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July 16, 2019

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

We have received the Comprehensive Annual Financial and Single Audit Reports which have been opined on by BKD LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. 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, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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, 2018

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

City of Indianapolis, Indiana

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

Year Ended December 31, 2018

Office of Finance and Management

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TABLE OF CONTENTS

	Page(s)
I. INTRODUCTORY SECTION (UNAUDITED)	
Letter of Transmittal	I – VIII
Certificate of Achievement for Excellence in Financial Reporting	IX
Organization of Local Government and Taxing Districts	
Introduction	X
Form of Government	X – XI
Other Governmental Units	XI – XII
Maps	XII – XIII
Unigov Organizational Chart – Consolidated Government for Indianapolis – Marion County	XIV
City of Indianapolis Organizational Chart	XV
Schedule of Elected and Appointed Officials	XVI – XVII
II. FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1 – 3
MANAGEMENT’S DISCUSSION AND ANALYSIS – REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	4 – 24
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	25 – 26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	30 – 31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Statement of Net Position – Proprietary Funds	33
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds	35
Statement of Fiduciary Net Position – Fiduciary Funds	36
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	37
Notes to Financial Statements	38 – 95

TABLE OF CONTENTS (continued)

Page(s)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Budgetary Comparison Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	96
Notes to Required Supplementary Information – Budgetary Comparison Schedule	97 – 98
Schedule of Changes in the City’s Net Pension Liability – Police Pre-1977 Plan	99
Schedule of Changes in the City’s Net Pension Liability – Firefighters’ Pre-1977 Plan	100
Schedule of Net Pension Liability and Related Ratios	101
Schedule of City’s Proportionate Share of Net Pension Liability	102 – 103
Schedule of City’s Pension Contributions	104 – 105
Schedule of the City’s Net OPEB Liability and Related Ratios	106
Schedule of the City’s OPEB Contributions	107

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES – OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds by Fund Type	109
Schedule of Subfund Assets, Liabilities, and Fund Balance – General Fund	110 – 111
Schedule of Subfund Revenues, Expenditures, and Changes in Fund Balance – General Fund	112 – 113
Schedule of Subfund Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual – Budgetary Basis	114 – 116
Schedule of Expenditures by Character – General Fund – Budget and Actual – Budgetary Basis	117 – 121
Combining Balance Sheet – Nonmajor Special Revenue Funds	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	123
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds – Budget and Actual – Budgetary Basis	124
Schedule of Expenditures by Character – Special Revenue Funds – Budget and Actual – Budgetary Basis	125 – 126
Combining Balance Sheet – Nonmajor Debt Service Funds	127
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	128
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Debt Service Funds – Budget and Actual – Budgetary Basis	129 – 131
Schedule of Expenditures by Character – Debt Service Funds – Budget and Actual – Budgetary Basis	132
Combining Balance Sheet – Nonmajor Capital Projects Funds	133 – 135

TABLE OF CONTENTS (continued)

Page(s)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	136 – 138
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Annually Budgeted Capital Projects Funds – Budget and Actual – Budgetary Basis	139
Schedule of Expenditures by Character – Annually Budgeted Capital Projects Funds – Budget and Actual – Budgetary Basis	140 – 141
Combining Statement of Net Position – Internal Service Funds	142
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	143
Combining Statement of Cash Flows – Internal Service Funds	144
Combining Statement of Pension Trust Funds Net Position – Fiduciary Funds	145
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Police and Firefighters Pension Trust Funds	146
Schedule of Revenues and Expenditures – Fiduciary Funds – Police and Firefighters Pension Trust Funds – Budget and Actual – Budgetary Basis	147
Combining Statement of Agency Funds Net Position – Fiduciary Funds	148
Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds – Agency Funds	149 – 150

III. STATISTICAL SECTION (UNAUDITED)

Net Position by Component	1	151
Changes in Net Position	2	152
Program Revenues by Function/Program	3	153
Fund Balances - Governmental Funds	4	154
Changes in Fund Balances – Governmental Funds	5	155
Tax Revenues by Source – Governmental Funds	6	156
Assessed Value and Estimated Actual Value of Taxable Property	7	157
Direct and Overlapping Governments – Property Tax Rates	8	158
Principal Property Tax Payers	9	159
Property Tax Levies and Collections	10	160
Ratios of Outstanding Debt by Type	11	161
Ratios of Net General Bonded Debt Outstanding	12	162
Schedule of Direct and Overlapping Debt and Bonded Debt Limit	13	163 – 165

TABLE OF CONTENTS (continued)

		Page(s)
Computation of Legal Debt Margin	14	166
Pledged Revenue Coverage	15	167
Demographic and Economic Statistics	16	168
Principal Employers	17	169
Full-Time Equivalent City Government Employees by Function/Program	18	170
Operating Indicators by Function/Program	19	171
Capital Asset Statistics by Function/Program	20	172

Introductory Section

Introductory Section



June 28, 2019

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, 2018. 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 expenditures of federal awards, 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

Regional Economy

Indianapolis has a growing and diversified economy with employment and per capita income rates that historically have outperformed both state and national averages. The Indianapolis Chamber of Commerce reported 74 successful relocation and expansion projects in 2018, leading to 13,320 jobs attracted or retained with \$558 million in capital investment. Four of Indiana's Fortune 500 companies are located in Indianapolis and the City is home to many of the State's largest public companies, including: Anthem, Inc., Eli Lilly and Co., Simon Property Group Inc., Calumet Specialty Products Partners LP, Allison Transmission Holdings Inc., and Duke Realty Corp. The City is also a logistics center that features the world's second-largest FedEx Corp hub, United Parcel Service Inc., Schneider National Inc. and others.

In transportation, the Indianapolis International Airport (IND) averages 145 daily flights to 51 nonstop destinations including a transatlantic flight to Paris, inaugurated May 2018. In 2018, more than 9.4 million passengers flew through IND, setting a new historical record. IND was voted Best Airport in North America by Airports Council International for the sixth consecutive year and Best Airport in the U.S. by readers of Condé Nast Traveler. Known as the Crossroads of America, Indianapolis is connected to the rest of the nation by four major interstate highways, making it a prime location for distribution and shipping.

The City is home to 20 universities and higher education institutions with over 92,000 students enrolled in 2018 as well as several technical and vocational education programs. These include Indiana University-Purdue University Indianapolis (IUPUI), Butler University, University of Indianapolis, Marian University, Ivy Tech Community College and others. The Indianapolis area is served by 341 K-12 schools, with a population of 132,000 students distributed among 11 public school districts.

Indianapolis' Healthcare sector has expanded in the past decade and continues to grow. Eskenazi Hospital, Indiana's largest public hospital, was completed in December 2013. The \$750 million state-of-the-art facility houses Level I Trauma and Burn Units, psychiatric, long-term, outpatient, and other care centers. Indiana University Health ("IU Health") continues to expand its three hospital campuses in the City; with IU Health Methodist investing \$1 billion for a new medical center, Riley Hospital completing a \$475 million expansion and IU Health adding a \$142 million maternity and child health center.

Indianapolis continues to be a major sports and convention destination. Indianapolis Motor Speedway is home to the Indy 500 race, Lucas Oil Stadium is home to the Indianapolis Colts, hosting Super Bowl XLVI and multiple NCAA Men's Final Four tournaments and Big Ten Football Championships. Bankers Life Fieldhouse is home to the Indiana Pacers and the Indiana Fever. Victory Field is home to the Indianapolis Indians, Pittsburgh's Triple-A affiliate. All three major sports facilities are within walking distance or connected by the skywalk system to the Indiana Convention Center. The 15th largest convention center in the U.S. is poised for another major expansion announced in 2018. Indianapolis drew 28.8 million visitors in 2017, with an estimated economic impact of \$5.4 billion dollars. The top annual conventions and events are: Gen Con (61k), National FFA Convention (58k), Big Ten Championship (70k), and the Indy 500 (up to 300k attending). In 2018, Visit Indy had its second-best year on record, securing 896,544 future room nights for conventions, trade shows, meetings and events.

Key cultural destinations include the Indianapolis Zoo, the Indiana State Museum, the NCAA Headquarters and Hall of Champions, the Eiteljorg Museum of American Indian and Western Art, the Children's Museum of Indianapolis, Newfields: A Place for Nature & The Arts (previously known as the Indianapolis Museum of Art) and seven war memorials.

