	—	\$	—
City's covered payroll*	\$ 1,115	\$	1,436	\$	1,175	\$	1,370
Contributions as a percentage of covered payroll	2,465.11 %		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 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:* The INPRS Board approved the following changes in assumptions, effective June 30, 2016 for the 1977 Police and Firefighters Plans:

For disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Blue Collar Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality Tables.

1% of the members who become disabled are assumed to sustain a catastrophic disability and receive the enhanced disability benefit (100% of salary) added by 2017 House Enrolled Act No. 1617.

*Changes in assumptions:* The INPRS Board approved the following changes in assumptions, effective June 30, 2016 for the PERF Plan:

For active and inactive vested members, a salary load of \$400 was added to approximate the impact on average monthly earnings of unused sick leave accumulated at termination of employment.

For disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Blue Collar Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality Tables.

*Changes in methods:* 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 six 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)
12/31/2017*	\$ —	\$ 203,532	\$ 203,532	— %	\$ 289,540	70.29 %
12/31/2016	—	166,390	166,390	—	271,511	61.28
12/31/2015	—	166,390	166,390	—	284,453	58.49

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

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, 2017  
*(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>
<b>ASSETS</b>					
Equity in pooled cash	\$ 2,707	\$ 6,120	\$ 6,235	\$ —	\$ 15,062
Cash and investments with fiscal agents	—	31,950	15,433	357	47,740
Investments	9,902	22,375	75,165	—	107,442
Property taxes receivable	—	606	506	—	1,112
Accounts receivable, less allowance	49	388	196	—	633
Due from federal and state governments	11,019	—	—	—	11,019
Long-term receivables, less allowance	6,250	16,445	—	—	22,695
	<u>29,927</u>	<u>77,884</u>	<u>97,535</u>	<u>357</u>	<u>205,703</u>
Total assets	\$ <u>29,927</u>	\$ <u>77,884</u>	\$ <u>97,535</u>	\$ <u>357</u>	\$ <u>205,703</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Matured bonds payable	\$ —	\$ 3,780	\$ —	\$ —	\$ 3,780
Matured interest payable	—	2,537	—	—	2,537
Accounts payable and other accrued liabilities	3,844	282	12,749	—	16,875
Accrued payroll and payroll taxes	190	—	—	—	190
Due to other funds	2,218	—	5,554	—	7,772
Unearned revenue	435	—	—	—	435
Bond anticipation notes	—	—	5,500	—	5,500
	<u>6,687</u>	<u>6,599</u>	<u>23,803</u>	<u>—</u>	<u>37,089</u>
Total liabilities	6,687	6,599	23,803	—	37,089
<b>Deferred inflows of resources</b>	<u>2,881</u>	<u>899</u>	<u>699</u>	<u>—</u>	<u>4,479</u>
Fund balances:					
Nonspendable	—	—	—	357	357
Restricted	20,359	70,386	73,033	—	163,778
	<u>20,359</u>	<u>70,386</u>	<u>73,033</u>	<u>357</u>	<u>164,135</u>
Total fund balances	20,359	70,386	73,033	357	164,135
Total liabilities, deferred inflows of resources and fund balances	\$ <u>29,927</u>	\$ <u>77,884</u>	\$ <u>97,535</u>	\$ <u>357</u>	\$ <u>205,703</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, 2017  
*(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	\$ 59,026	\$ 27,233	\$ 12,904	\$ —	\$ 99,163
Charges for services	2,987	—	—	—	2,987
Intergovernmental revenues	30,332	—	3,945	—	34,277
Traffic violations and court fees	2,963	—	—	—	2,963
Interest and other operating revenues	692	27,400	931	2	29,025
Total revenues	<u>96,000</u>	<u>54,633</u>	<u>17,780</u>	<u>2</u>	<u>168,415</u>
Expenditures:					
Current:					
General government	1,351	—	—	—	1,351
Public safety	9,741	—	—	—	9,741
Public works	1,578	—	—	—	1,578
Health and welfare	5,467	—	—	—	5,467
Cultural and recreation	1,355	—	—	—	1,355
Urban redevelopment and housing	8,253	—	—	—	8,253
Economic development and assistance	4,652	—	4,223	—	8,875
Debt service:					
Redemption of bonds and notes	7	46,161	160	—	46,328
Interest on bonds and notes	3	39,813	346	—	40,162
Bond and note issuance costs	—	1,484	971	—	2,455
Lease payments and other	—	1,611	14	—	1,625
Capital outlays	949	—	99,645	—	100,594
Total expenditures	<u>33,356</u>	<u>89,069</u>	<u>105,359</u>	<u>—</u>	<u>227,784</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>62,644</u>	<u>(34,436)</u>	<u>(87,579)</u>	<u>2</u>	<u>(59,369)</u>
Other financing sources (uses):					
Sale of capital assets	38	—	18	—	56
Bonds and notes issued	4,650	—	97,567	—	102,217
Premium on bonds and notes issued	—	23,683	7,726	—	31,409
Refunding bonds issued	—	150,800	—	—	150,800
Payment to refunded bond escrow agent	—	(159,515)	—	—	(159,515)
Transfers in	10	26,230	18	—	26,258
Transfers out	(59,243)	(1,268)	(2,907)	—	(63,418)
Total other financing sources (uses)	<u>(54,545)</u>	<u>39,930</u>	<u>102,422</u>	<u>—</u>	<u>87,807</u>
Net change in fund balances	8,099	5,494	14,843	2	28,438
Fund balances at beginning of year	12,260	64,892	58,190	355	135,697
Fund balances at end of year	<u>\$ 20,359</u>	<u>\$ 70,386</u>	<u>\$ 73,033</u>	<u>\$ 357</u>	<u>\$ 164,135</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:

<b>Consolidated County -</b>	to account for all financial resources for which the taxpayer base is county-wide
<b>Redevelopment -</b>	to account for all financial resources of the Redevelopment special taxing district for economic development activities
<b>Solid Waste Collection -</b>	to account for all financial resources of the Solid Waste Collection special service district for refuse collection services
<b>Solid Waste Disposal -</b>	to account for all financial resources of the Solid Waste Disposal special service district for refuse disposal services
<b>Public Safety Communications -</b>	to account for all financial resources of the Public Safety Communication division of the Office of Public Health and Safety
<b>Transportation -</b>	to account for all financial resources of the Metropolitan Thoroughfare special taxing district
<b>Fire -</b>	to account for all financial resources of the Fire special service district
<b>Park -</b>	to account for all financial resources of the Park special taxing district
<b>Metropolitan Police -</b>	to account for all financial resources of the consolidated Indianapolis Metropolitan Police Department
<b>Storm Water Management -</b>	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, 2017  
*(In thousands)*

	General Fund Total	Intrafund Eliminations	Consolidated County	Redevelop- ment	Solid Waste		Public Safety Communications
					Collection	Disposal	
<b>ASSETS</b>							
Equity in pooled cash	\$ 46,947	\$ —	\$ 19,567	\$ 3,803	\$ 1,695	\$ 600	\$ 541
Investments	251,756	—	151,611	13,900	6,195	2,192	1,976
Property taxes receivable	6,692	—	839	17	974	—	—
Accounts receivable	25,181	—	5,010	20	1,140	1,127	220
Allowance for estimated uncollectibles – accounts receivable	(706)	—	—	—	—	—	—
Due from other funds	13,691	—	13,691	—	—	—	—
Due from federal and state governments	72	—	—	—	—	—	—
Total assets	<u>\$ 343,633</u>	<u>—</u>	<u>\$ 190,718</u>	<u>\$ 17,740</u>	<u>\$ 10,004</u>	<u>\$ 3,919</u>	<u>\$ 2,737</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 23,623	\$ —	\$ 9,434	\$ 309	\$ 3,170	\$ 1,876	\$ 434
Accrued payroll and payroll taxes	22,594	—	6,780	17	168	—	107
Unearned revenue	142	—	—	—	—	—	—
Total liabilities	<u>46,359</u>	<u>—</u>	<u>16,214</u>	<u>326</u>	<u>3,338</u>	<u>1,876</u>	<u>541</u>
<b>Deferred inflows of resources</b>	<u>13,852</u>	<u>—</u>	<u>1,283</u>	<u>24</u>	<u>1,455</u>	<u>1,127</u>	<u>—</u>
Fund balances:							
Restricted	105,276	—	33,867	—	—	—	—
Committed	659	—	659	—	—	—	—
Assigned	77,726	—	38,934	17,390	5,211	916	2,196
Unassigned	99,761	—	99,761	—	—	—	—
Total fund balances	<u>283,422</u>	<u>—</u>	<u>173,221</u>	<u>17,390</u>	<u>5,211</u>	<u>916</u>	<u>2,196</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 343,633</u>	<u>\$ —</u>	<u>\$ 190,718</u>	<u>\$ 17,740</u>	<u>\$ 10,004</u>	<u>\$ 3,919</u>	<u>\$ 2,737</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, 2017  
*(In thousands)*

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
<b>ASSETS</b>					
Equity in pooled cash	\$ 8,245	\$ 1,978	\$ 1,420	\$ 2,245	\$ 6,853
Investments	30,143	7,230	5,192	8,262	25,055
Property taxes receivable	—	3,042	578	1,242	—
Accounts receivable	11,097	1,377	351	1,201	3,638
Allowance for estimated uncollectibles – accounts receivable	—	—	—	—	(706)
Due from other funds	—	—	—	—	—
Due from federal and state governments	—	—	4	68	—
	<u>—</u>	<u>—</u>	<u>4</u>	<u>68</u>	<u>—</u>
Total assets	<u>\$ 49,485</u>	<u>\$ 13,627</u>	<u>\$ 7,545</u>	<u>\$ 13,018</u>	<u>\$ 34,840</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 3,612	\$ 773	\$ 735	\$ 1,291	\$ 1,989
Accrued payroll and payroll taxes	377	7,556	243	7,275	71
Unearned revenue	—	—	142	—	—
	<u>—</u>	<u>—</u>	<u>142</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>3,989</u>	<u>8,329</u>	<u>1,120</u>	<u>8,566</u>	<u>2,060</u>
<b>Deferred inflows of resources</b>	<u>—</u>	<u>4,248</u>	<u>876</u>	<u>1,915</u>	<u>2,924</u>
 Fund balance:					
Restricted	45,496	—	—	—	25,913
Committed	—	—	—	—	—
Assigned	—	1,050	5,549	2,537	3,943
Unassigned	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total fund balances	<u>45,496</u>	<u>1,050</u>	<u>5,549</u>	<u>2,537</u>	<u>29,856</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 49,485</u>	<u>\$ 13,627</u>	<u>\$ 7,545</u>	<u>\$ 13,018</u>	<u>\$ 34,840</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, 2017  
*(In thousands)*

	General Fund	Intrafund	Consolidated	Redevelop-	Solid Waste		Public Safety
	Total	eliminations	County	ment	Collection	Disposal	Communications
Revenues:							
Taxes	\$ 380,380	\$ —	\$ 173,577	\$ 960	\$ 34,279	\$ —	\$ 6,500
Licenses and permits	14,362	—	13,814	117	—	—	—
Charges for services	72,408	—	13,676	959	2,369	8,950	142
Other intergovernmental revenues:							
Federal revenues	931	—	27	252	—	—	—
State revenues	109,259	—	2,501	750	—	—	—
Other revenues	5,010	—	1,960	—	—	—	220
Intragovernmental revenue	2,974	—	2,813	—	—	—	—
Traffic violations and court fees	2,898	—	2,204	69	—	—	—
Interest and other operating revenues	19,345	—	8,087	195	314	12	27
Total revenues	<u>607,567</u>	<u>—</u>	<u>218,659</u>	<u>3,302</u>	<u>36,962</u>	<u>8,962</u>	<u>6,889</u>
Expenditures:							
Current:							
General government	25,240	—	25,240	—	—	—	—
Public safety	459,288	—	23,916	—	—	—	7,464
Public works	99,765	—	968	—	34,266	10,590	—
Health and welfare	2,227	—	547	1,680	—	—	—
Cultural and recreation	23,251	—	1,000	—	—	—	—
Urban redevelopment and housing	5,770	—	2,883	2,342	—	—	—
Economic development and assistance	1,462	—	—	1,462	—	—	—
Debt service:							
Redemption of bonds and notes	1,384	—	1,033	4	—	—	—
Interest on bonds and notes	714	—	339	2	—	—	—
Lease payments and other	111	—	4	37	4	—	—
Capital outlays	21,236	—	2,220	67	352	—	119
Total expenditures	<u>640,448</u>	<u>—</u>	<u>58,150</u>	<u>5,594</u>	<u>34,622</u>	<u>10,590</u>	<u>7,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,881)</u>	<u>—</u>	<u>160,509</u>	<u>(2,292)</u>	<u>2,340</u>	<u>(1,628)</u>	<u>(694)</u>
Other financing sources (uses):							
Sales of capital assets	1,097	—	432	602	—	—	—
Transfers in	59,282	(166,280)	272	—	—	—	—
Transfers out	(8,295)	166,280	(163,381)	(2,413)	—	—	—
Total other financing sources (uses)	<u>52,084</u>	<u>—</u>	<u>(162,677)</u>	<u>(1,811)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	19,203	—	(2,168)	(4,103)	2,340	(1,628)	(694)
Fund balances (deficits) at beginning of year	264,219	—	175,389	21,493	2,871	2,544	2,890
Fund balances at end of year	<u>\$ 283,422</u>	<u>\$ —</u>	<u>\$ 173,221</u>	<u>\$ 17,390</u>	<u>\$ 5,211</u>	<u>\$ 916</u>	<u>\$ 2,196</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, 2017  
*(In thousands)*

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
Revenues:					
Taxes	\$ 9,018	\$ 89,063	\$ 21,964	\$ 45,019	\$ —
Licenses and permits	9	22	6	394	—
Charges for services	1,824	458	4,523	3,139	36,368
Other intergovernmental revenues:					
Federal revenues	490	—	21	141	—
State revenues	47,789	28,029	—	30,190	—
Other revenues	396	1,217	—	1,217	—
Intragovernmental revenue	125	33	—	3	—
Traffic violations and court fees	—	—	—	625	—
Interest and other operating revenues	443	3,468	51	6,594	154
Total revenues	<u>60,094</u>	<u>122,290</u>	<u>26,565</u>	<u>87,322</u>	<u>36,522</u>
Expenditures:					
Current:					
General government	—	—	—	—	—
Public safety	—	180,364	2,142	245,402	—
Public works	37,534	—	26	—	16,381
Health and welfare	—	—	—	—	—
Cultural and recreation	—	—	22,251	—	—
Urban redevelopment and housing	545	—	—	—	—
Economic development and assistance	—	—	—	—	—
Debt service:					
Redemption of bonds and notes	1	111	112	123	—
Interest on bonds and notes	—	43	282	48	—
Lease payments and other	2	2	3	—	59
Capital outlays	9,244	—	117	872	8,245
Total expenditures	<u>47,326</u>	<u>180,520</u>	<u>24,933</u>	<u>246,445</u>	<u>24,685</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,768</u>	<u>(58,230)</u>	<u>1,632</u>	<u>(159,123)</u>	<u>11,837</u>
Other financing sources (uses):					
Sales of capital assets	—	21	—	42	—
Transfers in	6,000	61,700	—	157,410	180
Transfers out	(2,900)	—	—	—	(5,881)
Total other financing sources (uses)	<u>3,100</u>	<u>61,721</u>	<u>—</u>	<u>157,452</u>	<u>(5,701)</u>
Net change in fund balance	15,868	3,491	1,632	(1,671)	6,136
Fund balances (deficits) at beginning of year	29,628	(2,441)	3,917	4,208	23,720
Fund balances at end of year	<u>\$ 45,496</u>	<u>\$ 1,050</u>	<u>\$ 5,549</u>	<u>\$ 2,537</u>	<u>\$ 29,856</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, 2017  
*(In thousands)*