Economic Development

In 2018, the primary economic development goals for the City 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, continued long term economic development planning by completing the Inclusive Growth study, done by HR&A advisors, and using recommendations to develop an Inclusive Incentives strategy, which will reorient and align economic development programs and resources to facilitate long-term investments in competitiveness while ensuring that more residents can connect to economic opportunity. This is a continuation of the work done in 2017 with 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.

Develop Indy is engaged in business and community development efforts beyond traditional corporate attraction. 2018 saw more than 1,700 ‘contacts’ with employers through the Indy Chamber’s regulatory ombudsman, an expanded suite of online business services, and business retention outreach. As part of the Indy Chamber and a partner of the City, Develop Indy also continues to serve a customer service function to support the existing business community, while welcoming new businesses to the City.

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, targeted industry clusters complement the natural progression of industry in Indianapolis: life sciences, advanced manufacturing, digital technology, motorsports, logistics, and clean energy.

Companies in our target industries accounted for nearly 54% of the new and retained job announcements in 2018. Information technology was the highest growth industry with nearly 5,800 new and retained job commitments, followed by professional services with more than 2,591 new and retained jobs. A Brookings Institute analysis placed Indianapolis as #7 among 50 major metros with the fastest five-year digital job growth. The average hourly wage for all new job commitments was \$30.18 in 2018.

2018 Job Commitments and Investments

In support of the primary economic development goals for the City, 13,320 job commitments (6,891 new jobs/6,429 current and retained jobs) and over \$558M in capital investment from 74 successful relocation and expansion projects were announced in 2018. The average wage for retained jobs was \$28.29 per hour and the average wage for new jobs was \$31.94 per hour. In total, Develop Indy successfully pursued 74 relocation and expansion projects during 2018. These successes were realized due to the partnership between the Mayor’s Office and the Indy Chamber.

The commitment from companies to add and retain over 13,320 jobs and invest more than \$558M 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 Indianapolis’ stable, affordable and pro-growth economic environment, skilled workforce, central location, and overall low cost of doing business.

2018 Notable Projects

Dormakaba, one of the top three access control and security solutions companies in the global market is nearly doubling their manufacturing operations in Indianapolis and making their presence here their North American HQ. Dormakaba, based in Switzerland, committed to adding 165 new jobs and retaining 419 jobs. Dormakaba has opportunities for all skill levels.

InfoSys India-based InfoSys expanded earlier plans for an innovation hub in Indianapolis, adding a thousand jobs to a \$245 million redevelopment at the former Indianapolis Airport terminal to boost its planned workforce to 3,000 on a 132-acre campus.

Socio Labs, a B2B SaaS company that helps enterprises and small businesses optimize their events is adding 156 employees to their company in both of their offices. Socio Labs, born in Central Indiana, and headquartered in downtown Indianapolis has a second office in Istanbul, Turkey to service their clients in the European market.

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 of all agencies, both the development and the execution. OFM employs a sophisticated modeling system to estimate property tax revenues for both the current budget year and future years. With this tool, the City has more ability to model the effects of property tax caps and tax increment capture than any other municipality in the State of Indiana.

Property Tax

The City collected \$315 million in net property tax revenue in 2018, including TIF. The City expects to collect \$328 million in net property tax revenue in 2019. The Circuit breaker impact is estimated to be \$33 million in 2019, approximately 13% of certified property tax levies. This represents a slight increase from the \$30 million loss in property tax revenue experienced in 2018.

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 GAV – homesteads;

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

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

Local Income Tax (“LIT”)

LIT is an income tax based revenue stream with a flat rate structure, imposed on state adjusted gross income of County taxpayers. The tax rate is imposed based on the residency of the taxpayer, not the county of employment. The tax is authorized by statute and is applicable to all Indiana municipalities. The tax does not sunset. The LIT rate is established by the Marion County Income Tax Council.

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 ("SBA"), 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 allocation of county income tax revenues to all eligible entities pursuant to a Marion County specific formula found in State statute. OFM works very closely with the State Budget Agency to track and forecast income tax collections and annual certified distributions.

The certified distribution is a guaranteed amount of LIT revenue remitted by the State Auditor to the County Treasurer monthly in 1/12th increments based on total income tax returns processed from July-December of the prior fiscal year and January-June of the current fiscal year. For 2018, total local income tax revenue distributed to the City was \$237 million which includes the three components of the income taxes, the total rate in 2018 was 1.7218%: County Option Income Tax (“COIT”) (.9643%), Public Safety Income Tax (“PSIT”) (.5000%), and the Local Option Income Tax (“LOIT”) Levy Freeze (.2575%). In 2017, total City income taxes distributed were \$230 million. The \$7 million increase from 2017 is attributable to organic growth in income tax revenue. The certified 2019 City income tax amount is \$261 million, an increase of \$24 million from 2018. The effects of economic events on income tax collections are not revealed in annual distributions to counties until two years later, due to the fact that certified distribution are based on income earned two years in arrears. A State-held trust balance can be drawn upon to stabilize collections in weaker years. Per statute, when the balance exceeds 15% of the certified distribution, supplemental distributions are released based upon the balance in the Trust Account reported two years prior to the certified distribution year. Every April, the SBA reviews the amount each local entity has generated in the State-held Trust Fund and, if applicable, distributes any excess in May.

5 Year Forecasting

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 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 may be allocated on a semiannual basis as determined 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. Under, SEA 621 the City may impose management reserves, which 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. For fiscal year 2018 the City did not place management reserves, and this will continue into 2019.

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 \$81.1 million at the end of 2018. The Fiscal Stability Fund was established by law and has the primary purpose of supporting a solid credit rating for the City.

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, while still maintaining appropriate resource coverage. 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.

Finally, 2018 saw continued investment in the sworn police force by including funding for 31 net new officers. Additionally, the Office of Public Health and Safety received funding for more reform initiatives including the Mobile Crisis Assessment Teams (MCAT), re-entry services and the Reuben Engagement Center. The 2019 budget is structurally balanced and focuses on public safety and infrastructure. The public safety initiatives, include; a community mediation center, witness protection program, food policy coordinator and anti-crime technology for IMPD, along with funding for 120 additional police officers and 109 firefighters.

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, 2018, the Audit Committee members were:

Mr. Charles Johnson III , <i>Chairperson</i>	Engaging Solutions-Managing Principal
Mr. David Reynolds	Indiana General Assembly -Executive Director, Office of Senate Fiscal Policy
Ms. Debra Shoffner	Retired
Mr. Leroy Robinson	City-County Councillor, City of Indianapolis – Marion County
Ms. Bengu Powell	Comer Nowling, Senior Manager
Ms. Marilyn Pfisterer	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, 2017. 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, 2017

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 867,125 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.

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 XII and XIII 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 Special Service District	7	Fire Special Service District	6
Public Safety Communications & Computer Facilities District	1	Park 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.

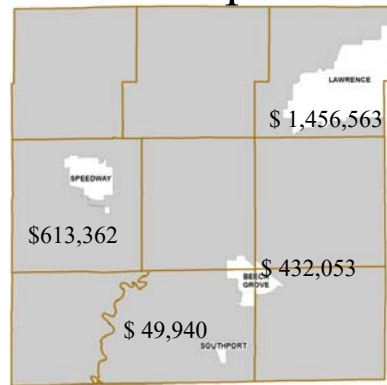
Map 1



**MARION COUNTY
AND OTHER INCLUDED
TOWNS**

Marion County \$40,737,646

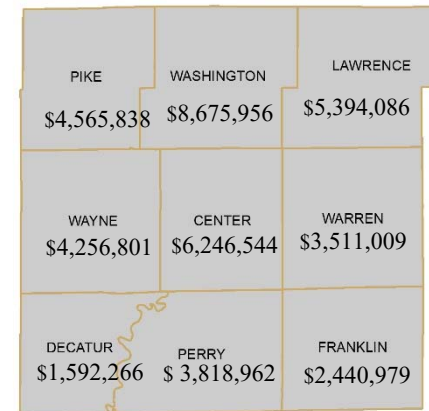
Map 2



**CONSOLIDATED
CITY OF INDIANAPOLIS**

City of Indianapolis \$38,185,727
Excluded Cities and Towns \$2,551,918

Map 3



TOWNSHIPS

NOTE: See Statistical Schedule 13 of Section III of this annual report. The assessed valuation figures are for January 1, 2017 valuations for taxes collectible in 2018.