	<u>Total General Fund</u>		<u>Consolidated County</u>		<u>Redevelopment</u>		<u>Solid Waste Collection</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	\$ 368,602	\$ 380,212	\$ 172,046	\$ 173,577	\$ 1,059	\$ 960	\$ 32,401	\$ 34,279
Licenses and permits	13,448	14,156	12,967	13,626	50	104	—	—
Charges for services	66,903	68,852	13,913	11,987	1,028	924	2,455	1,800
Other intergovernmental revenues:								
Federal revenues	1,205	433	—	2	—	252	—	—
State revenues	45,928	49,484	2,504	2,513	750	750	—	—
Other revenues	4,192	4,345	1,528	1,849	—	—	—	—
Traffic violations and court fees	2,284	2,797	1,228	2,182	—	69	—	—
Intragovernmental revenues	2,417	2,033	2,417	1,872	—	—	—	—
Interest and other operating revenues	14,874	18,129	4,063	7,002	2	194	200	224
Total revenues	<u>519,853</u>	<u>540,441</u>	<u>210,666</u>	<u>214,610</u>	<u>2,889</u>	<u>3,253</u>	<u>35,056</u>	<u>36,303</u>
Expenditures:								
Current:								
General government	32,752	26,136	32,716	26,100	36	36	—	—
Public safety	402,706	401,825	24,734	24,131	—	—	—	—
Public works	111,015	105,502	(1,011)	763	—	—	34,358	33,896
Health and welfare	4,473	859	184	366	4,289	493	—	—
Cultural and recreation	25,750	23,857	1,000	1,000	—	—	—	—
Urban redevelopment and housing	7,497	5,946	3,264	2,678	2,741	2,395	—	—
Economic development and assistance	2,381	1,674	—	—	2,381	1,674	—	—
Capital outlays	29,551	27,284	1,786	1,598	95	67	388	379
Total expenditures	<u>616,125</u>	<u>593,083</u>	<u>62,673</u>	<u>56,636</u>	<u>9,542</u>	<u>4,665</u>	<u>34,746</u>	<u>34,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(96,272)</u>	<u>(52,642)</u>	<u>147,993</u>	<u>157,974</u>	<u>(6,653)</u>	<u>(1,412)</u>	<u>310</u>	<u>2,028</u>
Other financing sources (uses):								
Sales of capital assets	320	1,073	215	410	105	602	—	—
Transfers in (out)	52,915	50,987	(157,384)	(163,109)	(100)	(2,413)	—	—
Total other financing sources (uses)	<u>53,235</u>	<u>52,060</u>	<u>(157,169)</u>	<u>(162,699)</u>	<u>5</u>	<u>(1,811)</u>	<u>—</u>	<u>—</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(43,037)</u>	<u>(582)</u>	<u>(9,176)</u>	<u>(4,725)</u>	<u>(6,648)</u>	<u>(3,223)</u>	<u>310</u>	<u>2,028</u>
Fund balances at beginning of year	224,272	241,790	161,186	166,130	20,207	18,235	3,064	2,894
Cancellation of purchase orders and other	47,014	12,036	5,909	2,427	1,609	924	673	1,216
Fund balances at end of year	<u>\$ 228,249</u>	<u>\$ 253,244</u>	<u>\$ 157,919</u>	<u>\$ 163,832</u>	<u>\$ 15,168</u>	<u>\$ 15,936</u>	<u>\$ 4,047</u>	<u>\$ 6,138</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, 2017  
*(In thousands)*

	<u>Solid Waste Disposal</u>		<u>Public Safety Communications</u>		<u>Transportation</u>		<u>Metropolitan Police</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	\$ —	\$ —	\$ 6,500	\$ 6,500	\$ 7,399	\$ 8,850	\$ 43,161	\$ 45,019
Licenses and permits	—	—	—	—	—	9	416	389
Charges for services	9,066	8,950	200	142	1,800	834	2,280	2,913
Other intergovernmental revenues:								
Federal revenues	—	—	—	—	930	161	150	—
State revenues	—	—	—	—	40,244	43,791	1,887	1,887
Other revenues	—	—	115	—	549	396	1,000	1,050
Traffic violations and court fees	—	—	—	—	—	—	1,056	546
Intragovernmental revenues	—	—	—	—	—	125	—	3
Interest and other operating revenues	—	12	—	24	20	431	6,978	6,592
Total revenues	<u>9,066</u>	<u>8,962</u>	<u>6,815</u>	<u>6,666</u>	<u>50,942</u>	<u>54,597</u>	<u>56,928</u>	<u>58,399</u>
Expenditures:								
Current:								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	8,219	7,631	—	—	217,445	216,140
Public works	10,106	10,107	—	—	49,245	44,538	—	—
Health and welfare	—	—	—	—	—	—	—	—
Cultural and recreation	—	—	—	—	—	—	—	—
Urban redevelopment and housing	—	—	—	—	1,492	873	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	—	—	108	91	15,733	14,369	35	—
Total expenditures	<u>10,106</u>	<u>10,107</u>	<u>8,327</u>	<u>7,722</u>	<u>66,470</u>	<u>59,780</u>	<u>217,480</u>	<u>216,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,040)</u>	<u>(1,145)</u>	<u>(1,512)</u>	<u>(1,056)</u>	<u>(15,528)</u>	<u>(5,183)</u>	<u>(160,552)</u>	<u>(157,741)</u>
Other financing sources (uses):								
Sale of capital assets	—	—	—	—	—	—	—	42
Transfers in (out)	—	—	—	—	(2,900)	3,100	157,399	157,410
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,900)</u>	<u>3,100</u>	<u>157,399</u>	<u>157,452</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(1,040)</u>	<u>(1,145)</u>	<u>(1,512)</u>	<u>(1,056)</u>	<u>(18,428)</u>	<u>(2,083)</u>	<u>(3,153)</u>	<u>(289)</u>
Fund balances at beginning of year	1,060	1,685	1,529	2,535	10,592	14,474	5,706	8,323
Cancellation of purchase orders and other	1,679	1,217	1,204	89	21,488	3,479	1,766	686
Fund balances at end of year	<u>\$ 1,699</u>	<u>\$ 1,757</u>	<u>\$ 1,221</u>	<u>\$ 1,568</u>	<u>\$ 13,652</u>	<u>\$ 15,870</u>	<u>\$ 4,319</u>	<u>\$ 8,720</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, 2017  
*(In thousands)*

	<b>Fire</b>		<b>Park</b>		<b>Storm Water Management</b>	
	<b>Final budget</b>	<b>Actual</b>	<b>Final budget</b>	<b>Actual</b>	<b>Final budget</b>	<b>Actual</b>
Revenues:						
Taxes	\$ 85,003	\$ 89,063	\$ 21,033	\$ 21,964	\$ —	\$ —
Licenses and permits	15	22	—	6	—	—
Charges for services	603	454	4,338	4,497	31,220	36,351
Other intergovernmental revenues:						
Federal revenues	—	—	125	18	—	—
State revenues	543	543	—	—	—	—
Other revenues	1,000	1,050	—	—	—	—
Traffic violations and court fees	—	—	—	—	—	—
Intragovernmental revenues	—	33	—	—	—	—
Interest and other operating revenues	3,600	3,465	11	32	—	153
Total revenues	<u>90,764</u>	<u>94,630</u>	<u>25,507</u>	<u>26,517</u>	<u>31,220</u>	<u>36,504</u>
Expenditures:						
Current:						
General government	—	—	—	—	—	—
Public safety	151,782	151,764	526	2,159	—	—
Public works	—	—	(96)	(80)	18,413	16,278
Health and welfare	—	—	—	—	—	—
Cultural and recreation	—	—	24,750	22,857	—	—
Urban redevelopment and housing	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—
Capital outlays	—	—	119	116	11,287	10,664
Total expenditures	<u>151,782</u>	<u>151,764</u>	<u>25,299</u>	<u>25,052</u>	<u>29,700</u>	<u>26,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,018)</u>	<u>(57,134)</u>	<u>208</u>	<u>1,465</u>	<u>1,520</u>	<u>9,562</u>
Other financing sources (uses):						
Sale of capital assets	—	19	—	—	—	—
Transfers in (out)	61,700	61,700	—	—	(5,800)	(5,701)
Total other financing sources (uses)	<u>61,700</u>	<u>61,719</u>	<u>—</u>	<u>—</u>	<u>(5,800)</u>	<u>(5,701)</u>
Revenues over (under) expenditures and other financing sources (uses)	682	4,585	208	1,465	(4,280)	3,861
Fund balances at beginning of year	2,208	3,453	1,940	3,563	16,780	20,498
Cancellation of purchase orders and other	2,343	542	1,641	216	8,702	1,240
Fund balances at end of year	<u>\$ 5,233</u>	<u>\$ 8,580</u>	<u>\$ 3,789</u>	<u>\$ 5,244</u>	<u>\$ 21,202</u>	<u>\$ 25,599</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, 2017  
*(In thousands)*

Department and Division	Budgetary account	Final budget	Actual	Variance
Executive and Legislative				
Office of the Mayor	Consolidated County			
Personal services		\$ 3,466	\$ 3,152	\$ 314
Supplies		6	3	3
Other services and charges		5,306	5,182	124
Capital outlay		3	2	1
Internal charges		(506)	(507)	1
Total		<u>8,275</u>	<u>7,832</u>	<u>443</u>
Office of Audit and Performance	Consolidated County			
Personal services		687	650	37
Supplies		3	2	1
Other services and charges		892	878	14
Capital outlay		2	2	—
Internal charges		23	23	—
Total		<u>1,607</u>	<u>1,555</u>	<u>52</u>
City–County Council	Consolidated County			
Personal services		1,222	1,163	59
Supplies		6	2	4
Other services and charges		484	395	89
Capital outlay		3	3	—
Internal charges		2	2	—
Total		<u>1,717</u>	<u>1,565</u>	<u>152</u>
Cable Franchise Board	Consolidated County			
Personal services		343	343	—
Supplies		2	—	2
Other services and charges		179	169	10
Capital outlay		30	21	9
Internal charges		2	2	—
Total		<u>556</u>	<u>535</u>	<u>21</u>
Office of the Corporation Counsel	Consolidated County			
Personal services		3,300	3,096	204
Supplies		7	5	2
Other services and charges		1,388	1,367	21
Capital outlay		1	—	1
Internal charges		(3,626)	(3,624)	(2)
Total		<u>1,070</u>	<u>844</u>	<u>226</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, 2017  
*(In thousands)*

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Office of Finance and Management	Consolidated County			
Personal services		\$ 4,454	\$ 4,313	\$ 141
Supplies		9	8	1
Other services and charges		2,935	2,545	390
Capital outlay		4	3	1
Internal charges		203	202	1
Total		<u>7,605</u>	<u>7,071</u>	<u>534</u>
Minority and Women Owned Business	Consolidated County			
Personal services		548	494	54
Supplies		3	1	2
Other services and charges		181	104	77
Internal charges		24	24	—
Total		<u>756</u>	<u>623</u>	<u>133</u>
Total – Executive and Legislative		<u>\$ 21,586</u>	<u>\$ 20,025</u>	<u>\$ 1,561</u>
Department of Metropolitan Development	Consolidated County			
Personal services		\$ 2,129	\$ 2,000	\$ 129
Supplies		11	9	2
Other services and charges		1,841	1,437	404
Capital outlay		239	146	93
Internal charges		(133)	(12)	(121)
Total		<u>4,087</u>	<u>3,580</u>	<u>507</u>
Department of Metropolitan Development	Transportation			
Personal services		219	202	17
Supplies		1	1	—
Other services and charges		1,264	670	594
Capital outlay		1	—	1
Internal charges		7	—	7
Total		<u>1,492</u>	<u>873</u>	<u>619</u>
Department of Metropolitan Development	Redevelopment			
Personal services		979	801	178
Supplies		3	1	2
Other services and charges		8,000	3,386	4,614
Capital outlay		95	67	28
Internal charges		465	410	55
Total		<u>9,542</u>	<u>4,665</u>	<u>4,877</u>
Total – Department of Metropolitan Development		<u>\$ 15,121</u>	<u>\$ 9,118</u>	<u>\$ 6,003</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, 2017  
*(In thousands)*

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Business and Neighborhood Services	Consolidated County			
Personal services		\$ 14,538	\$ 13,298	\$ 1,240
Supplies		487	464	23
Other services and charges		8,528	7,055	1,473
Capital outlay		95	50	45
Internal charges		2,204	2,176	28
Total – Department of Business and Neighborhood Services		<u>\$ 25,852</u>	<u>\$ 23,043</u>	<u>\$ 2,809</u>
Department of Public Works	Consolidated County			
Personal services		\$ 10,567	\$ 10,277	\$ 290
Supplies		13,790	13,776	14
Other services and charges		9,054	8,560	494
Capital outlay		1,374	1,368	6
Internal charges		<u>(30,604)</u>	<u>(29,838)</u>	<u>(766)</u>
Total		<u>4,181</u>	<u>4,143</u>	<u>38</u>
Department of Public Works	Transportation			
Personal services		18,499	18,499	—
Supplies		4,808	4,017	791
Other services and charges		19,788	15,872	3,916
Capital outlay		15,733	14,369	1,364
Internal charges		<u>6,150</u>	<u>6,150</u>	<u>—</u>
Total		<u>64,978</u>	<u>58,907</u>	<u>6,071</u>
Department of Public Works	Park			
Personal services		6,031	6,031	—
Supplies		242	236	6
Other services and charges		2,378	2,362	16
Capital outlay		42	40	2
Internal charges		<u>(8,691)</u>	<u>(8,668)</u>	<u>(23)</u>
Total		<u>2</u>	<u>1</u>	<u>1</u>
Department of Public Works	Solid Waste Collection			
Personal services		9,687	9,687	—
Supplies		96	87	9
Other services and charges		18,326	17,873	453
Capital outlay		388	379	9
Internal charges		<u>6,249</u>	<u>6,249</u>	<u>—</u>
Total		<u>34,746</u>	<u>34,275</u>	<u>471</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, 2017  
*(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 Disposal			
Other services and charges		\$ 9,558	\$ 9,558	\$ —
Internal charges		548	549	(1)
Total		<u>10,106</u>	<u>10,107</u>	<u>(1)</u>
Department of Public Works	Storm Water Management			
Personal services		3,383	3,383	—
Supplies		75	37	38
Other services and charges		13,165	11,068	2,097
Capital outlay		11,287	10,664	623
Internal charges		1,790	1,790	—
Total		<u>29,700</u>	<u>26,942</u>	<u>2,758</u>
Total – Department of Public Works		<u>\$ 143,713</u>	<u>\$ 134,375</u>	<u>\$ 9,338</u>
Office of Public Health and Safety	Consolidated County			
Personal services		\$ 720	\$ 499	\$ 221
Supplies		37	22	15
Other services and charges		5,173	4,320	853
Capital outlay		37	4	33
Total		<u>5,967</u>	<u>4,845</u>	<u>1,122</u>
Office of Public Health and Safety	Public Safety			
Personal services	Communications	1,281	1,063	218
Supplies		66	46	20
Other services and charges		4,192	4,115	77
Capital outlay		86	77	9
Internal charges		40	40	—
Total		<u>5,665</u>	<u>5,341</u>	<u>324</u>
Total – Office of Public Health and Safety		<u>\$ 11,632</u>	<u>\$ 10,186</u>	<u>\$ 1,446</u>
Indianapolis Fire Department	Public Safety			
Personal services	Communications	\$ 2,541	\$ 2,295	\$ 246
Supplies		24	20	4
Other services and charges		75	53	22
Capital outlay		22	13	9
Total		<u>2,662</u>	<u>2,381</u>	<u>281</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, 2017  
*(In thousands)*

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Indianapolis Fire Department	Fire			
Personal services		\$ 138,708	\$ 138,708	\$ —
Supplies		1,574	1,558	16
Other services and charges		7,028	7,027	1
Internal charges		4,472	4,471	1
Total		<u>151,782</u>	<u>151,764</u>	<u>18</u>
Total – Indianapolis Fire Department		<u>\$ 154,444</u>	<u>\$ 154,145</u>	<u>\$ 299</u>
Indianapolis Metropolitan Police Department	Metropolitan Police			
Personal services		\$ 187,379	\$ 187,180	\$ 199
Supplies		1,040	781	259
Other services and charges		17,654	17,616	38
Capital outlay		35	—	35
Internal charges		11,372	10,563	809
Total – Indianapolis Metropolitan Police Department		<u>\$ 217,480</u>	<u>\$ 216,140</u>	<u>\$ 1,340</u>
Department of Parks and Recreation	Consolidated County			
Other services and charges		\$ 1,000	\$ 1,000	\$ —
Total		<u>1,000</u>	<u>1,000</u>	<u>—</u>
Department of Parks and Recreation	Park			
Personal services		8,840	8,672	168
Supplies		628	582	46
Other services and charges		5,998	5,990	8
Capital outlay		77	76	1
Internal charges		9,754	9,731	23
Total		<u>25,297</u>	<u>25,051</u>	<u>246</u>
Total – Department of Parks and Recreation		<u>\$ 26,297</u>	<u>\$ 26,051</u>	<u>\$ 246</u>
Total – General Fund – by Department and Division		<u>\$ 616,125</u>	<u>\$ 593,083</u>	<u>\$ 23,042</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, 2017  
*(In thousands)*

	<b>Parking</b>	<b>Cable Franchise PEG Grants</b>	<b>Federal Grants</b>	<b>State of Indiana Grants</b>	<b>Public Safety Income Tax</b>	<b>Drug Free Community</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>							
Equity in pooled cash	\$ 2,096	\$ —	\$ —	\$ 525	\$ 65	\$ 21	\$ 2,707
Investments	7,666	—	—	1,918	240	78	9,902
Accounts receivable	—	—	—	49	—	—	49
Due from federal and state governments	—	—	11,019	—	—	—	11,019
Long-term receivables, less allowance of \$22,594	—	—	6,250	—	—	—	6,250
Total assets	<u>\$ 9,762</u>	<u>\$ —</u>	<u>\$ 17,269</u>	<u>\$ 2,492</u>	<u>\$ 305</u>	<u>\$ 99</u>	<u>\$ 29,927</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 101	\$ —	\$ 3,659	\$ 18	\$ —	\$ 66	\$ 3,844
Accrued payroll and payroll taxes	1	—	189	—	—	—	190
Due to other funds	—	—	2,218	—	—	—	2,218
Unearned revenue	—	—	435	—	—	—	435
Total liabilities	<u>102</u>	<u>—</u>	<u>6,501</u>	<u>18</u>	<u>—</u>	<u>66</u>	<u>6,687</u>
<b>Deferred inflows of resources</b>	<u>—</u>	<u>—</u>	<u>2,881</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,881</u>
Fund balances:							
Restricted	<u>9,660</u>	<u>—</u>	<u>7,887</u>	<u>2,474</u>	<u>305</u>	<u>33</u>	<u>20,359</u>
Total fund balances	<u>9,660</u>	<u>—</u>	<u>7,887</u>	<u>2,474</u>	<u>305</u>	<u>33</u>	<u>20,359</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,762</u>	<u>\$ —</u>	<u>\$ 17,269</u>	<u>\$ 2,492</u>	<u>\$ 305</u>	<u>\$ 99</u>	<u>\$ 29,927</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, 2017  
*(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	\$ —	\$ —	\$ —	\$ —	\$ 59,026	\$ —	\$ 59,026
Charges for services	2,987	—	—	—	—	—	2,987
Other intergovernmental revenues:							
Federal revenues	37	—	29,954	—	—	—	29,991
State revenues	—	—	—	—	—	—	—
Other revenues	—	—	—	—	—	341	341
Traffic violations and court fees	634	—	936	1,393	—	—	2,963
Interest and other operating revenues	72	—	480	21	119	—	692
Total revenues	<u>3,730</u>	<u>—</u>	<u>31,370</u>	<u>1,414</u>	<u>59,145</u>	<u>341</u>	<u>96,000</u>
Expenditures:							
Current:							
General government	38	—	996	—	77	240	1,351
Public safety	—	—	8,546	1,195	—	—	9,741
Public works	1,411	—	167	—	—	—	1,578
Health and welfare	—	—	5,467	—	—	—	5,467
Cultural and recreation	—	—	1,355	—	—	—	1,355
Urban redevelopment and housing	—	—	8,253	—	—	—	8,253
Economic development and assistance	—	—	4,652	—	—	—	4,652
Debt service:							
Redemption of bonds and notes	—	—	7	—	—	—	7
Interest on bonds and notes	—	—	3	—	—	—	3
Capital outlay	366	—	503	80	—	—	949
Total expenditures	<u>1,815</u>	<u>—</u>	<u>29,949</u>	<u>1,275</u>	<u>77</u>	<u>240</u>	<u>33,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,915</u>	<u>—</u>	<u>1,421</u>	<u>139</u>	<u>59,068</u>	<u>101</u>	<u>62,644</u>
Other financing sources (uses):							
Sale of capital assets	—	—	—	38	—	—	38
Bonds and notes issued	—	—	4,650	—	—	—	4,650
Transfers in	—	—	10	—	—	—	10
Transfers out	—	(18)	(215)	—	(59,010)	—	(59,243)
Total other financing sources (uses)	<u>—</u>	<u>(18)</u>	<u>4,445</u>	<u>38</u>	<u>(59,010)</u>	<u>—</u>	<u>(54,545)</u>
Net change in fund balances	1,915	(18)	5,866	177	58	101	8,099
Fund balances (deficits) at beginning of year	7,745	18	2,021	2,297	247	(68)	12,260
Fund balances at end of year	<u>\$ 9,660</u>	<u>\$ —</u>	<u>\$ 7,887</u>	<u>\$ 2,474</u>	<u>\$ 305</u>	<u>\$ 33</u>	<u>\$ 20,359</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, 2017  
*(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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 59,035	\$ 59,026	\$ —	\$ —	\$ 59,035	\$ 59,026
Charges for services	2,300	2,472	—	1	—	—	—	—	—	—	2,300	2,473
Other intergovernmental revenues:												
Federal revenues	—	6	74,495	23,090	—	—	—	—	—	—	74,495	23,096
Traffic violations and court fees	520	469	2,375	890	1,900	1,347	—	—	—	—	4,795	2,706
Interest and other operating revenues	—	73	670	32	9	21	—	119	—	—	679	245
Total revenues	<u>2,820</u>	<u>3,020</u>	<u>77,540</u>	<u>24,013</u>	<u>1,909</u>	<u>1,368</u>	<u>59,035</u>	<u>59,145</u>	<u>—</u>	<u>—</u>	<u>141,304</u>	<u>87,546</u>
Expenditures:												
Current:												
General government	38	38	1,608	977	—	—	165	74	315	314	2,126	1,403
Public safety	—	—	17,648	8,438	648	300	—	—	—	—	18,296	8,738
Public works	1,556	1,554	1,235	650	—	—	—	—	—	—	2,791	2,204
Health and welfare	—	—	8,685	6,414	—	—	—	—	—	—	8,685	6,414
Cultural and recreation	—	—	1,955	1,365	—	—	—	—	—	—	1,955	1,365
Urban redevelopment and housing	—	—	22,456	12,911	—	—	—	—	—	—	22,456	12,911
Economic development and assistance	—	—	21,357	4,652	—	—	—	—	—	—	21,357	4,652
Capital outlays	1,500	1,374	4,769	460	150	—	—	—	—	—	6,419	1,834
Total expenditures	<u>3,094</u>	<u>2,966</u>	<u>79,713</u>	<u>35,867</u>	<u>798</u>	<u>300</u>	<u>165</u>	<u>74</u>	<u>315</u>	<u>314</u>	<u>84,085</u>	<u>39,521</u>
Excess (deficiency) of revenues over (under) expenditures	(274)	54	(2,173)	(11,854)	1,111	1,068	58,870	59,071	(315)	(314)	57,219	48,025
Other financing sources (uses), net:												
Sale of capital assets	—	—	—	—	—	38	—	—	—	—	—	38
Transfers in (out)	—	—	(200)	(86)	—	(505)	(58,999)	(59,010)	315	341	(58,884)	(59,260)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(200)</u>	<u>(86)</u>	<u>—</u>	<u>(467)</u>	<u>(58,999)</u>	<u>(59,010)</u>	<u>315</u>	<u>341</u>	<u>(58,884)</u>	<u>(59,222)</u>
Revenues over (under) expenditures and other financing sources (uses)	(274)	54	(2,373)	(11,940)	1,111	601	(129)	61	—	27	(1,665)	(11,197)
Fund balances (deficits) at beginning of year	5,245	7,598	—	—	—	—	128	219	1	(97)	5,374	7,720
Cancellation of purchase orders and other	3,332	795	2,373	11,940	(1,111)	(601)	127	13	(1)	23	4,720	12,170
Fund balances (deficits) at end of year	<u>\$ 8,303</u>	<u>\$ 8,447</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 126</u>	<u>\$ 293</u>	<u>\$ —</u>	<u>\$ (47)</u>	<u>\$ 8,429</u>	<u>\$ 8,693</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, 2017  
*(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		\$ 38	\$ 38	\$ —
Total		<u>38</u>	<u>38</u>	<u>—</u>
Office of Finance and Management	Federal Grants			
Personal services		8	2	6
Other services and charges		1,600	975	625
Total		<u>1,608</u>	<u>977</u>	<u>631</u>
Office of Finance and Management	Public Safety Income Tax			
Supplies		50	1	49
Other services and charges		115	73	42
Total		<u>165</u>	<u>74</u>	<u>91</u>
Office of Finance and Management	Drug Free Community			
Other services and charges		315	314	1
Total		<u>315</u>	<u>314</u>	<u>1</u>
Total - Executive and Legislative		<u>\$ 2,126</u>	<u>\$ 1,403</u>	<u>\$ 723</u>
Department of Metropolitan Development	Federal Grants			
Personal services		\$ 1,788	\$ 1,682	\$ 106
Supplies		11	6	5
Other services and charges		50,473	22,126	28,347
Capital outlay		3	2	1
Internal charges		226	165	61
Total – Department of Metropolitan Development		<u>\$ 52,501</u>	<u>\$ 23,981</u>	<u>\$ 28,520</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, 2017  
*(In thousands)*

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Works	Parking			
Personal services		\$ 92	\$ 92	\$ —
Other services and charges		1,464	1,462	2
Capital outlay		1,500	1,374	126
Total		<u>3,056</u>	<u>2,928</u>	<u>128</u>
Department of Public Works	Federal Grants			
Other services and charges		1,235	650	585
Total		<u>1,235</u>	<u>650</u>	<u>585</u>
Total – Department of Public Works		<u>\$ 4,291</u>	<u>\$ 3,578</u>	<u>\$ 713</u>
Office of Public Health and Safety	Federal Grants			
Personal services		\$ 503	\$ —	\$ 503
Supplies		171	7	164
Other services and charges		1,750	32	1,718
Capital outlay		61	—	61
Total – Office of Public Health and Safety		<u>\$ 2,485</u>	<u>\$ 39</u>	<u>\$ 2,446</u>
Indianapolis Fire Department	Federal Grants			
Personal services		\$ 5,326	\$ 3,146	\$ 2,180
Supplies		325	75	250
Other services and charges		1,931	1,250	681
Capital outlay		3,714	257	3,457
Internal charges		30	10	20
Total – Indianapolis Fire Department		<u>\$ 11,326</u>	<u>\$ 4,738</u>	<u>\$ 6,588</u>
Indianapolis Metropolitan Police Department	Federal Grants			
Personal services		\$ 3,400	\$ 2,208	\$ 1,192
Supplies		1,488	578	910
Other services and charges		2,724	1,131	1,593
Capital outlay		991	201	790
Total		<u>8,603</u>	<u>4,118</u>	<u>4,485</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, 2017  
*(In thousands)*

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Indianapolis Metropolitan Police Department	State of Indiana Grants			
Personal services		\$ 70	\$ —	\$ 70
Supplies		270	70	200
Other services and charges		308	230	78
Capital outlay		150	—	150
Total		<u>798</u>	<u>300</u>	<u>498</u>
Total - Indianapolis Metropolitan Police Department		<u>\$ 9,401</u>	<u>\$ 4,418</u>	<u>\$ 4,983</u>
Department of Parks and Recreation	Federal Grants			
Personal services		\$ 271	\$ 209	\$ 62
Supplies		6	2	4
Other services and charges		1,678	1,153	525
Total – Department of Parks and Recreation		<u>\$ 1,955</u>	<u>\$ 1,364</u>	<u>\$ 591</u>
Total – Special Revenue Funds – by Department and Division		<u>\$ 84,085</u>	<u>\$ 39,521</u>	<u>\$ 44,564</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.

<b>Civil City -</b>	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
<b>Redevelopment District -</b>	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
<b>Public Safety Communications -</b>	to account for the accumulation of resources for, and the payment of, costs associated with the Public Safety Communications System Equipment
<b>Sanitary District -</b>	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
<b>Stormwater District -</b>	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 Stormwater District
<b>Metropolitan Thoroughfare - District</b>	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
<b>Park District -</b>	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
<b>Economic Development District -</b>	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.
<b>PILOT -</b>	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, 2017  
*(In thousands)*

	<b>Civil City</b>	<b>Redevelopment District</b>	<b>Public Safety Communications</b>	<b>Sanitary District</b>	<b>Stormwater District</b>	<b>Metropolitan Thoroughfare District</b>	<b>Park District</b>	<b>Economic Development District</b>	<b>PILOT</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>ASSETS</b>										
Equity in pooled cash	\$ 1,198	\$ 11	\$ 84	\$ —	\$ 5	\$ 34	\$ 23	\$ 3,240	\$ 1,525	\$ 6,120
Cash and investments with fiscal agents	490	—	341	24	8	595	131	30,347	14	31,950
Investments	4,381	42	306	—	18	123	86	11,844	5,575	22,375
Property taxes receivable	336	—	184	—	—	68	18	—	—	606
Accounts receivable	122	6	49	—	—	75	41	95	—	388
Long-term receivables	—	—	—	—	—	—	—	16,445	—	16,445
<b>Total assets</b>	<b>\$ 6,527</b>	<b>\$ 59</b>	<b>\$ 964</b>	<b>\$ 24</b>	<b>\$ 31</b>	<b>\$ 895</b>	<b>\$ 299</b>	<b>\$ 61,971</b>	<b>\$ 7,114</b>	<b>\$ 77,884</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>										
Matured bonds and notes payable	\$ 3,780	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,780
Matured interest payable	1,467	1	340	—	4	585	140	—	—	2,537
Accounts payable and other accrued liabilities	2	41	—	111	10	21	5	92	—	282
<b>Total liabilities</b>	<b>5,249</b>	<b>42</b>	<b>340</b>	<b>111</b>	<b>14</b>	<b>606</b>	<b>145</b>	<b>92</b>	<b>—</b>	<b>6,599</b>
<b>Deferred inflows of resources</b>	<b>458</b>	<b>6</b>	<b>233</b>	<b>—</b>	<b>—</b>	<b>143</b>	<b>59</b>	<b>—</b>	<b>—</b>	<b>899</b>
Fund balances:										
Restricted	820	11	391	(87)	17	146	95	61,879	7,114	70,386
<b>Total fund balances (deficit)</b>	<b>820</b>	<b>11</b>	<b>391</b>	<b>(87)</b>	<b>17</b>	<b>146</b>	<b>95</b>	<b>61,879</b>	<b>7,114</b>	<b>70,386</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,527</b>	<b>\$ 59</b>	<b>\$ 964</b>	<b>\$ 24</b>	<b>\$ 31</b>	<b>\$ 895</b>	<b>\$ 299</b>	<b>\$ 61,971</b>	<b>\$ 7,114</b>	<b>\$ 77,884</b>