Map 4



LIBRARIES

Speedway	\$613,362
Marion County Libraries	\$40,124,284

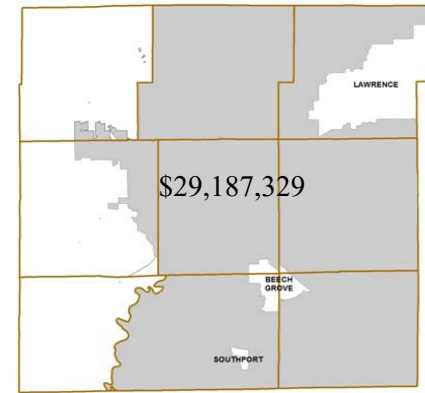
Map 5



INDIANAPOLIS

POLICE SERVICE DISTRICT

Map 6

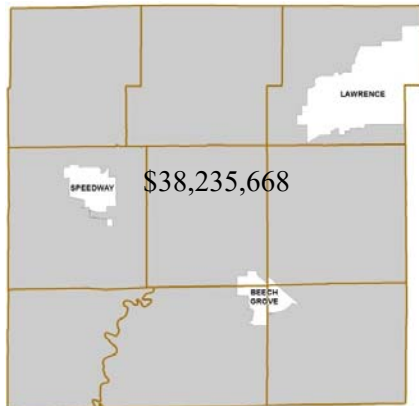


INDIANAPOLIS

FIRE SERVICE DISTRICT

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

Map 7



**INDIANAPOLIS SOLID WASTE
SPECIAL SERVICE DISTRICT**

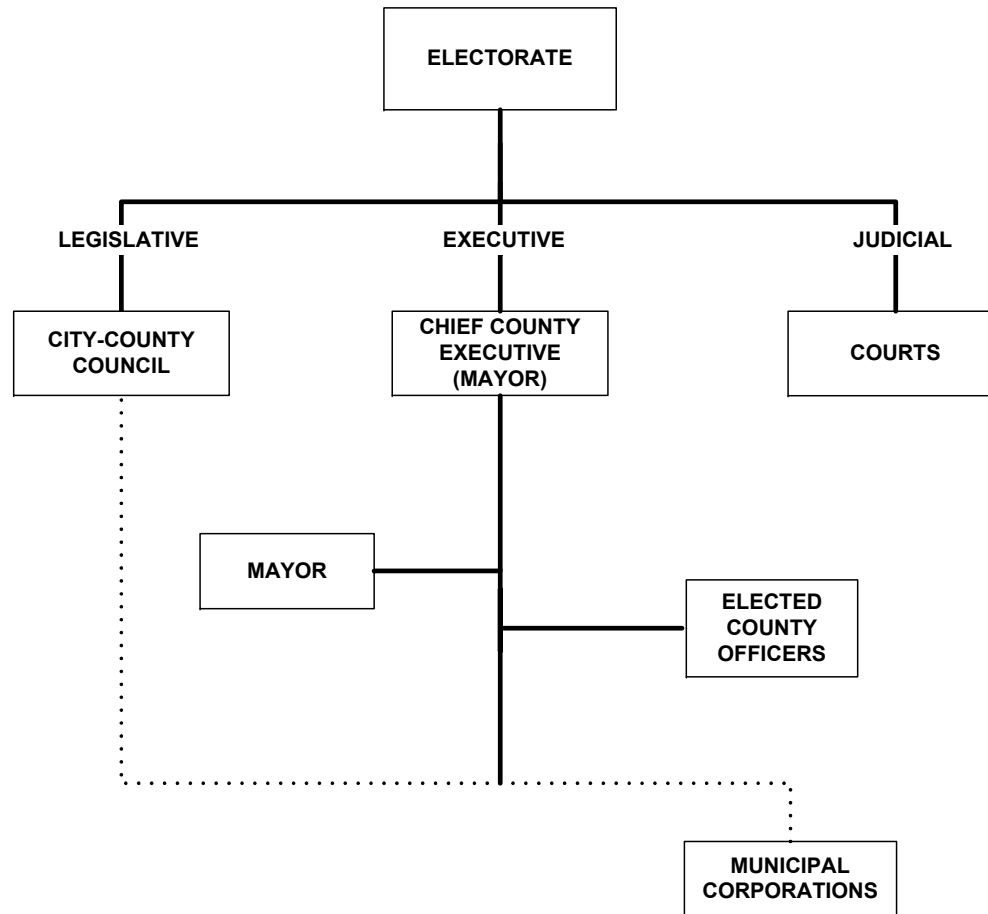
Map 8



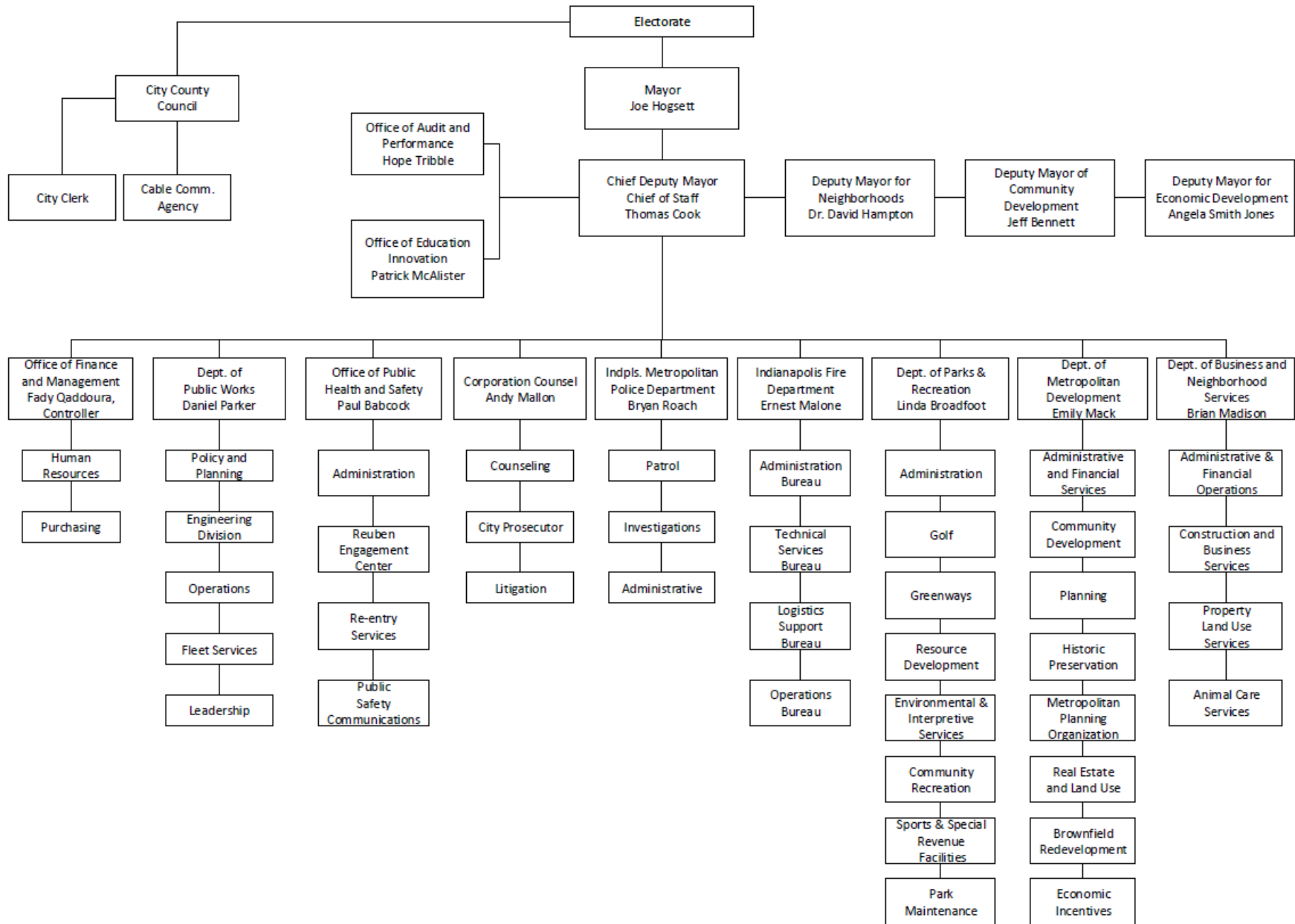
SCHOOL DISTRICTS

NOTE: See Statistical Schedule 13 of Section III of this annual report. The assessed valuation figures are for January 1, 2017 valuations for taxes collectible in 2018.