**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, 2017  
*(In thousands)*

	Civil City	Redevelopment District	Public Safety Communications	Sanitary District	Stormwater District	Metropolitan Thoroughfare District	Park District	Economic Development District	PILOT	Total Nonmajor Debt Service Funds
<b>Revenues:</b>										
Property taxes	\$ 9,000	\$ —	\$ 3,636	\$ —	\$ —	\$ 5,471	\$ 3,020	\$ 4,345	\$ —	\$ 25,472
Other taxes	754	—	302	—	—	454	251	—	—	1,761
Interest on investments	11	1	5	3	9	18	9	1,984	14	2,054
Other revenues	—	—	—	7,860	—	—	—	6,966	10,520	25,346
<b>Total revenues</b>	<b>9,765</b>	<b>1</b>	<b>3,943</b>	<b>7,863</b>	<b>9</b>	<b>5,943</b>	<b>3,280</b>	<b>13,295</b>	<b>10,534</b>	<b>54,633</b>
<b>Expenditures:</b>										
<b>Debt service:</b>										
Redemption of bonds and notes	7,465	—	2,700	7,578	3,574	6,052	3,225	15,567	—	46,161
Interest on bonds and notes	2,985	—	1,789	356	2,505	1,362	383	13,008	17,425	39,813
Bond issuance costs	—	—	—	—	—	—	—	—	1,484	1,484
Lease payments and other	45	—	23	1	90	7	4	1,437	4	1,611
<b>Total expenditures</b>	<b>10,495</b>	<b>—</b>	<b>4,512</b>	<b>7,935</b>	<b>6,169</b>	<b>7,421</b>	<b>3,612</b>	<b>30,012</b>	<b>18,913</b>	<b>89,069</b>
Excess (deficiency) of revenues over (under) expenditures	(730)	1	(569)	(72)	(6,160)	(1,478)	(332)	(16,717)	(8,379)	(34,436)
<b>Other financing sources (uses):</b>										
Premium on bonds	—	—	—	—	—	—	—	—	23,683	23,683
Refunding bonds issued	—	—	—	—	—	—	—	—	150,800	150,800
Payment to refunded bond escrow agent	—	—	—	—	—	—	—	—	(159,515)	(159,515)
Transfers in	936	—	649	—	5,881	1,081	232	17,451	—	26,230
Transfers out	—	—	—	(252)	—	—	—	(1,016)	—	(1,268)
<b>Total other financing sources (uses)</b>	<b>936</b>	<b>—</b>	<b>649</b>	<b>(252)</b>	<b>5,881</b>	<b>1,081</b>	<b>232</b>	<b>16,435</b>	<b>14,968</b>	<b>39,930</b>
<b>Net change in fund balances</b>	<b>206</b>	<b>1</b>	<b>80</b>	<b>(324)</b>	<b>(279)</b>	<b>(397)</b>	<b>(100)</b>	<b>(282)</b>	<b>6,589</b>	<b>5,494</b>
Fund balances at beginning of year	614	10	311	237	296	543	195	62,161	525	64,892
Fund balances (deficit) at end of year	\$ 820	\$ 11	\$ 391	\$ (87)	\$ 17	\$ 146	\$ 95	\$ 61,879	\$ 7,114	\$ 70,386

**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, 2017  
*(In thousands)*

	Civil City		Redevelopment District		Public Safety Communications	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 9,425	\$ 9,754	\$ —	\$ —	\$ 3,810	\$ 3,938
Charges for services	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—
Other operating revenues	—	11	—	1	—	5
Total revenues	<u>9,425</u>	<u>9,765</u>	<u>—</u>	<u>1</u>	<u>3,810</u>	<u>3,943</u>
Expenditures:						
Economic development and assistance	—	—	—	—	—	—
Debt service	10,499	10,495	—	(4)	4,515	4,513
Total expenditures	<u>10,499</u>	<u>10,495</u>	<u>—</u>	<u>(4)</u>	<u>4,515</u>	<u>4,513</u>
Deficiency of revenues under expenditures	<u>(1,074)</u>	<u>(730)</u>	<u>—</u>	<u>5</u>	<u>(705)</u>	<u>(570)</u>
Other financing sources (uses), net:						
Bond proceeds	—	—	—	—	—	—
Transfers in (out)	—	935	—	—	—	649
Total other financing sources (uses)	<u>—</u>	<u>935</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>649</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(1,074)</u>	<u>205</u>	<u>—</u>	<u>5</u>	<u>(705)</u>	<u>79</u>
Fund balances at beginning of year	511	614	1	1	264	312
Cancellation of purchase orders and other	<u>1,052</u>	<u>(489)</u>	<u>—</u>	<u>(4)</u>	<u>702</u>	<u>(341)</u>
Fund balances at end of year	<u>\$ 489</u>	<u>\$ 330</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 261</u>	<u>\$ 50</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, 2017  
*(In thousands)*

	Sanitary District		Stormwater District		Metropolitan Thoroughfare District	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 5,736	\$ 5,926
Charges for services	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—
Other operating revenues	7,860	7,863	—	9	—	18
Total revenues	<u>7,860</u>	<u>7,863</u>	<u>—</u>	<u>9</u>	<u>5,736</u>	<u>5,944</u>
Expenditures:						
Economic development and assistance	—	—	—	—	—	—
Debt service	7,868	7,840	6,157	6,149	7,348	7,326
Total expenditures	<u>7,868</u>	<u>7,840</u>	<u>6,157</u>	<u>6,149</u>	<u>7,348</u>	<u>7,326</u>
Deficiency of revenues under expenditures	<u>(8)</u>	<u>23</u>	<u>(6,157)</u>	<u>(6,140)</u>	<u>(1,612)</u>	<u>(1,382)</u>
Other financing sources (uses), net:						
Bond proceeds	—	—	—	—	—	—
Transfers in (out)	—	(252)	5,800	5,881	—	1,081
Total other financing sources (uses)	<u>—</u>	<u>(252)</u>	<u>5,800</u>	<u>5,881</u>	<u>—</u>	<u>1,081</u>
Revenues over (under) expenditures and other financing sources (uses)	(8)	(229)	(357)	(259)	(1,612)	(301)
Fund balances at beginning of year	484	115	312	271	347	408
Cancellation of purchase orders and other	(367)	1	45	—	1,157	(567)
Fund balances (deficits) at end of year	<u>\$ 109</u>	<u>\$ (113)</u>	<u>\$ —</u>	<u>\$ 12</u>	<u>\$ (108)</u>	<u>\$ (460)</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, 2017  
*(In thousands)*

	Revenue		Park District		Economic Development		PILOT		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:										
Taxes	\$ 96,288	\$ 84,410	\$ 3,165	\$ 3,271	\$ 4,873	\$ 4,345	\$ —	\$ —	\$ 123,297	\$ 111,644
Charges for services	—	—	—	—	1,587	3,046	—	—	1,587	3,046
Intergovernmental	235	23	—	—	—	—	—	—	235	23
Other operating revenues	1,958	7,405	—	9	—	241	7,910	10,533	17,728	26,095
Total revenues	<u>98,481</u>	<u>91,838</u>	<u>3,165</u>	<u>3,280</u>	<u>6,460</u>	<u>7,632</u>	<u>7,910</u>	<u>10,533</u>	<u>142,847</u>	<u>140,808</u>
Expenditures:										
Economic development and assistance	8,645	8,645	—	—	—	—	—	—	8,645	8,645
Debt service	53,766	49,672	3,581	3,571	19,309	19,201	182,379	178,427	295,422	287,190
Total expenditures	<u>62,411</u>	<u>58,317</u>	<u>3,581</u>	<u>3,571</u>	<u>19,309</u>	<u>19,201</u>	<u>182,379</u>	<u>178,427</u>	<u>304,067</u>	<u>295,835</u>
Deficiency of revenues under expenditures	<u>36,070</u>	<u>33,521</u>	<u>(416)</u>	<u>(291)</u>	<u>(12,849)</u>	<u>(11,569)</u>	<u>(174,469)</u>	<u>(167,894)</u>	<u>(161,220)</u>	<u>(155,027)</u>
Other financing sources (uses), net:										
Bond proceeds	—	—	—	—	—	—	—	174,483	—	174,483
Transfers in (out)	100	(27,100)	—	232	—	17,435	—	—	5,900	(1,139)
Total other financing sources (uses)	<u>100</u>	<u>(27,100)</u>	<u>—</u>	<u>232</u>	<u>—</u>	<u>17,435</u>	<u>—</u>	<u>174,483</u>	<u>5,900</u>	<u>173,344</u>
Revenues over (under) expenditures and other financing sources (uses)	36,170	6,421	(416)	(59)	(12,849)	5,866	(174,469)	6,589	(155,320)	18,317
Fund balances at beginning of year	1,378	1,322	112	143	25	3,598	523	526	3,957	7,310
Cancellation of purchase orders and other	(35,106)	(5,738)	273	(123)	13,930	(5,603)	177,086	(15)	158,772	(12,879)
Fund balances (deficits) at end of year	<u>\$ 2,442</u>	<u>\$ 2,005</u>	<u>\$ (31)</u>	<u>\$ (39)</u>	<u>\$ 1,106</u>	<u>\$ 3,861</u>	<u>\$ 3,140</u>	<u>\$ 7,100</u>	<u>\$ 7,409</u>	<u>\$ 12,748</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, 2017  
*(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		\$ 645	\$ 645	\$ —
Total		<u>645</u>	<u>645</u>	<u>—</u>
Non Departmental	Stormwater District			
Other services and charges		6,157	6,149	8
Total		<u>6,157</u>	<u>6,149</u>	<u>8</u>
Non Departmental	Metropolitan Thoroughfare District			
Other services and charges		7,348	7,326	22
Total		<u>7,348</u>	<u>7,326</u>	<u>22</u>
Non Departmental	Park District			
Other services and charges		3,581	3,571	10
Total		<u>3,581</u>	<u>3,571</u>	<u>10</u>
Non Departmental	Public Safety Communications			
Other services and charges		4,515	4,513	2
Total		<u>4,515</u>	<u>4,513</u>	<u>2</u>
Non Departmental	Civil City			
Other services and charges		10,499	10,495	4
Total		<u>10,499</u>	<u>10,495</u>	<u>4</u>
Non Departmental	Redevelopment District			
Other services and charges		—	(4)	4
Total		<u>—</u>	<u>(4)</u>	<u>4</u>
Non Departmental	Revenue			
Other services and charges		61,766	57,672	4,094
Total		<u>61,766</u>	<u>57,672</u>	<u>4,094</u>
Non Departmental	Sanitary District			
Other services and charges		7,868	7,840	28
Total		<u>7,868</u>	<u>7,840</u>	<u>28</u>
Non Departmental	Economic Development			
Other services and charges		19,309	19,201	108
Total		<u>19,309</u>	<u>19,201</u>	<u>108</u>
Non Departmental	PILOT			
Other services and charges		182,379	178,427	3,952
Total		<u>182,379</u>	<u>178,427</u>	<u>3,952</u>
Total – Debt Service Funds – by Department		\$ <u>304,067</u>	\$ <u>295,835</u>	\$ <u>8,232</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.

<b>Economic Development -</b>	to account for all financial resources relating to projects funded through economic development bonds of the City
<b>PILOT Revenue Bonds -</b>	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
<b>Metropolitan Thoroughfare District -</b>	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
<b>City Cumulative Capital Development -</b>	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
<b>County Cumulative Capital Development -</b>	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
<b>Tax Revenue Note -</b>	to account for all financial resources related to purchases of certain vehicles and other equipment from the proceeds of a tax revenue note
<b>Public Safety Communications -</b>	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
<b>Landmark Building Preservation -</b>	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
- Consolidated City District-** To account for all financial resources to acquire or construct various equipment and other assets benefitting the Civil City District.

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis - Marion County)**  
**Combining Balance Sheet – Nonmajor Capital Projects Funds**  
December 31, 2017  
*(In thousands)*

	<b>Economic Development</b>	<b>PILOT Revenue Bonds</b>	<b>Metropolitan Thoroughfare District</b>	<b>Park District</b>	<b>City Cumulative Capital Improvement</b>	<b>County Cumulative Capital Improvement</b>	<b>Tax Revenue Note</b>
<b>ASSETS</b>							
Equity in pooled cash	\$ 168	\$ 53	\$ —	\$ —	\$ 2,049	\$ 887	\$ 15
Cash and investments with fiscal agents	1,673	—	13,679	1	—	—	59
Investments	615	194	23,771	5,178	7,489	3,242	53
Property taxes receivable	—	—	—	—	354	—	—
Accounts receivable	—	—	—	—	160	—	—
Total assets	\$ 2,456	\$ 247	\$ 37,450	\$ 5,179	\$ 10,052	\$ 4,129	\$ 127
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and other accrued liabilities	\$ —	\$ —	\$ 1,687	\$ 93	\$ 1,134	\$ 304	\$ —
Due to other funds	—	—	5,554	—	—	—	—
Bond anticipation notes	5,500	—	—	—	—	—	—
Total liabilities	5,500	—	7,241	93	1,134	304	—
<b>Deferred inflows of resources</b>	—	—	—	—	511	—	—
Fund balances:							
Restricted	(3,044)	247	30,209	5,086	8,407	3,825	127
Total fund (deficit) balances	(3,044)	247	30,209	5,086	8,407	3,825	127
Total liabilities, deferred inflows of resources and fund balances	\$ 2,456	\$ 247	\$ 37,450	\$ 5,179	\$ 10,052	\$ 4,129	\$ 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, 2017  
*(In thousands)*

	<b>Public Safety Communications</b>	<b>Landmark Building Preservation</b>	<b>Fire Cumulative</b>	<b>Storm Water</b>	<b>Capital Asset Development</b>	<b>Consolidated City District</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>ASSETS</b>							
Equity in pooled cash	\$ 4	\$ 5	\$ 706	\$ 2,071	\$ 26	\$ 251	\$ 6,235
Cash and investments with fiscal agents	5	—	—	10	—	6	15,433
Investments	6,719	18	2,583	7,570	98	17,635	75,165
Property taxes receivable	—	—	152	—	—	—	506
Accounts receivable	—	—	36	—	—	—	196
Total assets	\$ 6,728	\$ 23	\$ 3,477	\$ 9,651	\$ 124	\$ 17,892	\$ 97,535
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 360	\$ —	\$ 21	\$ 2,873	\$ —	\$ 6,277	\$ 12,749
Due to other funds	—	—	—	—	—	—	5,554
Bond anticipation notes	—	—	—	—	—	—	5,500
Total liabilities	360	—	21	2,873	—	6,277	23,803
<b>Deferred inflows of resources</b>	—	—	188	—	—	—	699
Fund balances:							
Restricted	6,368	23	3,268	6,778	124	11,615	73,033
Total fund (deficit) balances	6,368	23	3,268	6,778	124	11,615	73,033
Total liabilities, deferred inflows of resources and fund balances	\$ 6,728	\$ 23	\$ 3,477	\$ 9,651	\$ 124	\$ 17,892	\$ 97,535

**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, 2017  
*(In thousands)*

	<u>Economic Development</u>	<u>PILOT Revenue Bonds</u>	<u>Metropolitan Thoroughfare District</u>	<u>Park District</u>	<u>City Cumulative Capital Improvement</u>	<u>County Cumulative Capital Improvement</u>
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 10,279	\$ —
Federal revenues	—	—	44	—	151	—
Other revenues	—	—	—	—	—	3,750
Interest and other operating revenues	9	2	328	41	237	34
Total revenues	<u>9</u>	<u>2</u>	<u>372</u>	<u>41</u>	<u>10,667</u>	<u>3,784</u>
Expenditures:						
Current:						
Economic development and assistance	4,223	—	—	—	—	—
Debt service:						
Redemption of bonds and notes	—	—	—	—	138	—
Interest on bonds and notes	—	—	—	—	6	—
Bond and note issuance costs	—	—	295	58	—	—
Lease payments and other	5	—	2	—	3	—
Capital outlays	—	—	27,846	387	13,138	4,568
Total expenditures	<u>4,228</u>	<u>—</u>	<u>28,143</u>	<u>445</u>	<u>13,285</u>	<u>4,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,219)</u>	<u>2</u>	<u>(27,771)</u>	<u>(404)</u>	<u>(2,618)</u>	<u>(784)</u>
Other financing sources (uses):						
Sale of capital assets	—	—	—	—	—	—
Bonds and notes issued	—	—	24,585	4,925	—	—
Premium on bonds issued	—	—	3,157	797	—	—
Transfers in	10	—	1	1	—	—
Transfers out	(1)	—	(1,083)	(233)	—	—
Total other financing sources	<u>9</u>	<u>—</u>	<u>26,660</u>	<u>5,490</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>(4,210)</u>	<u>2</u>	<u>(1,111)</u>	<u>5,086</u>	<u>(2,618)</u>	<u>(784)</u>
Fund balances at beginning of year	1,166	245	31,320	—	11,025	4,609
Fund balances (deficits) at end of year	<u>\$ (3,044)</u>	<u>\$ 247</u>	<u>\$ 30,209</u>	<u>\$ 5,086</u>	<u>\$ 8,407</u>	<u>\$ 3,825</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, 2017  
*(In thousands)*