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



City of Indianapolis Organization Chart December 31, 2018



CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS
December 31, 2018

ELECTED OFFICIALS*

Name	Title	Service	Occupation
Joe Hogsett	Mayor	3	Mayor and Chief County Executive
Vop Osili	City-County Council President	8	Architect/Principal, A+X Design and Development
Zach Adamson	City-County Council Vice President	7	Vice President of Compliance and Regulatory Affairs, NESCO
Maggie Lewis	City-County Council Majority Ldr	10	CEO & Executive Director, Boys and Girls Club of Indianapolis
Michael McQuillen	City-County Council Minority Ldr	11	Owner, PoliticalParade.com
Stephen J. Clay	City-County Councillor	4	Senior Pastor, Messiah Missionary Baptist Church
Jeff Coats	City-County Councillor	3	Product Manager, Salesforce
Susie Cordi	City-County Councillor	3	Bus Driver
Jared Evans	City-County Councillor	3	Consultant
Colleen Fanning	City-County Councillor	3	Owner, Grey Market Wine
Monroe Gray, Jr.	City-County Councillor	26	Retired
Jason Holliday	City-County Councillor	7	Account Executive, Ray's Trash Service
LaKeisha Jackson	City-County Councillor	4	Executive Director, Pathway Resource Center
Blake Johnson	City-County Councillor	3	Director of Communications, Complete College America
Danielle Coulter	City-County Councillor	1	Senior Government Affairs Associate, Dant Advocacy
Frank Mascari	City-County Councillor	8	Jeweler, Spalding Jewelry
Janice McHenry	City-County Councillor	11	Retired
Jefferson Shreve	City-County Councillor	1	Founder and Owner, Storage Express
Brian Mowery	City-County Councillor	3	Logistics Freight Broker, Direct Connect Logistix
William C. Oliver	City-County Councillor	15	Retired
Marilyn Pfisterer	City-County Councillor	15	Retired
David Ray	City-County Councillor	3	Account Manager, Miller-Eads Company
Leroy Robinson	City-County Councillor	8	CEO, Winthrop Tech

CITY OF INDIANAPOLIS

SCHEDULE OF ELECTED AND APPOINTED OFFICIALS (Cont.)

December 31, 2018

Name	Title	Service	Occupation
Christine Scales	City-County Councillor	11	Retired
Joseph Simpson	City-County Councillor	8	Director of Administration, Indiana Legal Services
John Wesseler	City-County Councillor	3	Retired
Claudia O. Fuentes	Ex-Officio City Treasurer	7	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

Name	Position	Number of Years in This Position	Number of Years Associated with City of Indianapolis – Marion County
Thomas Cook	Chief Deputy Mayor/Chief of Staff	3	3
Dr. David Hampton	Deputy Mayor for Neighborhoods	3	3
Jeff Bennett	Deputy Mayor of Community Development	3	16
Angela Smith Jones	Deputy Mayor for Economic Development	3	3
Patrick McAlister	Director of Office of Education Innovation	3	3
Fady Qaddoura	Controller-Office of Finance and Management	3	3
Andy Mallon	Corporation Counsel	3	7
Emily Mack	Director of Metropolitan Development	3	11
Daniel Parker	Director of Public Works	2	2
Linda Broadfoot	Director of Parks and Recreation	3	3
Brian Madison	Director of Business and Neighborhood Services	1	9
Paul Babcock	Director of Office of Public Health and Safety	2	2
SaRita Hughes	Clerk of the City-County Council	1	7
Hope Tribble	Director of Office of Audit and Performance	3	6

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, 2018, 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, 2018 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

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 benefit 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated June 28, 2019, 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, 2019

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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, 2018

This Comprehensive Annual Financial Report presents an analysis of the financial activities of the City of Indianapolis (“City”) for the year ended December 31, 2018 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 and deferred inflows exceeded its assets and deferred outflows at December 31, 2018 by \$127.0 million, which represents the total net deficit of the City’s governmental activities. Included in this net position amount is a \$998.3 million unrestricted deficit due mainly to an unfunded net pension liability of \$825.0 million and an unfunded postemployment benefit obligation of \$221.2 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 \$778.6 million of the total net pension liabilities will be covered by the State of Indiana. Regarding 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 \$1.5 million. See footnote 17 to the financial statements for further discussion of the City’s pension plans. See footnote 16 to the financial statements regarding other postemployment benefits.
- On a government-wide basis, for 2018, the City’s total expenses were \$862.2 million or \$65.3 million less than the \$927.5 million generated in charges for services, grants, taxes, and other revenues.
- As of December 31, 2018, the City’s governmental funds reported combined ending fund balances of \$649.2 million. Of this amount, \$0.4 million was nonspendable, \$460.2 million was restricted, \$5.0 million was committed, \$76.5 million was assigned, and \$107.1 million was unassigned.
- The unassigned fund balance for the general fund was \$107.1 million or 15.0% 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 \$188.6 million or 26.4% 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 \$16.5 million higher than original budget estimates and \$12.6 million higher than the final budget estimate.
- For 2018, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Prior year comparative information contained herein has not been restated for the adoption of GASB 75.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The first set of financial statements are the government-wide statements, which report information about the City as a whole using accounting methods similar to those used by private sector companies. The two government-wide statements, **Statement of Net Position** and **Statement of Activities**, report the City’s net position and how it has changed. Governmental activities are those normally associated with the operation of a government, such as public 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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

be major funds. Individual fund data for each of the nonmajor governmental funds are provided in the form of combining statements as supplementary information.

2. *Proprietary Funds.* Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following type of proprietary funds:
 - *Internal Service Funds* are used to report activities that provide services for certain City programs and activities. The City uses internal service funds to provide for the financing of workers’ compensation, auto liability, employee health insurance, and public liability self-insurance for all City departments, as well as for the centralization of certain payments of awards, refunds, and indemnities.
3. *Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of individuals or units of other governments. The City is the trustee or fiduciary responsible for assets that can be used for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City’s pension trust funds and agency funds are reported under 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 other postemployment 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, 2018

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City’s governmental activities net position at December 31, 2018 and 2017 was \$(127.0) million and \$(157.3) million, respectively.

Statement of Net Position
(In thousands)

	Governmental activities 2018	Governmental activities 2017
Assets:		
Current and other assets	\$ 819,577	\$ 762,195
Capital assets, net of accumulated depreciation	<u>1,552,447</u>	<u>1,493,018</u>
Total assets	<u>2,372,024</u>	<u>2,255,213</u>
Deferred outflows of resources		
Total assets and deferred outflows of resources	<u>2,452,297</u>	<u>2,361,387</u>
Liabilities:		
Other liabilities	139,662	110,834
Long-term liabilities	<u>2,346,805</u>	<u>2,323,830</u>
Total liabilities	<u>2,486,467</u>	<u>2,434,664</u>
Deferred inflows of resources		
Total liabilities and deferred inflows of resources	<u>2,579,269</u>	<u>2,518,690</u>
Net position:		
Net investment in capital assets	706,470	682,445
Restricted	164,849	176,332
Unrestricted (deficit)	<u>(998,291)</u>	<u>(1,016,080)</u>
Total net position (deficit)	<u>\$ (126,972)</u>	<u>\$ (157,303)</u>

ANALYSIS OF NET POSITION

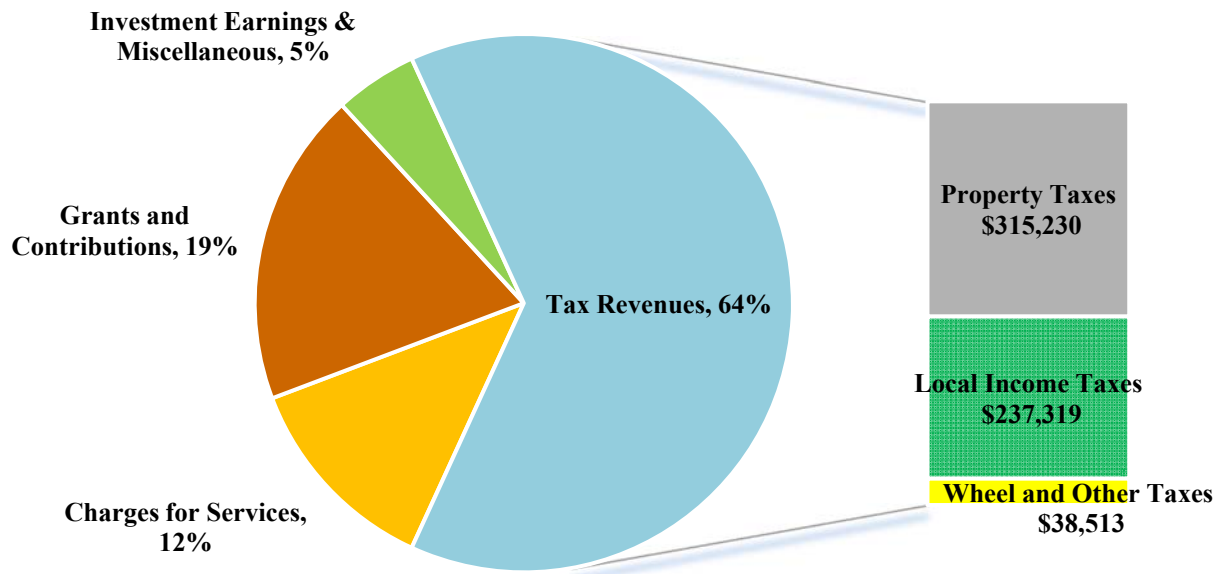
As noted earlier, net position may serve as a useful indicator of a government’s financial position. The largest portion of the City’s net position reflects its investments of \$706.5 million in capital assets (e.g., net book value of land, buildings, equipment, and infrastructure), less related outstanding debt used to acquire those assets. The 2017 balance was \$682.4 million. The increase is primarily due to capital asset additions exceeding disposals and depreciation during 2018. 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 \$164.8 million, versus \$176.3 million in 2017, 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)
Management’s Discussion and Analysis
Year ended December 31, 2018

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 \$998.3 million deficit at the end of the year as compared to a \$1,016.1 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 \$778.6 million and postemployment obligation of \$221.2 million.

Change in net position. The City’s total revenue (including transfers) on a government-wide basis for 2018 was \$927.5 million and \$876.6 million for 2017. Taxes represent 64% of the City’s revenue (64% for 2017). Another 12% of revenue (12% in 2017) 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, 2018

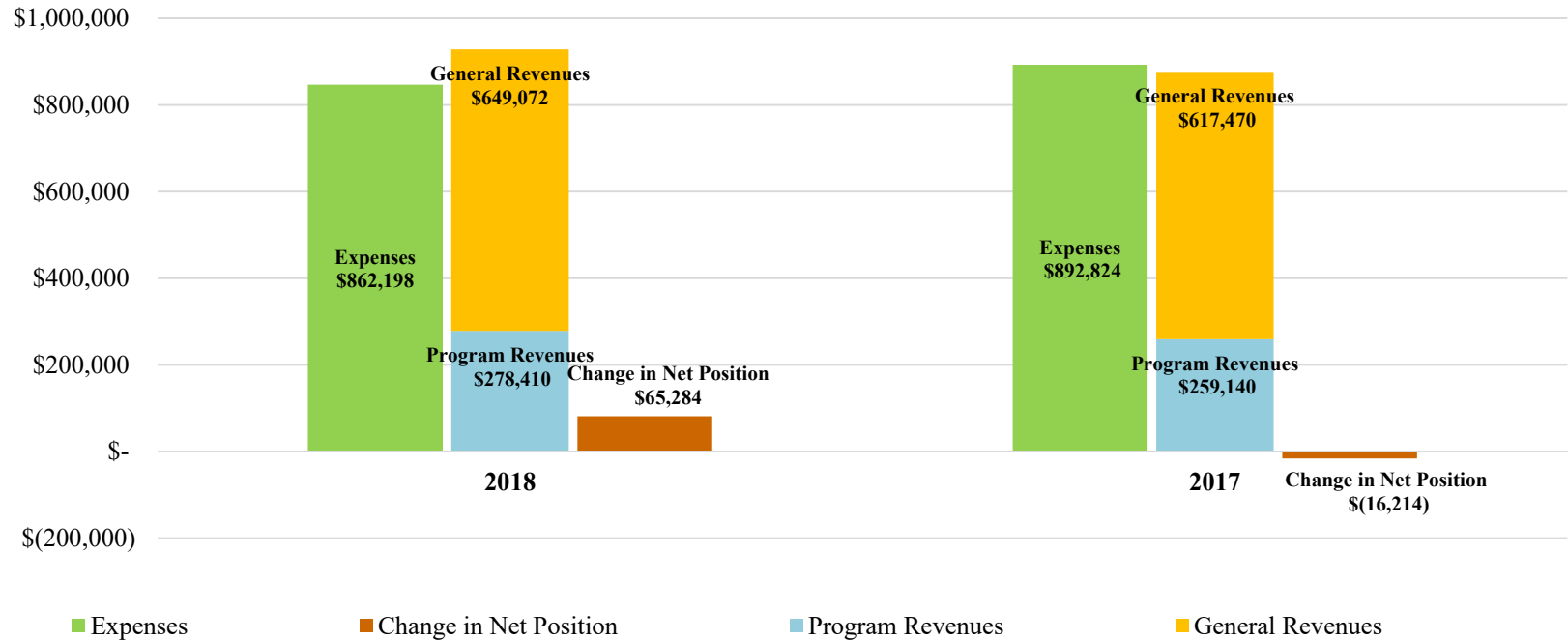
The changes in net position for the years ended December 31, 2018 and 2017 are as follows:

Schedule of Changes in Net Position
For the Years Ended December 31, 2018 and 2017
(In thousands)

	Governmental activities 2018	Governmental activities 2017
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues		
Charges for services	\$ 115,169	\$ 106,028
Operating grants and contributions	151,026	133,040
Capital grants and contributions	12,215	20,072
General revenues:		
Property tax	315,230	294,886
Other taxes	275,832	268,345
Other general revenues	58,010	54,239
Total revenues	<u>927,482</u>	<u>876,610</u>
Expenses:		
General government	36,351	44,321
Public safety	436,687	511,305
Public works	222,011	208,581
Health and welfare	11,594	7,730
Cultural and recreation	30,423	26,059
Urban redevelopment and housing	23,302	18,752
Economic development and assistance	52,671	30,412
Interest	49,159	45,664
Total expenses	<u>862,198</u>	<u>892,824</u>
Change in net position	<u>65,284</u>	<u>(16,214)</u>
Net position (deficit), beginning of year, as previously reported	(157,303)	-
Adjustment for Implementation of GASB 75	(34,953)	-
Net position (deficit), beginning of year, as restatement	<u>(192,256)</u>	<u>(141,089)</u>
Net position (deficit), ending	<u>\$ (126,972)</u>	<u>\$ (157,303)</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

Governmental Activities Change in Net Position
(In thousands)



Governmental activities. The City’s governmental activities net position increased by \$65.3 million compared to a decrease of \$16.2 million in the prior year. Total expenses for governmental activities for 2018 were \$862.2 million, a decrease of \$30.6 million from the prior year which was primarily the impact of GASB statement 68 which reduced expense in 2018 by \$67.7 million. Total revenues for governmental activities for 2018 were \$927.5 million, an increase of \$50.9 million from the prior year. The main driver of the increase in revenue relates to taxes; an increase of \$20.3 million in property taxes, attributable to overall growth in assessed value, and an increase of \$6.9 in local income taxes, attributable to organic growth. The City also saw an increase in interest earnings of \$2 million, which was driven by the raising interest rate environment in 2018. There was also an increase in operating grants and contributions attributable to an increase in the gasoline taxes of \$7.3 million.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