	Tax Revenue Note	Public Safety Communications	Landmark Building Preservation	Fire Cumulative	Storm Water	Capital Asset Development	Consolidated City District	Total Nonmajor Capital Projects Funds
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ 2,625	\$ —	\$ —	\$ —	\$ 12,904
Federal revenues	—	—	—	—	—	—	—	195
Other revenues	—	—	—	—	—	—	—	3,750
Interest and other operating revenues	—	70	—	24	51	1	134	931
Total revenues	<u>—</u>	<u>70</u>	<u>—</u>	<u>2,649</u>	<u>51</u>	<u>1</u>	<u>134</u>	<u>17,780</u>
Expenditures:								
Current:								
Economic development and assistance	—	—	—	—	—	—	—	4,223
Debt service:								
Redemption of bonds and notes	—	—	—	22	—	—	—	160
Interest on bonds and notes	—	—	—	1	—	—	339	346
Bonds and notes issuance costs	—	233	—	—	—	—	385	971
Lease payments and other	—	1	—	—	—	—	3	14
Capital outlays	—	16,591	—	2,738	18,015	-	16,362	99,645
Total expenditures	<u>—</u>	<u>16,825</u>	<u>—</u>	<u>2,761</u>	<u>18,015</u>	<u>—</u>	<u>17,089</u>	<u>105,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>(16,755)</u>	<u>—</u>	<u>(112)</u>	<u>(17,964)</u>	<u>1</u>	<u>(16,955)</u>	<u>(87,579)</u>
Other financing sources (uses):								
Sale of capital assets	—	—	—	18	—	—	—	18
Bonds and notes issued	—	19,735	—	—	21,553	—	26,769	97,567
Premium on bonds issued	—	1,536	—	—	—	—	2,236	7,726
Transfers in	—	3	—	—	—	—	3	18
Transfers out	—	(652)	—	—	—	—	(938)	(2,907)
Total other financing sources	<u>—</u>	<u>20,622</u>	<u>—</u>	<u>18</u>	<u>21,553</u>	<u>—</u>	<u>28,070</u>	<u>102,422</u>
Net change in fund balances	<u>—</u>	<u>3,867</u>	<u>—</u>	<u>(94)</u>	<u>3,589</u>	<u>1</u>	<u>11,115</u>	<u>14,843</u>
Fund balances at beginning of year	127	2,501	23	3,362	3,189	123	500	58,190
Fund balances (deficits) at end of year	<u>\$ 127</u>	<u>\$ 6,368</u>	<u>\$ 23</u>	<u>\$ 3,268</u>	<u>\$ 6,778</u>	<u>\$ 124</u>	<u>\$ 11,615</u>	<u>\$ 73,033</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, 2017  
*(In thousands)*

	City Cumulative		County Cumulative		Fire		Totals	
	Capital Improvement		Capital Improvement		Cumulative			
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 9,703	\$ 10,279	\$ —	\$ —	\$ 2,501	\$ 2,625	\$ 12,204	\$ 12,904
Other intergovernmental revenues	1,200	5	—	—	—	—	1,200	5
Interest and other operating revenues	—	229	—	34	—	24	—	287
Total revenues	<u>10,903</u>	<u>10,513</u>	<u>—</u>	<u>34</u>	<u>2,501</u>	<u>2,649</u>	<u>13,404</u>	<u>13,196</u>
Expenditures:								
Current:								
General government	500	460	—	—	—	—	500	460
Public safety	1,329	1,302	—	—	600	575	1,929	1,877
Public works	(3,103)	(3,050)	—	—	—	—	(3,103)	(3,050)
Cultural and recreation	4,315	4,260	—	—	—	—	4,315	4,260
Economic development and assistance	500	443	—	—	—	—	500	443
Capital outlays	8,857	8,715	4,240	4,240	2,374	2,330	15,471	15,285
Total expenditures	<u>12,398</u>	<u>12,130</u>	<u>4,240</u>	<u>4,240</u>	<u>2,974</u>	<u>2,905</u>	<u>19,612</u>	<u>19,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,495)</u>	<u>(1,617)</u>	<u>(4,240)</u>	<u>(4,206)</u>	<u>(473)</u>	<u>(256)</u>	<u>(6,208)</u>	<u>(6,079)</u>
Other financing sources, net:								
Sale and lease of capital assets	—	—	—	—	—	18	—	18
Transfers in	—	—	3,750	3,750	—	—	3,750	3,750
Total other financing sources	<u>—</u>	<u>—</u>	<u>3,750</u>	<u>3,750</u>	<u>—</u>	<u>18</u>	<u>3,750</u>	<u>3,768</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(1,495)</u>	<u>(1,617)</u>	<u>(490)</u>	<u>(456)</u>	<u>(473)</u>	<u>(238)</u>	<u>(2,458)</u>	<u>(2,311)</u>
Fund balances at beginning of year	1,492	3,969	2,465	2,605	2,128	2,391	6,085	8,965
Cancellation of purchase orders and other	4,352	334	155	23	311	205	4,818	562
Fund balances at end of year	<u>\$ 4,349</u>	<u>\$ 2,686</u>	<u>\$ 2,130</u>	<u>\$ 2,172</u>	<u>\$ 1,966</u>	<u>\$ 2,358</u>	<u>\$ 8,445</u>	<u>\$ 7,216</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, 2017  
*(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		\$ 508	\$ 508	\$ —
Capital outlay		—	—	—
Total		<u>508</u>	<u>508</u>	<u>—</u>
City-County Council	City Cumulative Capital Improvement			
Capital outlay		30	28	2
Total		<u>30</u>	<u>28</u>	<u>2</u>
Total – Executive and Legislative		<u>\$ 538</u>	<u>\$ 536</u>	<u>\$ 2</u>
Department of Metropolitan Development	City Cumulative Capital Improvement			
Other services and charges		\$ 500	\$ 443	\$ 57
Total – Department of Metropolitan Development		<u>\$ 500</u>	<u>\$ 443</u>	<u>\$ 57</u>
Department of Business and Neighborhood Services	City Cumulative Capital Improvement			
Capital outlay		\$ 84	\$ 83	\$ 1
Total – Department of Business and Neighborhood Services		<u>\$ 84</u>	<u>\$ 83</u>	<u>\$ 1</u>
Department of Public Works	County Cumulative Capital Improvement			
Capital outlay		\$ 4,240	\$ 4,240	\$ —
Total		<u>4,240</u>	<u>4,240</u>	<u>—</u>
Department of Public Works	City Cumulative Capital Improvement			
Supplies		14	14	—
Other services and charges		1,197	1,195	2
Capital outlay		3,648	3,608	40
Internal charges		(4,300)	(4,260)	(40)
Total		<u>559</u>	<u>557</u>	<u>2</u>
Total – Department of Public Works		<u>\$ 4,799</u>	<u>\$ 4,797</u>	<u>\$ 2</u>
Department of Parks and Recreation	City Cumulative Capital Improvement			
Internal charges		\$ 4,300	\$ 4,260	\$ 40
Total - Department of Parks and Recreation		<u>\$ 4,300</u>	<u>\$ 4,260</u>	<u>\$ 40</u>

(Continued)

**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, 2017  
*(In thousands)*

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Indianapolis Metropolitan Police Department	City Cumulative Capital Improvement			
Supplies		\$ 11	\$ 5	\$ 6
Other services and charges		1,310	1,251	59
Capital Outlay		5,096	4,995	101
Total - Indianapolis Metropolitan Police Department		<u>\$ 6,417</u>	<u>\$ 6,251</u>	<u>\$ 166</u>
Indianapolis Fire Department	Fire Cumulative			
Supplies		\$ 600	\$ 575	\$ 25
Other services and charges		2,374	2,330	44
Total – Indianapolis Fire Department		<u>\$ 2,974</u>	<u>\$ 2,905</u>	<u>\$ 69</u>
Total – Capital Projects Funds – by Department and Division		<u>\$ 19,612</u>	<u>\$ 19,275</u>	<u>\$ 337</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, 2017  
*(In thousands)*

	<u>Risk Management</u>	<u>Public Liability Self Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
<b>ASSETS</b>				
Equity in pooled cash	\$ 117	\$ 1,551	\$ 2,637	\$ 4,305
Cash and investments with fiscal agents	194	—	—	194
Investments	427	5,670	9,638	15,735
Accounts receivable	14	—	2,208	2,222
Total current assets	<u>752</u>	<u>7,221</u>	<u>14,483</u>	<u>22,456</u>
<b>LIABILITIES</b>				
Accounts payable and other current accrued liabilities	\$ 10,536	61	9,083	19,680
Due to other funds	5,919	—	—	5,919
Total current liabilities	<u>16,455</u>	<u>61</u>	<u>9,083</u>	<u>25,599</u>
<b>NET POSITION (DEFICIT)</b>				
Unrestricted (deficit)	<u>\$ (15,703)</u>	<u>\$ 7,160</u>	<u>\$ 5,400</u>	<u>\$ (3,143)</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, 2017  
*(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	\$ 11,076	\$ 3,446	\$ 83,464	\$ 97,986
Operating expenses:				
Claims	11,616	1,103	86,068	98,787
Administration	258	—	—	258
Total operating expenses	<u>11,874</u>	<u>1,103</u>	<u>86,068</u>	<u>99,045</u>
Operating income (loss)	(798)	2,343	(2,604)	(1,059)
Nonoperating revenue (expense):				
Interest on investments	<u>(57)</u>	<u>38</u>	<u>(17)</u>	<u>(36)</u>
Income (loss)	<u>(855)</u>	<u>2,381</u>	<u>(2,621)</u>	<u>(1,095)</u>
Change in net position	(855)	2,381	(2,621)	(1,095)
Total net position (deficit) – beginning of year	<u>(14,848)</u>	<u>4,779</u>	<u>8,021</u>	<u>(2,048)</u>
Total net position (deficit) – end of year	<u><u>\$ (15,703)</u></u>	<u><u>\$ 7,160</u></u>	<u><u>\$ 5,400</u></u>	<u><u>\$ (3,143)</u></u>

**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, 2017  
*(In thousands)*

	<b>Risk Management</b>	<b>Public Liability Self Insurance</b>	<b>Employee Health Insurance</b>	<b>Total</b>
Cash flows from operating activities:				
Receipts from users	\$ 11,082	\$ 3,446	\$ 83,486	\$ 98,014
Payments for administration	(258)	—	—	(258)
Payments for claims	(10,047)	(1,410)	(83,943)	(95,400)
Net cash provided by (used in) operating activities	777	2,036	(457)	2,356
Cash flows from investing activities:				
Investment maturities (purchases)	(427)	(1,543)	585	(1,385)
Investment income (expense)	(57)	38	(17)	(36)
Net cash provided by (used in) investing activities	(484)	(1,505)	568	(1,421)
Net increase (decrease) in cash	293	531	111	935
Cash, beginning of year	18	1,020	2,526	3,564
Cash, end of year	\$ 311	\$ 1,551	\$ 2,637	\$ 4,499
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (798)	\$ 2,343	\$ (2,604)	\$ (1,059)
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	6	—	22	28
Increase (decrease) in accounts payable	1,569	(307)	2,125	3,387
Net cash provided by (used in) operating activities	\$ 777	\$ 2,036	\$ (457)	\$ 2,356

## 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, 2017

*(In thousands)*

	<b>Police Pension</b>	<b>Firefighters Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash	\$ 252	\$ 76	\$ 328
Investments	587	280	867
Total assets	839	356	1,195
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	35	60	95
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
Net position restricted for pensions	\$ 804	\$ 296	\$ 1,100

**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, 2017  
*(In thousands)*

	<b>Police Pension</b>	<b>Firefighters Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Employer contributions	\$ 28,303	\$ 27,486	\$ 55,789
 <b>DEDUCTIONS</b>			
Benefits	28,570	27,830	56,400
Net decrease in net position	(267)	(344)	(611)
Net position restricted for pensions – beginning of year	1,071	640	1,711
Net position restricted for pensions – end of year	\$ 804	\$ 296	\$ 1,100

**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, 2017  
*(In thousands)*

	<b>Police Pension</b>			<b>Firefighters Pension</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues:						
Intergovernmental	\$ 29,791	\$ 28,303	\$ (1,488)	\$ 29,234	\$ 27,486	\$ (1,748)
Total revenues	<u>29,791</u>	<u>28,303</u>	<u>(1,488)</u>	<u>29,234</u>	<u>27,486</u>	<u>(1,748)</u>
Expenditures:						
Personal services	<u>29,771</u>	<u>28,555</u>	<u>1,216</u>	<u>29,234</u>	<u>27,762</u>	<u>1,472</u>
Total expenditures	<u>29,771</u>	<u>28,555</u>	<u>1,216</u>	<u>29,234</u>	<u>27,762</u>	<u>1,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 20</u>	<u>\$ (252)</u>	<u>\$ (272)</u>	<u>\$ —</u>	<u>\$ (276)</u>	<u>\$ (276)</u>

**CITY OF INDIANAPOLIS**  
**(A Component Unit of the Consolidated City of Indianapolis - Marion County)**  
**Fiduciary Funds**  
**Combining Statement of Agency Funds Net Position**  
December 31, 2017  
*(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>
<b>ASSETS</b>						
Equity in pooled cash	\$ 66	\$ 1,203	\$ 152	\$ 982	\$ 165	\$ 2,568
Investments	237	4,397	835	3,591	603	9,663
Accounts receivable	—	969	—	—	—	969
Total assets	<u>\$ 303</u>	<u>\$ 6,569</u>	<u>\$ 987</u>	<u>\$ 4,573</u>	<u>\$ 768</u>	<u>\$ 13,200</u>
<b>LIABILITIES</b>						
Accounts payable and other accrued liabilities	<u>\$ 303</u>	<u>\$ 6,569</u>	<u>\$ 987</u>	<u>\$ 4,573</u>	<u>\$ 768</u>	<u>\$ 13,200</u>
Total liabilities	<u>\$ 303</u>	<u>\$ 6,569</u>	<u>\$ 987</u>	<u>\$ 4,573</u>	<u>\$ 768</u>	<u>\$ 13,200</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, 2017  
*(In thousands)*

	<b>Balance January 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2017</b>
<b>SANITATION 15 YEAR LAW FUND</b>				
Assets:				
Cash and investments	\$ 303	\$ —	\$ —	\$ 303
Total assets	\$ 303	\$ —	\$ —	\$ 303
Liabilities:				
Accounts payable and other accrued liabilities	\$ 303	\$ —	\$ —	\$ 303
Total liabilities	\$ 303	\$ —	\$ —	\$ 303
<b>E – 911 ALLOCATION</b>				
Assets:				
Cash and investments	\$ 1,301	\$ 7,051	\$ 2,752	\$ 5,600
Accounts receivable	969	969	969	969
Total assets	\$ 2,270	\$ 8,020	\$ 3,721	\$ 6,569
Liabilities:				
Accounts payable and other accrued liabilities	\$ 2,270	\$ 8,020	\$ 3,721	\$ 6,569
Total liabilities	\$ 2,270	\$ 8,020	\$ 3,721	\$ 6,569
<b>POLICE AND FIRE RETIREE HEALTH INSURANCE</b>				
Assets:				
Cash and investments	\$ 1,376	\$ 2,654	\$ 3,043	\$ 987
Total assets	\$ 1,376	\$ 2,654	\$ 3,043	\$ 987
Liabilities:				
Accounts payable and other accrued liabilities	\$ 1,376	\$ 2,654	\$ 3,043	\$ 987
Total liabilities	\$ 1,376	\$ 2,654	\$ 3,043	\$ 987
<b>IMPD CONFISCATED CASH</b>				
Assets:				
Cash and investments	\$ 4,303	\$ 2,473	\$ 2,203	\$ 4,573
Total assets	\$ 4,303	\$ 2,473	\$ 2,203	\$ 4,573
Liabilities:				
Accounts payable and other accrued liabilities	\$ 4,303	\$ 2,473	\$ 2,203	\$ 4,573
Total liabilities	\$ 4,303	\$ 2,473	\$ 2,203	\$ 4,573