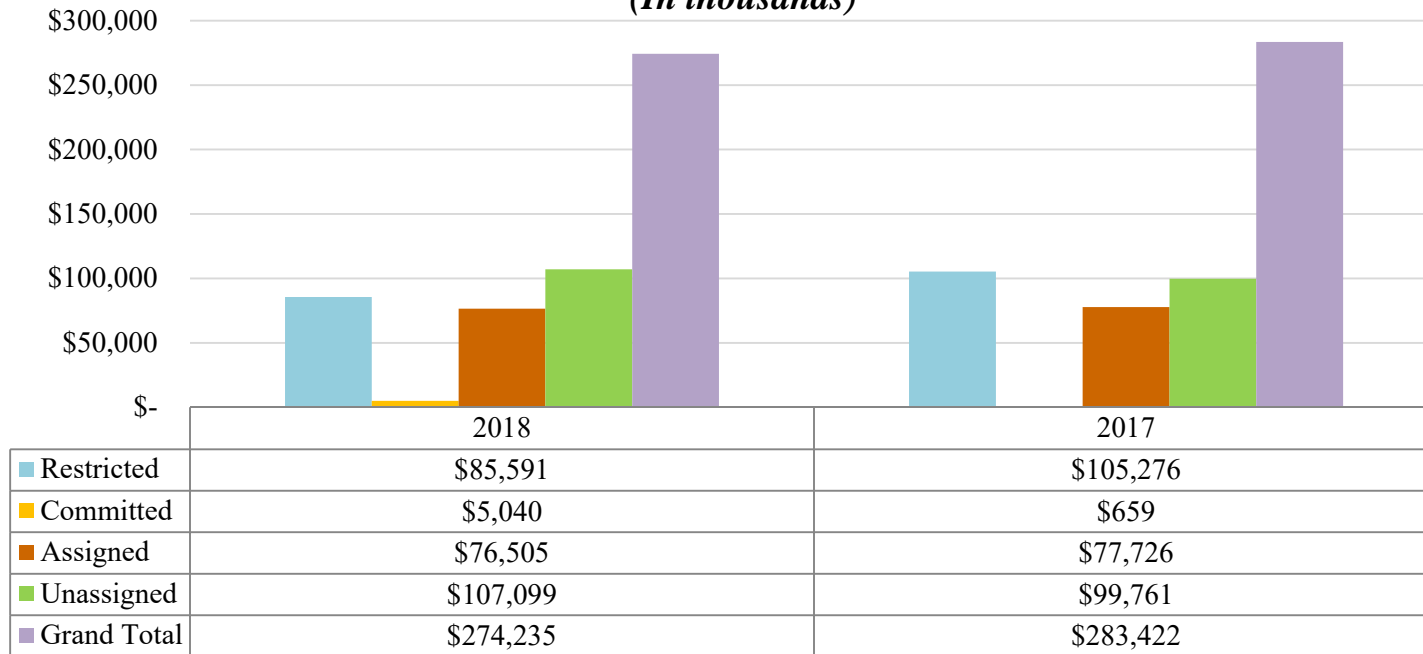
FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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, 2018, the unassigned fund balance of the General Fund was \$107.1 million (as compared to \$99.8 million in 2017) while the total General Fund balance was \$274.2 million (as compared to \$283.4 million in 2017). 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 2017), while total fund balance represents 38% (44% for 2017) of total General Fund expenditures and transfers out.

The fund balance in the City’s General Fund decreased by \$9.2 million or 3.2% from the prior year fund balance. The overall decrease in fund balance is attributable to an increase in funding for road related infrastructure improvements and repairs, which was programmed as part of DPW’s 4 year capital improvement plan. During 2018, the total increase in budget for the infrastructure improvements was \$40 million, of which \$29 million was funded by a planned spenddown of the Rainy Day restricted fund balance. The \$29 million was part of the remaining supplemental local income tax distribution authorized by the State of Indiana in 2016, with 75% of the dollars required to be dedicated to road and street improvements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

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, 2018

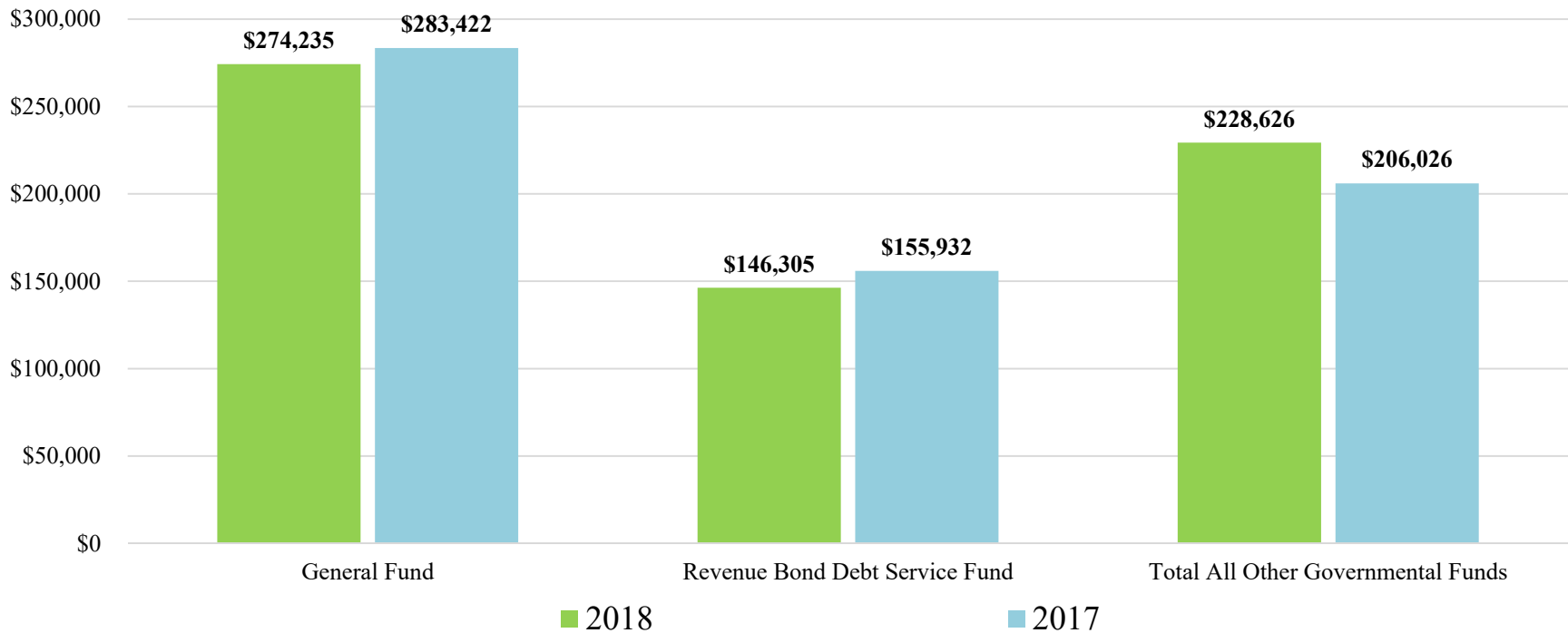
General Fund Change in Fund Balance
(In thousands)



CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

The Revenue Debt Service Fund ended the year with a \$146.3 million fund balance (as compared to \$155.9 million in 2017) which was restricted for debt service. The fund balance for the Revenue Debt Service Fund decreased by \$9.6 million due mainly to an increase in transfers-out to fund economic development projects.

Governmental Funds – Fund Balances
(In thousands)