(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, 2017  
*(In thousands)*

	<b>Balance January 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2017</b>
<b>OTHER</b>				
Assets:				
Cash and investments	\$ 768	\$ —	\$ —	\$ 768
Total assets	\$ 768	\$ —	\$ —	\$ 768
Liabilities:				
Accounts payable and other accrued liabilities	\$ 768	\$ —	\$ —	\$ 768
Total liabilities	\$ 768	\$ —	\$ —	\$ 768
<b>TOTAL – ALL AGENCY FUNDS</b>				
Assets:				
Cash and investments	\$ 8,051	\$ 12,178	\$ 7,998	\$ 12,231
Accounts receivable	969	969	969	969
Total assets	\$ 9,020	\$ 13,147	\$ 8,967	\$ 13,200
Liabilities:				
Accounts payable and other accrued liabilities	\$ 9,020	\$ 13,147	\$ 8,967	\$ 13,200
Total liabilities	\$ 9,020	\$ 13,147	\$ 8,967	\$ 13,200

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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>
<b>FINANCIAL TRENDS</b> 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
<b>REVENUE CAPACITY</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	Schedules 6–10
<b>DEBT CAPACITY</b> 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
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b> 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
<b>OPERATING INFORMATION</b> 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)*

	<b>Fiscal Year</b>									
	<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>	<u>2017</u>
Governmental activities:										
Net investment in capital assets	\$ 963,536	\$ 920,186	\$ 961,358	\$ 605,824	\$ 621,413	\$ 682,291	\$ 604,736	\$ 618,860	\$ 658,793	\$ 682,445
Restricted	195,743	214,479	209,948	188,976	124,511	122,379	171,863	177,408	180,615	176,332
Unrestricted (deficit)	<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>	<u>(1,016,080)</u>
Total governmental activities net position (deficit)	<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>	<u>\$ (157,303)</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 34,652	\$ 88,824	\$ 65,883	\$ 60,880	\$ 45,395	\$ 36,467	\$ 43,599	\$ 48,124	\$ 44,689	\$ 44,321
Public safety	382,716	395,465	428,230	442,327	448,007	447,016	461,873	412,157	389,302	511,305
Public works	227,589	267,286	276,331	252,332	196,687	204,217	230,470	214,740	163,710	208,581
Health and welfare	5,354	5,112	4,079	4,496	3,890	6,015	6,320	7,555	7,926	7,730
Cultural and recreation	34,296	33,506	30,275	30,705	22,413	18,465	10,130	14,714	15,313	26,059
Urban redevelopment and housing	30,594	34,813	48,407	47,262	31,493	28,124	24,114	18,354	18,899	18,752
Economic development and assistance	26,247	28,491	45,441	79,164	97,983	41,862	33,181	75,451	27,512	30,412
Interest	73,774	74,039	63,280	69,382	55,920	55,480	51,571	51,584	53,919	45,664
Total governmental activities expenses	<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>	<u>892,824</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	13,980	14,816	17,712	18,551	20,982	22,245	21,785	25,881	17,468	14,703
Public safety	17,773	20,135	16,911	22,818	27,576	19,698	23,679	29,080	29,549	30,475
Public works	162,167	176,591	181,742	135,233	35,520	37,427	38,896	43,184	52,597	52,641
Health and welfare	901	375	289	31	74	675	808	149	264	1,214
Cultural and recreation	4,845	4,645	4,179	4,374	3,426	3,129	3,638	3,714	4,036	3,396
Urban redevelopment and housing	2,251	7,187	3,259	3,565	1,357	1,330	1,835	2,050	2,008	2,451
Economic development and assistance	675	298	477	692	791	1,051	1,530	1,259	7,222	1,148
Operating grants and contributions	107,546	137,557	157,126	161,033	143,556	138,311	137,828	139,251	134,890	133,040
Capital grants and contributions	31,167	32,637	25,652	51,681	30,217	77,797	4,845	37,351	34,023	20,072
Total governmental activities program revenues	<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>	<u>259,140</u>
<b>Net (Expense) Revenue</b>	(473,917)	(533,295)	(554,579)	(588,570)	(638,289)	(535,983)	(626,414)	(560,760)	(439,213)	(633,684)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property tax	247,908	274,655	265,801	256,517	277,122	280,883	297,487	285,649	300,101	294,886
Wheel tax	13,432	13,549	11,890	12,193	12,433	12,983	13,250	14,645	13,644	14,843
County option income tax	188,486	117,764	187,880	170,092	174,342	154,273	164,582	206,838	266,834	230,417
Other taxes	19,040	19,841	19,544	20,753	21,998	19,949	21,460	20,472	21,967	23,085
Grants and contributions not restricted by function	4,872	11,916	9,411	8,483	12,745	12,978	13,165	9,465	10,017	12,224
Investment earnings not restricted by function	11,000	3,625	3,743	4,054	3,481	3,416	7,984	6,373	9,977	14,249
Miscellaneous	11,870	4,769	3,950	15,110	24,021	20,133	17,000	28,675	20,933	27,766
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>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>	<u>617,470</u>
<b>Change in Net Position</b>										
Governmental activities	<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>	<u>\$ (16,214)</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 14,595	\$ 16,372	\$ 23,693	\$ 31,250	\$ 25,197	\$ 28,022	\$ 28,433	\$ 29,935	\$ 20,722	\$ 29,328
Public safety	70,569	103,991	104,023	104,691	113,605	91,203	89,255	91,716	93,854	96,521
Public works	222,155	233,101	227,920	211,232	85,696	139,321	88,035	118,727	125,176	103,100
Health and welfare	3,755	2,000	2,485	3,678	4,611	7,118	6,807	7,302	6,547	7,411
Cultural and recreation	7,127	7,073	6,663	4,380	4,935	11,527	4,865	8,845	7,290	5,905
Urban redevelopment and housing	19,749	29,841	40,528	38,588	21,638	15,832	13,373	22,314	17,152	14,888
Economic development and assistance	3,355	1,863	2,035	4,159	7,817	8,640	4,076	3,080	11,316	1,987
<b>Total governmental activities program revenues</b>	<b>\$ 341,305</b>	<b>\$ 394,241</b>	<b>\$ 407,347</b>	<b>\$ 397,978</b>	<b>\$ 263,499</b>	<b>\$ 301,663</b>	<b>\$ 234,844</b>	<b>\$ 281,919</b>	<b>\$ 282,057</b>	<b>\$ 259,140</b>

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

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

	<b>Fiscal Year</b>						
	<b>2011 (a)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Fund:							
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	20,930	34,950	42,256	32,069	35,306	89,454	105,276
Committed	215,273	134,151	70,457	37,992	9,207	2,749	659
Assigned	51,434	96,691	76,815	83,902	79,775	77,923	77,726
Unassigned	84,750	82,931	91,191	70,784	79,192	94,093	99,761
<b>Total General Fund</b>	<b>\$ 372,387</b>	<b>\$ 348,723</b>	<b>\$ 280,719</b>	<b>\$ 224,747</b>	<b>\$ 203,480</b>	<b>\$ 264,219</b>	<b>\$ 283,422</b>
All other governmental funds:							
Nonspendable	\$ 6,631	\$ 1,872	\$ 3,138	\$ 2,275	\$ 1,959	\$ 1,180	\$ 357
Restricted	403,782	259,101	221,517	271,375	317,629	308,953	361,601
Committed	1,000	—	—	—	—	—	—
Assigned	—	—	—	—	—	—	—
Unassigned	(10,020)	(5,586)	(2,155)	(364)	(322)	(68)	—
<b>Total all other governmental funds</b>	<b>\$ 401,393</b>	<b>\$ 255,387</b>	<b>\$ 222,500</b>	<b>\$ 273,286</b>	<b>\$ 319,266</b>	<b>\$ 310,065</b>	<b>\$ 361,958</b>

(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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Taxes	\$ 445,216	\$ 556,816	\$ 474,935	\$ 458,035	\$ 487,666	\$ 467,820	\$ 497,061	\$ 529,231	\$ 601,328	\$ 563,213
Licenses and permits	15,898	11,887	12,488	14,573	14,632	13,457	12,010	14,249	13,952	14,362
Charges for services	159,169	200,817	198,623	155,277	61,207	58,826	63,949	65,744	76,844	75,395
Intergovernmental revenues	112,674	152,128	168,344	172,171	171,362	164,365	151,369	154,789	146,074	149,804
Intragovernmental revenues	2,497	3,338	2,674	2,929	1,650	4,880	3,286	2,342	1,909	2,974
Traffic violations and court fees	11,309	13,602	6,291	9,514	6,707	5,429	5,112	5,822	6,771	5,861
Interest and other operating revenues	25,631	14,378	15,144	27,394	37,630	31,816	46,174	57,835	53,004	55,987
<b>Total revenues</b>	<b>772,394</b>	<b>952,966</b>	<b>878,499</b>	<b>839,893</b>	<b>780,854</b>	<b>746,593</b>	<b>778,961</b>	<b>830,012</b>	<b>899,882</b>	<b>867,596</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	18,190	21,842	42,446	35,980	25,015	21,721	25,957	24,888	24,720	26,591
Public safety	345,965	352,790	388,364	407,409	414,456	416,774	429,520	442,491	452,435	469,029
Public works	131,156	133,258	150,988	174,235	100,806	101,172	114,061	107,819	107,520	101,343
Health and welfare	5,221	4,928	4,053	4,471	3,865	5,973	6,241	7,550	7,832	7,694
Cultural and recreation	28,085	25,431	22,581	23,933	14,579	13,864	13,031	13,267	14,910	24,606
Urban redevelopment and housing	23,962	30,093	44,037	40,733	27,374	24,033	17,760	22,731	17,641	14,023
Economic development and assistance	20,289	24,308	42,111	73,758	95,236	37,981	28,411	61,202	20,163	27,326
Capital outlays	138,879	138,754	226,218	246,409	151,228	105,394	84,975	122,022	78,901	134,973
<b>Debt service:</b>										
Redemption of bonds and notes	78,811	78,607	93,793	80,162	68,114	61,598	76,953	69,066	72,787	83,575
Interest on bonds and notes	63,886	68,255	55,388	57,971	50,892	51,981	47,877	45,915	49,835	53,807
Swap termination payment	—	28,780	—	—	—	—	—	—	—	—
Bond and note issuance costs	1,160	2,758	4,987	4,130	614	5,705	1,099	2,445	1,358	3,288
Advance funding escrow	—	649	—	3,318	—	36,705	10,525	11,655	—	—
Operating lease payments and administration	15,399	15,167	15,439	15,781	16,339	16,047	16,184	18,448	16,662	2,337
<b>Total expenditures</b>	<b>871,003</b>	<b>925,620</b>	<b>1,090,405</b>	<b>1,168,290</b>	<b>968,518</b>	<b>898,948</b>	<b>872,594</b>	<b>949,499</b>	<b>864,764</b>	<b>948,592</b>
<b>Excess (deficiency) of revenues under expenditures</b>	<b>(98,609)</b>	<b>27,346</b>	<b>(211,906)</b>	<b>(328,397)</b>	<b>(187,664)</b>	<b>(152,355)</b>	<b>(93,633)</b>	<b>(119,487)</b>	<b>35,118</b>	<b>(80,996)</b>
<b>Other financing sources (uses):</b>										
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	363	645	910	1,574	1,608	795	625	472	1,264	1,153
Bonds and notes issued	129,675	87,281	229,732	146,495	17,915	5,780	69,370	116,600	10,707	128,132
Premium on bonds and notes issued	1,647	15,451	11,093	6,810	2,509	11,744	6,215	12,146	6,609	31,522
Refunding bonds issued	—	133,775	—	39,000	24,415	86,605	11,420	10,985	50,325	150,800
Payment to refunded bond escrow agent	—	(133,775)	—	(25,979)	(28,453)	(53,545)	—	—	(52,485)	(159,515)
Transfers in	82,245	59,105	108,357	141,489	65,313	102,216	53,138	128,974	98,909	102,286
Transfers out	(82,245)	(59,105)	(108,357)	(160,266)	(65,313)	(102,216)	(53,138)	(128,974)	(98,909)	(102,286)
<b>Total other financing sources (uses)</b>	<b>131,685</b>	<b>103,377</b>	<b>261,735</b>	<b>157,298</b>	<b>17,994</b>	<b>51,464</b>	<b>88,447</b>	<b>144,200</b>	<b>16,420</b>	<b>152,092</b>
<b>Special item—sale of wastewater collection and treatment facilities:</b>										
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)	—	—	—	—	—	—
<b>Total special item</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>313,112</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net change in fund balances (deficits)</b>	<b>\$ 33,076</b>	<b>\$ 130,723</b>	<b>\$ 49,829</b>	<b>\$ 142,013</b>	<b>\$ (169,670)</b>	<b>\$ (100,891)</b>	<b>\$ (5,186)</b>	<b>\$ 24,713</b>	<b>\$ 51,538</b>	<b>\$ 71,096</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>19%</b>	<b>18%</b>	<b>17%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>17%</b>	<b>15%</b>	<b>15%</b>	<b>16%</b>
<b>Debt service expenditures</b>	<b>\$ 142,697</b>	<b>\$ 146,862</b>	<b>\$ 149,181</b>	<b>\$ 138,133</b>	<b>\$ 119,006</b>	<b>\$ 113,579</b>	<b>\$ 124,830</b>	<b>\$ 114,981</b>	<b>\$ 122,622</b>	<b>\$ 137,382</b>
<b>Noncapital expenditures</b>	<b>746,880</b>	<b>809,808</b>	<b>892,858</b>	<b>932,309</b>	<b>803,222</b>	<b>781,499</b>	<b>721,252</b>	<b>768,280</b>	<b>793,994</b>	<b>846,477</b>

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

<b>Fiscal year</b>	<b>Property</b>	<b>Local income tax</b>	<b>Wheel tax</b>	<b>Other (a)</b>	<b>Total taxes</b>
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
2017	295,484	230,417	14,843	22,469	563,213

(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)*

<u>Fiscal year</u>	<u>Residential property</u>	<u>Commercial property</u>	<u>Industrial property</u>	<u>Personal property</u>	<u>Other</u>	<u>Total taxable assessed value (a) (b)</u>	<u>Total direct tax rate</u>	<u>Estimated actual taxable value</u>	<u>Taxable assessed value as a % of actual taxable value (a)</u>
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
2017	19,125,058	13,538,083	3,066,967	6,659,770	885,892	43,275,770	0.7313	43,275,770	100

Note: Tax-exempt property for 2017 of \$901,392 represents charitable organizations and other deductions. Government property is generally not assessed.

- (a) Represents the assessment (Marion County Auditor's "certified abstract") on January 1 of the prior year for taxes due and payable in the year indicated.
- (b) In 2017, total taxable assessed value includes \$3,971,064 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			Overlapping rates			Total direct and overlapping rates			
	Operating millage	Debt service millage	Total city millage	County direct rates		Other direct rates				
				County	Municipal corporations	Total City-Council approved	School	State	Other	
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
2017	0.6742	0.0571	0.7313	0.3943	0.4517	1.5773	0.9735	0.0000	0.0619	2.6127

- (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	2017			Principal taxpayers	2008		
	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	\$ 1,227,308	1	2.836 %	Eli Lilly and Company	\$ 1,274,299	1	2.832% %
Citizens Energy Group	469,347	2	1.085	Indianapolis Power & Light	375,105	2	0.834%
Indianapolis Power and Light Company	305,767	3	0.707	Indiana Bell	320,937	3	0.713%
Federal Express Corporation	287,792	4	0.665	Simon Property Group	319,374	4	0.710%
Convention Headquarters Hotels, LLC	180,716	5	0.418	General Motors	289,988	5	0.644%
Hertz Indianapolis 111 Monument, LLC	154,820	6	0.358	Sexton Properties	249,597	6	0.555%
American United Life Insurance Company	94,299	7	0.218	Citizens Gas & Coke Utility	183,897	7	0.409%
SVC Manufacturing	91,576	8	0.212	Macquarie Office Monument	181,601	8	0.404%
Castleton Square, LLC	80,872	9	0.187	American United Life	157,193	9	0.349%
Southwest Airlines Co.	73,260	10	0.169	Community Hospital Foundation	130,955	10	0.291%
Keystone Investors, LLC	68,906	11	0.159	Dugan Realty, LLP	126,140	11	0.280%
DOW Agrosciences, LLC	65,555	12	0.151	Keystone Investors, LLC	115,274	12	0.256%
Ingredion Inc.	63,887	13	0.148	Duke Weeks Realty, LP	111,358	13	0.247%
NG 211 N Pennsylvania St, LLC	62,712	14	0.145	Rolls Royce	98,957	14	0.220%
HPT Indianapolis 101-115 West Washington LLC	61,504	15	0.142	Roche Diagnostics Corp	95,080	15	0.211%
Verizon Wireless	60,678	16	0.140	Target	94,682	16	0.210%
Axis FC LLC	58,729	17	0.136	Indianapolis Motor Speedway	94,574	17	0.210%
Circle Centre Development Co.	58,381	18	0.135	International Truck and Engine	94,317	18	0.210%
Rolls-Royce Corporation	58,140	19	0.134	SVC Manufacturing	88,836	19	0.197%
Summit Hospitality 22, LLC	53,641	20	0.124	VV USA City, LP	84,583	20	0.188%
	\$ <u>3,577,890</u>		<u>8.269 %</u>		\$ <u>4,486,747</u>		<u>9.97% %</u>

- (a) Represents the January 1, 2016 valuations for taxes due and payable in 2017 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, 2007 valuations for taxes due and payable in 2008 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 2008 Comprehensive Annual Financial Report.

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

<b>Fiscal year ended December 31</b>	<b>Taxes levied for the fiscal year</b>	<b>Collected within the fiscal year of the levy</b>		<b>Collections in subsequent years</b>	<b>Total collections to date</b>	
		<b>Amount</b>	<b>Percentage of levy (d)</b>		<b>Amount (a)</b>	<b>Percentage of levy (d)</b>
2011	\$ 184,301	\$ 175,069	95.0 %	\$ 8,291	\$ 183,360	99.5 %
2012	195,321	185,118	94.8	6,930	192,048	98.3
2013	186,122	179,501	96.4	6,749	186,250	100.1
2014	190,113	198,358	104.3	6,978	205,336	108.0 (b)
2015	195,944	188,572	96.2	5,518	194,090	99.1
2016	194,983	193,413	99.2	6,638	200,051	102.6
2017	205,739	205,401	99.8	—	205,401	99.8

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

(b) During 2013 an administrative process was completed to validate property owners who were receiving a homestead deduction. Those property owners with multiple homestead deductions were notified by the County to validate the homestead deduction or they would have this deduction removed. This verification process increased base assessed value in and resulted in additional one-time property tax revenue.

(c) 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.

(d) The annual levy has an estimated contingency built-in for potential appeals. If those appeals are less than the estimate, the City would receive revenue over the total levy amount

**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	Tax increment bonds	Revenue bonds	Notes payable and certificates of participation	Capital leases	Total Governmental Activities Debt		
2008	\$ 319,441	\$ 490,169	\$ 572,965	\$ 27,384	\$ —	\$ 1,409,959	4.15 %	\$ 1,773
2009	293,756	517,964	590,715	25,816	—	1,428,251	4.04	1,767
2010	265,900	536,092	728,684	(b) 41,335	—	1,572,011	4.23	1,947
2011	218,188	650,409	271,313	37,300	8,175	1,185,385	2.96	1,445
2012	210,616	632,594	264,850	46,150	8,175	1,162,385	2.81	1,392
2013	180,800	626,551	260,150	28,732	8,038	1,104,271	2.68	1,309
2014	157,574	669,880	271,520	40,422	8,549	1,147,945	2.71	1,352
2015	129,860	649,323	345,558	74,633	11,607	1,210,981	2.74	1,404
2016	85,898	624,750	335,028	82,197	10,619	1,138,492	2.51	1,331
2017	135,822	602,630	332,753	119,288	9,659	1,200,152	2.64	1,391

(a) See schedule 16 for personal income and population data.

(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				
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	7,935		210,253	0.529	256.27
2012	210,616	29,816		180,800	0.462	216.57
2013	180,800	20,275		160,525	0.409	190.33
2014	157,574	21,255		136,319	0.328	160.60
2015	129,860	24,850		105,010	0.251	121.71
2016	85,898	8,727		77,171	0.181	90.24
2017	135,822	9,055		126,767	0.293	146.89

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.

**CITY OF INDIANAPOLIS**  
**Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)**  
Schedule 13  
December 31, 2017  
(In thousands)

	Map reference (see introduction (e))	Assessed value (d)	Bonding limit		Bonds outstanding (h)
			%	Dollar amount	
<b>Direct Debt:</b>					
<b>City of Indianapolis:</b>					
Civil City	2	\$ 36,846,144	0.67%	\$ 246,869	\$ 59,795
Park District	1	39,304,706	0.67%	263,342	4,925
Redevelopment District	2	36,846,144	(f)	—	—
Flood Control District	1	39,304,706	0.67%	263,342	—
Metropolitan Thoroughfare District	1	39,304,706	1.33%	522,753	24,585
Solid Waste Disposal District	7	36,893,905	2.00%	737,878	—
Public Safety Communications and Computer Facilities District	1	39,304,706	0.67%	263,342	39,145
Premium on General Obligation Debt					7,371
Total City General Obligation Debt				\$ 2,297,526	135,821
<b>Other Direct Debt</b>					
Tax increment bonds					602,630
Revenue bonds					332,753
Note payable and certificate of participations					119,288
Capital leases					9,659
<b>Total City Direct Debt</b>					\$ 1,200,151
<b>Overlapping:</b>					
Marion County	1	\$ 39,304,706	0.67%	\$ 263,342	\$ —
Municipal Corporations:					
Indianapolis Airport Authority		\$ 39,304,706	0.67%	\$ 263,342	\$ —
Health and Hospital Corporation	1	39,304,706	0.67%	263,342	183,080
Capital Improvement Board of Managers	1	39,304,706	0.67%	263,342	—
Indianapolis-Marion County Building Authority	1	39,304,706	(b)	—	—
Indianapolis-Marion County Public Library	4	38,719,071	0.67%	259,418	67,245
Indianapolis Public Transportation Corporation	2	37,273,340	0.67%	249,731	—
Total Municipal Corporations				\$ 1,299,175	\$ 250,325
<b>School Districts:</b>					
Beech Grove	8	\$ 429,053	(g)	\$ 36,928	\$ 9,561
Decatur	8	1,639,900	(g)	158,050	5,572
Franklin	8	2,173,219	(g)	259,393	695
Indianapolis Public Schools	8	10,749,502	(g)	695,731	12,326
Lawrence	8	4,827,902	(g)	330,552	37,492
Perry	8	3,353,785	(g)	170,302	13,265
Pike	8	4,672,351	(g)	126,317	25,225
Speedway	8	726,535	(g)	14,531	—

(Continued)

**CITY OF INDIANAPOLIS**  
**Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)**  
Schedule 13  
December 31, 2017  
*(In thousands)*

	Map reference (see introduction (e))	Assessed value (d)	Bonding limit		Bonds outstanding (h)
			%	Dollar amount	
<b>School Districts (continued):</b>					
Warren	8	\$ 2,477,950	(g)	\$ 122,534	\$ —
Washington	8	5,862,164	(g)	155,208	24,278
Wayne	8	2,908,553	(g)	301,836	29,454
Total School Districts		<u>\$ 39,820,914</u>		<u>\$ 2,371,382</u>	<u>\$ 157,868</u>
<b>Other Cities and Towns:</b>					
Beech Grove	2	\$ 427,197	0.67%	\$ 2,862	\$ 1,205
Lawrence	2	1,397,970	0.67%	9,366	4,052
Southport	2	47,761	0.67%	320	310
Speedway	2	585,635	0.67%	3,924	4,772
Total Other Cities and Towns		<u>\$ 2,458,563</u>		<u>\$ 16,472</u>	<u>\$ 10,339</u>
<b>Townships:</b>					
Center	3	\$ 6,158,476	0.67%	\$ 41,262	\$ —
Decatur	3	1,497,502	0.67%	10,033	117
Franklin	3	2,310,140	0.67%	15,478	—
Lawrence	3	5,190,934	0.67%	34,779	1,345
Perry	3	3,651,846	0.67%	24,467	—
Pike	3	4,518,407	0.67%	30,273	—
Warren	3	3,351,177	0.67%	22,453	—
Washington	3	8,327,830	0.67%	55,796	—
Wayne	3	4,060,984	0.67%	27,209	798
Total Townships		<u>\$ 39,067,296</u>		<u>\$ 261,750</u>	<u>\$ 2,260</u>
<b>Excluded Library Districts:</b>					
Speedway	4	\$ 585,635	0.67%	\$ 3,924	\$ 175
Total Excluded Library Districts		<u>\$ 585,635</u>		<u>\$ 3,924</u>	<u>\$ 175</u>
Ben Davis Conservancy District		<u>\$ 349,273</u>	(c)	<u>\$ —</u>	<u>\$ —</u>
Total overlapping debt					<u>\$ 420,967</u>
Total direct and overlapping debt					<u>\$ 1,621,118</u>

(Continued)

**CITY OF INDIANAPOLIS**  
**Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)**  
Schedule 13  
December 31, 2017  
*(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 14-33-11-4.
- (d) Represents the January 1, 2016 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2017.
- (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, 2017  
*(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	\$ 36,846,144	0.67%	\$ 246,869	\$ 59,795	\$ 187,074	24.22%
Park District	39,304,706	0.67%	263,342	4,925	258,417	1.87%
Redevelopment District	36,846,144	(b)	—	—	—	—
Flood Control District	39,304,706	0.67%	263,342	—	263,342	0.00%
Metropolitan Thoroughfare District	39,304,706	1.33%	522,753	24,585	498,168	4.70%
Solid Waste Disposal District	36,893,905	2.00%	737,878	—	737,878	—
Public Safety Communications and Computer Facilities District	39,304,706	0.67%	263,342	39,145	224,197	14.86%

(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)

<b>Wheel tax bonds</b>					
Fiscal year	Wheel tax revenue (a)	Debt service			Coverage
		Principal	Interest		
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	13,339	1,520	319		7.25
2015	14,644	1,580	2,076		4.01
2016	13,644	2,565	3,624		2.20
2017	14,843	2,660	3,530		2.40

<b>PILOT revenue bonds</b>					
Payments in lieu of taxes (b)	Debt service			Coverage	
	Principal	Interest (h)			
\$ 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	
3,771	—	7,910		0.48	
8,168	—	7,910		1.03	
8,168	—	7,910		1.03	
10,520	—	3,955		2.66 (j)	

<b>Property tax increment bonds</b>				
Tax increment revenues (c)	Debt service			Coverage
	Principal (d)	Interest		
\$ 57,717	\$ 24,935	\$ 16,757		1.38
112,951	16,275	25,772		2.69
66,615	21,054	15,700		1.81
60,980	54,036	10,997		0.94
74,183	30,402	9,132		1.88
82,754	29,701	17,729		1.74
82,319	39,223	18,383		1.43
83,953	34,815	18,673		1.57
90,418	34,266	21,846		1.61 (i)
81,848	33,538	15,002		1.69

<b>Facilities revenue bonds</b>					
Fiscal year	Charge back (e)	Debt service			Coverage
		Principal	Interest		
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	1,450	249		1.15
2016	1,963	1,650	173		1.08
2017	1,855	1,680	131		1.02

<b>Economic development bonds</b>					
Parking fees (f)	Debt service			Coverage	
	Principal	Interest			
\$ 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	1,981		0.97	
3,182	1,227	1,955		1.00	
2,364	957	1,407		1.00	

<b>Stormwater revenue bonds</b>				
Net revenues of the stormwater system (g)	Debt service			Coverage
	Principal	Interest		
\$ 3,051	\$ 930	\$ 2,121		1.00
3,054	970	2,084		1.00
3,060	1,015	2,045		1.00
3,220	1,190	2,030		1.00
3,975	1,435	2,540		1.00
2,673	780	1,893		1.00
3,985	1,665	2,320		1.00
4,458	2,235	2,223		1.00
5,280	1,990	2,234		1.25
5,637	2,075	2,434		1.25

Note: NA stands for not available.

- (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).
- (j) Principal payment does not include \$159,515 for the PILOT Refunding Bonds, Series 2017C.

**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>
2008	795,458	\$ 33,980,409	\$ 38,202	35.50	12	145,569	7.40 %
2009	808,466	35,331,899	39,328	35.80	12	159,089	10.00
2010	807,584	37,182,040	41,099	33.60	12	159,865	9.70
2011	820,445	40,070,457	43,992	33.00	12	143,053	9.50
2012	834,852	41,430,836	45,098	33.70	12	146,175	9.40
2013	843,393	41,197,692	44,369	33.90	12	149,697	7.00
2014	848,788	42,422,357	45,410	34.10	12	130,007	5.80
2015	862,781	44,201,041	47,120	34.30	12	130,371	4.60
2016	855,164	45,416,786	48,253	34.30	12	131,754	3.90
2017	863,002	45,416,786 (f)	48,253 (f)	34.30 (g)	12	132,596	3.10

(a) U.S. Census Bureau

(b) Bureau of Economic Analysis

(c) Stats Indiana

(d) Indiana Department of Education

(e) Bureau of Labor Statistics, December 2017 rate (not seasonally adjusted)

(f) This information will be released by the Bureau of Economics Analysis in August 2018; therefore, prior year numbers were utilized.

(g) This information will be released by the U.S. Census Bureau at a future date; therefore, prior year numbers were utilized.

**CITY OF INDIANAPOLIS**  
**Principal Employers**  
Schedule 17  
December 31, 2017

<b>Employer</b>	<b>2017 (b)</b>			<b>Employer</b>	<b>2008 (c)</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total city employment (a)</b>		<b>Employees</b>	<b>Rank</b>	<b>Percentage of total city employment (a)</b>
Indiana University Health	23,187	1	4.98%	Clarian Health Partners, Inc	12,763	1	2.74%
St Vincent Hospitals & Health Services Inc.	17,398	2	3.74%	Eli Lilly and Company	11,550	2	2.48%
Eli Lilly and Company	11,334	3	2.44%	IUPUI	7,066	3	1.52%
Community Health Network	11,328	4	2.43%	Federal Express Corp	6,311	4	1.36%
Wal-Mart	8,934	5	1.92%	Community Health Network	5,341	5	1.15%
Kroger	8,146	6	1.75%	Rolls-Royce	4,300	6	0.92%
IU School Of Medicine	6,000	7	1.29%	St Vincent Hospitals & Health Services Inc.	4,152	7	0.89%
IUPUI	5,100	8	1.10%	WellPoint Inc.	3,950	8	0.85%
Federal Express	5,000	9	1.07%	Allison Transmission/Div of GMC	3,800	9	0.82%
Meijer	4,825	10	1.04%	AT&T	3,000	10	0.65%

- (a) Percentage of total City employment is calculated by using total Employed Labor Force, which can be found at [www.stats.indiana.edu](http://www.stats.indiana.edu).
- (b) Largest employers can be found at [www.indypartnership.com](http://www.indypartnership.com) (Indy Partnership).
- (c) Data presented as originally published in the 2008 Comprehensive Annual Financial Report.