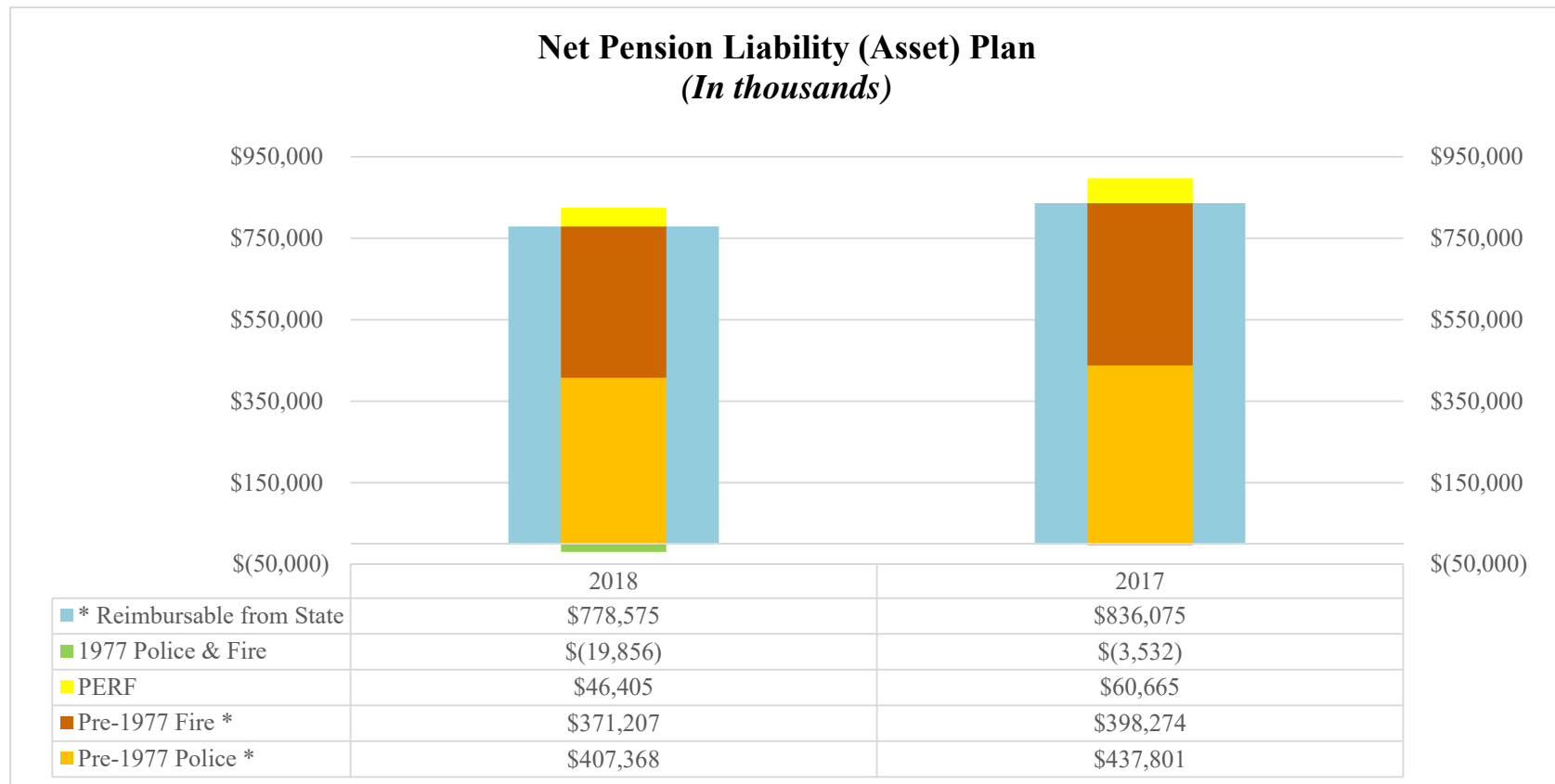


CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

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 2018, the net position of these pension funds amounted to \$0.25 million, which represents a decrease of \$0.85 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, 2018

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 2018, the combined gross assets of the agency funds totaled \$8.5 million (\$13.2 million in 2017). 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 2018, there was a \$55.4 million increase in appropriations during the year to the original General Fund budget or an increase of 8.8%.

Excluding prior year encumbrances, the original General Fund expenditures budget for 2018 was \$627.5 million. The final General Fund expenditures budget was \$682.9 million. Actual expenditures were \$667.4 million. Of the total \$15.5 million underspent from the final budget, \$2.9 million was in general government, \$3.5 million was in public works, and \$4.6 million was in public safety. These underspent amounts were due to planned reductions in the budget to improve available fund balances. General revenues were originally estimated at \$564.8 million, final estimated at \$568.8 million, and the actual was \$581.4 million, which was \$12.6 million greater than budgeted. Out of the total \$12.6 million, \$8.7 million was in taxes and \$4.1 million was in interest and other operating revenue. Actual expenditures were greater than revenues by \$86.0 million. However, if transfers of \$54.6 million are taken into account, the net of revenues plus transfers is less than expenditures by \$31.4 million. This is important to note since the transfers include \$59.9 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 \$6.3 million of transfers out of the General Fund which are stormwater fees that are budgeted to fund debt service. After the adjustment of net revenues plus transfers, revenues are less than expenditures by \$31.4 million, which is due to the budgeted increase to fund the infrastructure improvements. This was funded by the remaining spending down of \$29 million within the Rainy Day Fund.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

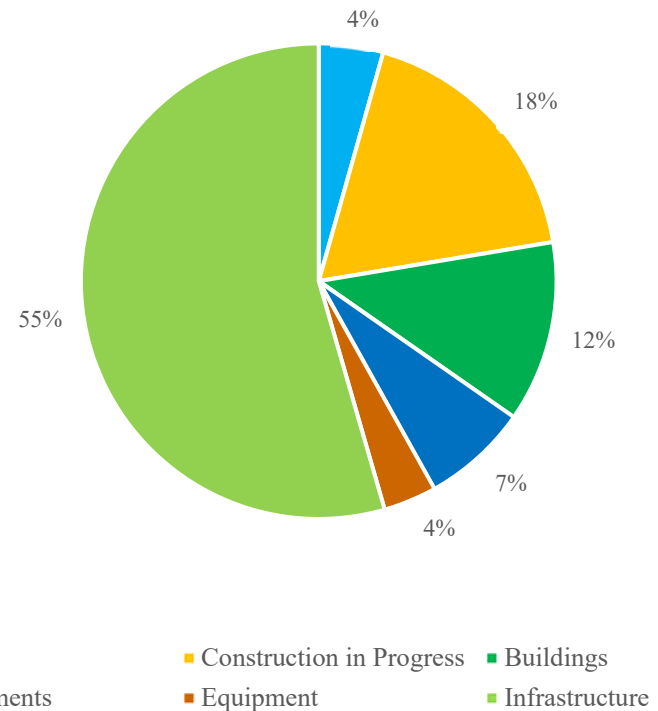
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets The City had a net investment of \$1.6 billion in capital assets at December 31, 2018 (net of accumulated depreciation of \$2.8 billion) in a broad range of capital assets. This amount represents a net increase for the current year (including additions and deductions) of \$59.4 million.

Schedule of Capital Assets
(In thousands)

	Governmental activities 2018	Governmental activities 2017
Land	\$ 67,884	\$ 64,735
Construction in progress	279,321	219,969
Buildings	191,166	201,081
Improvements	112,154	101,910
Equipment	56,283	44,315
Infrastructure	845,639	861,008
Total	\$ 1,552,447	\$ 1,493,018

2018 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, 2018

Major capital asset additions in 2018 for governmental activities included:

- \$150.1 million of additions to construction in progress, principally infrastructure, and improvements. Reductions to construction in progress were \$90.8 million of which \$77.6 million was transferred into infrastructure, \$6.6 million was transferred into improvements, and \$3.6 million was transferred into equipment.
- \$16.6 million of additions to improvements, principally upgrades at parks and recreation facilities.
- \$28.4 million of additions to equipment, principally for public safety and public works vehicles.
- \$82.2 million of additions to infrastructure, principally \$30.1 million for storm sewers, \$35.8 million for streets, curbs, and sidewalks, \$6.0 million for bridges, and \$0.9 million for traffic signals.
- \$7.6 million of additions to land.

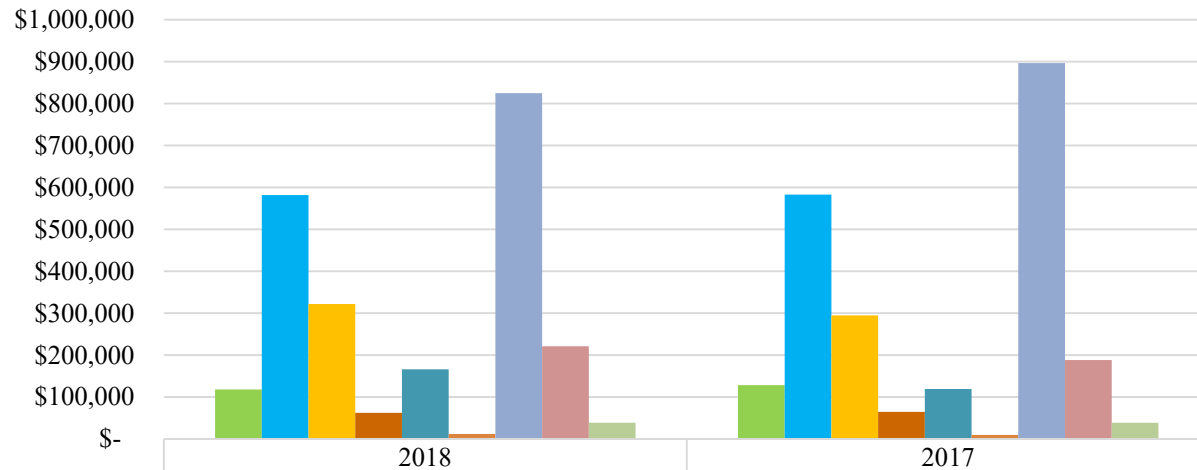
Donated capital assets for governmental activities were \$20.1 million, mainly attributable to capital contributions from the State of Indiana for public work projects built on the City’s behalf. Depreciation expense for 2018 for governmental activities was \$126.9 million. At December 31, 2018, the City had commitments related to ongoing capital asset construction projects of \$69.6 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, 2018