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

	<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>	<u>2017</u>
<b>General Government</b>	268	266	236	206	230	211	200	192	190	195
<b>Protection of People</b>										
Police Department	1,593	1,610	1,636	1,624	1,542	1,527	1,549	1,654	1,647	1,654
Fire Department (a)	1,092	1,116	1,300	1,268	1,221	1,155	1,173	1,180	1,184	1,184
Other (Civilian)	390	309	291	270	262	348	336	337	331	340
<b>Public Works</b>	637	618	670	661	683	620	626	632	648	649
<b>Parks and Recreation</b>	162	150	142	131	114	99	103	103	104	117
<b>Redevelopment</b>	244	222	227	226	206	204	226	237	239	254
<b>Total full-time City employees</b>	<u>4,386</u>	<u>4,291</u>	<u>4,502</u>	<u>4,386</u>	<u>4,258</u>	<u>4,164</u>	<u>4,213</u>	<u>4,335</u>	<u>4,343</u>	<u>4,393</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>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>	<u>2017</u>
<b>General government</b>										
Building permits issued	34,517	33,619	33,915	34,966	38,803	38,384	39,708	37,967	38,117	42,140
Building inspections conducted	33,193	37,224	32,370	32,034	35,509	29,891	31,026	40,088	37,681	37,645
Households assisted with entitlement grants	5,168	6,872	3,430	3,090	1,789	2,233	2,100	4,219	6,812	6,436
<b>Police</b>										
Physical arrests	52,247	51,944	50,264	60,883	55,965	52,337	42,293	39,417	61,059	41,310
Parking violations	10,912	8,575	8,953	7,277	3,778	2,362	3,440	6,512	7,501	7,599
Traffic violations	68,937	36,850	20,600	34,434	30,328	36,953	31,684	40,642	49,921	35,915
<b>Fire</b>										
Emergency responses	136,198	122,620	154,755	137,476	151,950	150,535	97,140	106,118	164,030	178,522
Dispatched fire runs	16,331	18,457	17,236	17,714	18,682	18,744	18,543	18,809	42,039	168,591
Inspections	4,663	4,663	6,936	12,524	8,231	10,960	15,228	17,678	14,049	13,687
<b>Refuse collection</b>										
Refuse collected (tons per day)	1,075	1,048	1,038	997	924	960	975	991	1,044	1,127
Leaves collected (tons per year)	6,741	7,610	6,044	7,603	4,907	6,359	5,785	5,397	3,789	3,842
<b>Other public works</b>										
Street resurfacing (miles)	155	237	515	389	139	175	254	258	157	75
Pothole work orders completed (a)	12,094	18,590	16,645	23,821	13,410	14,512	21,722	24,106	21,954	24,202
<b>Parks and recreation</b>										
Number of shelter rental reservations	2,066	2,514	2,216	2,007	2,279	2,176	2,097	2,467	2,208	2,263
Number of day camp registrations	3,128	3,135	3,403	3,428	3,143	3,107	3,213	3,226	3,077	3,010
Community park and facility attendance	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	8,456,535

(a) 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

<b>Function/program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public Safety</b>										
Police stations	7	7	6	6	6	6	6	6	6	6
Police vehicles and other rolling stock	2,015	2,005	2,309	2,054	2,033	1,908	1,818	1,896	1,992	2,012
Fire stations	35	38	45	45	44	44	44	44	43	43
Fire vehicles and other rolling stock	258	277	302	297	282	276	276	291	296	305
Emergency management vehicles and other rolling stock	9	12	12	14	16	17	20	20	17	17
Animal control vehicles and other rolling stock	29	27	27	31	27	34	30	33	33	33
<b>Other Public Works</b>										
Streets (miles)	3,215	3,233	3,238	3,244	3,299	3,307	3,323	3,337	3,339	3,339
Sidewalks (miles)	2,707	2,706	2,707	2,706	2,815	3,097	3,199	3,224	3,247	3,251
Bridges	512	512	512	512	527	541	541	540	538	539
Traffic signal installations	1,125	1,127	1,128	1,128	1,130	1,132	1,136	1,141	1,147	1,147
Miles of storm sewers and drainage	1,500	1,513	1,517	1,517	1,525	1,536	1,540	1,544	1,545	1,550
Public works vehicle and other rolling stock	537	582	546	673	672	652	644	605	590	593
<b>Cultural and Recreation</b>										
Parks	192	206	207	207	207	207	208	208	207	210
Park properties – acreage	11,160	11,140	11,168	11,168	11,161	11,161	11,186	11,186	11,254	11,254
Playgrounds	127	128	127	127	126	126	126	126	125	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	18
Swimming pools – indoors	8	5	5	5	5	5	5	5	5	4
Recreational centers	25	25	25	25	24	24	24	24	23	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, 2017

**City of Indianapolis**  
**(A Component Unit of the Consolidated City of**  
**Indianapolis - Marion County)**  
Year Ended December 31, 2017

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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, 2017**

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>				
<b>U.S. Department of Justice:</b>				
National Institute of Justice Research, Evaluation and Development Project Grants	16.560		\$ -	\$ 14,977
<b>Total Research and Development Cluster</b>			<u>-</u>	<u>14,977</u>
<b>U.S. Department of Agriculture:</b>				
Indiana State Department of Education Child and Adult Care Food Program	10.558	74902	-	589,636
Indiana State Department of Education <i>Summer Food Service Program for Children (Child Nutrition Cluster)</i>	10.559	74902	-	626,301
<b>Total U.S. Department of Agriculture</b>			<u>-</u>	<u>1,215,937</u>
<b>U.S. Department of Housing and Urban Development:</b>				
Community Development Block Grants/Entitlement Grants ( <i>CDBG</i> <i>Entitlement Cluster</i> )	14.218		5,722,051	7,222,980
Emergency Solutions Grants Program	14.231		607,743	663,934
Shelter Plus Care	14.238		213,186	213,186
Home Investment Partnership Programs	14.239		2,699,505	2,991,519
Housing Opportunities for Persons with AIDS	14.241		1,009,187	1,037,299
Community Development Block Grants Section 108 Loan Guarantees	14.248		4,650,000	4,650,000
Continuum of Care Program	14.267		3,690,829	3,812,391
<b>Total U.S. Department of Housing and Urban Development</b>			<u>18,592,501</u>	<u>20,591,309</u>
<b>U.S. Department of Justice:</b>				
Indiana State Police Missing Children's Assistance	16.543	A2-16-100-020, A2-17-100-013	-	16,491
Indiana Criminal Justice Institute Crime Victim Assistance	16.575	5677, 4556	-	137,186
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		-	256,553
Indiana Criminal Justice Institute Project Sage Neighborhoods PSN	16.609	3835, 6451	-	99,784
ARRA-Public Safety Partnership and Community Policing Grants	16.710		-	762,525
Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	4676	-	29,500
Edward Byrne Memorial Justice Assistance Grant Program	16.738		896,333	945,905
		Total 16.738	896,333	975,405
Criminal and Juvenile Justice and Mental Health Collaboration	16.745		-	41,852
Second Chance Act Reentry Initiative	16.812		-	217,846
Byrne Criminal Justice Innovation Program	16.817		-	17,457
Federal Equitable Share Law Enforcement- Forfeitures	16.922		-	1,042,129
<b>Total U.S. Department of Justice</b>			<u>896,333</u>	<u>3,567,228</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, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Transportation:</b>				
Indiana Department of Transportation Highway Planning and Construction ( <i>Highway Planning and Construction Cluster</i> )	20.205	A249-15-G140009, A249-12-320271 A, IN-03-X109-03, A249-11-320618, A249-15-L140012	\$ -	\$ 2,286,157
<i>Highway Safety Cluster:</i>				
Indiana Criminal Justice Institute State and Community Highway Safety	20.600	5621	-	247,216
Indiana Criminal Justice Institute Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	5870	-	261,419
Indiana Criminal Justice Institute National Priority Safety Programs	20.616	5886, 6254	-	129,028
<b>Total Highway Safety Cluster</b>			<u>-</u>	<u>637,663</u>
<b>Total U.S. Department of Transportation</b>			<u>-</u>	<u>2,923,820</u>
<b>Environmental Protection Agency:</b>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		183,034	193,715
<b>Total Environmental Protection Agency</b>			<u>183,034</u>	<u>193,715</u>
<b>U.S. Department of Education:</b>				
Indiana Department of Education Twenty-First Century Community Learning Centers	84.287	A58-6-16DL-0185, A58-7-17DL-0005	-	139,163
Performance Partnership Pilots for Disconnected Youth	84.420		169,182	169,182
<b>Total U.S. Department of Education</b>			<u>169,182</u>	<u>308,345</u>
<b>Executive Office of the President</b>				
High Intensity Drug Trafficking Areas	95.001		-	8,550
<b>Total Executive Office of the President</b>			<u>-</u>	<u>8,550</u>
<b>U.S. Department of Homeland Security:</b>				
National Urban Search and Rescue (US&R) Response System	97.025		-	2,156,657
Indiana Department of Homeland Security Emergency Management Performance Grants	97.042	23728	-	550
Indiana Department of Homeland Security Assistance to Firefighters Grant	97.044	NA	-	181,819
Indiana Department of Homeland Security State Homeland Security Program Initiative- FFY 2016 Funding	97.067	17746	-	100,722
Indiana State Police State Homeland Security Program Initiative- FFY 2016 Funding	97.067	NA	-	1,107
			Total 97.067	<u>-</u>
			<u>-</u>	<u>101,829</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		-	2,464,284
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>4,905,139</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 19,841,050</u>	<u>\$ 33,729,020</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, 2017**

***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, 2017. 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.

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

**Independent Auditor's Report**

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, 2017 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 28, 2018, which contained a reference to the report of other auditors. Other auditors audited the financial statements of the Indianapolis Housing Agency, the 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***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (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 have not been 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-003 to be significant deficiencies.

### ***Compliance and Other Matters***

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

### ***City's Response to Findings***

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

### ***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 result 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 28, 2018

**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, 2017. 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 \$61,685,217 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended December 31, 2017. 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 of Federal Awards* (Uniform Guidance).

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations 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, 2017.

### **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 an 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 a 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 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 28, 2018, which contained an unmodified opinion on those financial statements. Our report included a reference to other auditors who audited the discretely presented 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 28, 2018

**City of Indianapolis**  
**(A Component Unit of the Consolidated City of**  
**Indianapolis - Marion County)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2017**

**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 programs was:  
 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, 2017**

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

7. The City's major programs were:

<b>Cluster/Program</b>	<b>CFDA Number</b>
Community Development Block Grants/Entitlement Grants ( <i>Cluster</i> )	14.218
Housing Opportunities for Persons with AIDS	14.241
Community Development Block Grant Section 108 Loan Guarantees	14.248
Edward Byrne Memorial Justice Assistance Grant	16.738
Highway Planning and Construction ( <i>Cluster</i> )	20.205
Staffing for Adequate Fire and Emergency Response	97.083

8. The threshold used to distinguish between Type A and Type B programs was \$1,011,871.

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, 2017**

**Findings Required to be Reported by Government Auditing Standards**

Reference Number	Finding
2017-001	<p><b>Criteria or Specific Requirement:</b> Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p><b>Condition:</b> The City’s internal control environment over financial reporting did not detect a material adjustment that was needed to prevent the financial statements from being materially misstated. This adjustment decreased total assets and increased 2017 expenses by approximately \$8 million. (Material Weakness)</p> <p><b>Context:</b> 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.</p> <p><b>Effect:</b> Misstatements in the financial statements.</p> <p><b>Cause:</b> The City’s internal control environment did not identify this adjustment because capital asset account reconciliations, analyses and financial data were not always subjected to a timely secondary review.</p> <p><b>Recommendation:</b> 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><b>Views of Responsible Officials and Planned Corrective Action:</b> There have been major improvements in the number of audit adjustments that have been discovered during the audit process. This can be directly attributed to the financial reporting division implementing detailed review processes relative to capital assets and other areas. The adjustment that was discovered relates to a project that was capitalized in 2012 when there was not a sufficient secondary review process in place. Upon discovery of this error, it was immediately corrected. We are continuing to strengthen our review processes and have developed a policy to provide additional training and development opportunities for team members in an effort to increase technical knowledge.</p> <p><i>Persons responsible for implementing:</i> Janae Rhoton, Deputy Controller and Adam Brill, Senior Financial Reporting Manager.</p> <p><i>Anticipated completion date:</i> December 31, 2018.</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, 2017**

Reference Number	Finding
2017-002	<p><b>Criteria or Specific Requirement:</b> Management is responsible for establishing and maintaining effective internal controls over information technology used in recording/processing transactions and preparing financial reports.</p> <p><b>Condition:</b> The City’s internal control environment over logical access does not formally prescribe the process by which department/agency CFOs must monitor user access or communicate changes in access privileges. (Significant Deficiency)</p> <p><b>Context:</b> While the City does provide user listings to each department/agency CFO on a monthly basis and such reviews do occur, there is no prescribed frequency for monitoring user access or formally documenting such review. The City’s information technology general controls do provide department/agency CFOs the opportunity to communicate necessary changes in user access, but does not necessarily mandate those individuals acknowledge the accuracy of their respective user lists</p> <p><b>Effect:</b> Unauthorized access to network and applications could occur.</p> <p><b>Cause:</b> ISA began distributing the listings of users to each department/agency CFO in 2016, but has not required those individuals to affirm the accuracy of those lists.</p> <p><b>Recommendation:</b> The CFOs of the departments/agencies should be held accountable to review the employee listings at least annually. A process should be implemented to ensure sign off of this review is documented and to verify any changes requested have been appropriately made to the network and in-scope applications. For terminations, a clarification of policy should be provided to all departments/agencies as to what is considered a timely communication and the departments/agencies, as well as the Human Resources department, should be held accountable to the prescribed process for submitting an access termination request to ISA and all application owners.</p> <p><b>Views of Responsible Officials and Planned Corrective Action:</b> The City’s Information Services Agency (ISA), Office of Finance and Management, Human Resources and the Office of Audit and Performance will convene to outline the annual review of access process. The departments/agencies will agree and document the process and conduct the first audit of access by the end of 2018. During this process, ownership of the audit process will be confirmed and documented for each system. By the end of 2018, ISA will also begin generating a report to be sent to all CFOs, which includes active network accounts of employees showing as terminated.</p> <p><i>Persons responsible for implementing:</i> Ken Clark, Chief Information Officer</p> <p><i>Anticipated completion date:</i> December 31, 2018.</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, 2017**

Reference Number	Finding
2017-003	<p><b>Criteria or Specific Requirement:</b> Management is responsible for establishing and maintaining effective internal controls over information technology used in recording/processing transactions and preparing financial reports.</p> <p><b>Condition:</b> There is no formal change management policy that requires segregation of duties within the database, code and production environment of the City’s financial reporting system or testing of proposed changes before being placed into production. (Significant Deficiency)</p> <p><b>Context:</b> General controls over information technology should include segregation of duties to ensure individuals (whether in-house or contracted vendors) do not have access to the database, code and production environments, as well as policies for testing all system changes before being put into production.</p> <p><b>Effect:</b> Unauthorized changes could be made to the production environment of the application.</p> <p><b>Cause:</b> Programmers that are responsible for developing code for changes have access to implement the code into production.</p> <p><b>Recommendation:</b> Management should develop a more comprehensive change management policy and consider the entire change management process in the design of such a policy. Central to this policy should be a requirement to review on a periodic basis all changes implemented to information technology systems. This review should be completed by someone independent of those who are responsible for either developing or implementing the changes. The reviewer(s) should be looking at changes implemented and tracing them back to approved changes to confirm no unauthorized changes were implemented into production.</p> <p><b>Views of Responsible Officials and Planned Corrective Action:</b> To ISA’s knowledge, the application in question does not deliver a “Read Only” view. Production access is necessary to allow functional support staff to accurately assess customer issues. In order to segregate duties, ISA will engage the application developer, and potentially a third party, to develop a view that removes change access, while still allowing staff to support the enterprise. Production access will then be removed. An evaluation and process will be developed to use logs available for management review and verify production changes. Change management for this application will now be included in the ISA Change Management process for increased visibility.</p> <p><i>Persons responsible for implementing:</i> Ken Clark, Chief Information Officer</p> <p><i>Anticipated completion date:</i> December 31, 2018.</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, 2017**

**Findings Required to be Reported by *Uniform Guidance***

<b>Reference Number</b>	<b>Finding</b>
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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, 2017**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2016-001	<p><b>Financial Reporting</b>            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>	Unresolved - see finding 2017-001. The City continues to make progress in reducing the number and significance of adjustments each year. In prior years, this finding was the result of multiple proposed audit adjustments, whereas for 2017, there was only one material proposed audit adjustment.
2016-002	<p><b>Financial Reporting</b>            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.</p>	Resolved
2016-003	<p><b>Financial Reporting</b>            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.</p>	Resolved