Long-Term Obligations

At the end of 2018, the City had outstanding long-term debt and other long-term obligations for governmental activities of \$2.35 billion, compared to \$2.32 billion at December 31, 2017 as shown below:

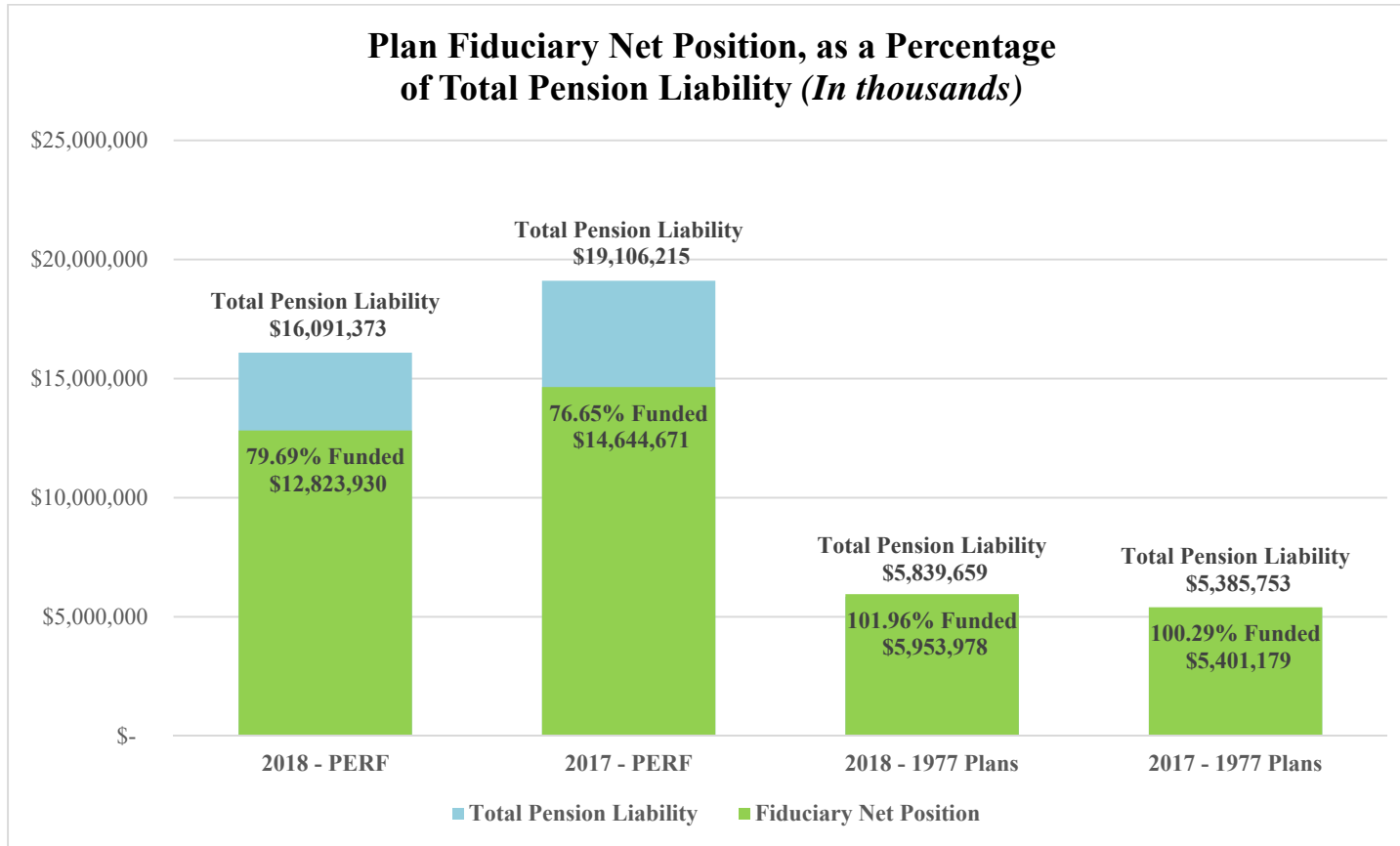
Schedule of Long-term Debt Obligations
(In thousands)



	2018	2017
Serial bonds payable	\$117,960	\$128,450
Tax increment bonds payable	\$581,641	\$583,141
Revenue bonds payable	\$321,755	\$295,000
Deferred premiums	\$62,301	\$64,614
Notes payable and certificates of participation	\$166,076	\$119,288
Capital lease payable	\$12,182	\$9,659
Net pension liabilities	\$824,980	\$896,740
Postemployment benefit obligation	\$221,153	\$188,312
Compensated absences	\$38,757	\$38,626

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

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 2017 to 2018. The 1977 plans retain 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
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

Bonds and Notes Issued

TIF Bonds

On January 11, 2018, the City issued its Redevelopment District Refunding Bonds, Series 2018 in the amount of \$12,040. The proceeds from these bonds, together with funds on hand, were used to pay off an installment purchase Contract, which had an outstanding principal balance of \$15,584. The 2018 bonds mature on 1/15/2033.

Notes

On March 23, 2018, the City issued the Local Option Income Tax Notes, Series 2018A with borrowing authorization of up to \$55,000 for the purpose of paying site preparation, construction mobilization, and related engineering, planning and design, and consulting services costs in connection with the community justice campus project and related capital expenditures. 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 2.55%, calculated on the principal amount drawn. The maturity date for the note is March 23, 2020, 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, 2018 is \$14,675.

On August 15, 2018, the City borrowed funds for the Monon16 Project for \$5,000, the loan will mature on August 1, 2038. Principal payments are due annually and interest payments are due quarterly. At December 31, 2018, the outstanding balance of the note is \$5,000. The funds will be used to develop the “Monon16” area, which is the immediate area surrounding the intersection of the Monon Trail and 16th Street. This includes housing, security, and transportation improvements.

On September 14, 2018, the City borrowed funds for the Central State Complex Project \$4,575, the loan will mature on August 1, 2038. Principal payments are due annually and interest payments are due quarterly. At December 31, 2018, the outstanding balance of the note is \$4,575. The funds will be used to develop the Central State Complex, which is a growing neighborhood on the near Westside of Indianapolis. This includes infrastructure, housing, and education improvements.

Revenue Bonds

On December 18, 2018, the City issued its Indy Roads Revenue Bonds, Series 2018A in the amount of \$30,000. The proceeds will be used to finance certain street, road, bridge, traffic signal, curb and sidewalk improvements within the City.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

Developer Backed Bonds

On May 15, 2018, the City issued its Economic Development Revenue Bonds, Series 2018 (Phoenix Theatre Project) in the amount of \$4,500. The proceeds will be used to provide funds to finance the construction of the Phoenix Theatre Education and Innovation Center. Bonds are payable from payments made by the developer further secured by certain collateral and a reserve fund funded by the developer upon closing. If draws are made on the reserve fund, it will be replenished from available consolidated TIF revenues generated and collected in the Consolidated allocation area, if required, and the repayment obligations of the Phoenix bonds to be evidenced by the Developers Note.

On May 25, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (Goodwill Riverview Project) in the amount of \$4,200. The proceeds will be used for constructing a four-story workforce housing apartment building including on-site parking and public art, located at the southwest corner of Michigan Street and White River Parkway. The bonds are secured by an 80% pledge of TIF revenues generated within the Goodwill Riverview TIF Allocation Area.

On June 7, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (River House Broad Ripple Project) in the amount of \$2,630. The proceeds will be used for the acquisition, construction, equipping, and preservation of a six-story mixed-use apartment building consisting of 87 apartment units, rooftop amenity deck, 4,496 square feet of office space and a structured parking facility. The bonds are secured by an 80% pledge of the Broad Ripple Project TIF pledge on a subordinate basis to the Economic Development Revenue Bonds, Series 2015 A (Broad Ripple Project).

On June 28, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (Duke Headquarters Project) in the amount of \$2,926. The proceeds will be used for the acquisition, construction, and equipping of a three-story 78,000 square foot office building above a two-story parking garage and public art, located near the northeast corner of the Keystone at the Crossing development. The bonds are secured by an 80% pledge of Duke project TIF revenues. The bond is a draw bond, it is anticipated that there will be a single draw requested by the developer upon completion of the project. The outstanding balance as of December 31, 2018, is -0-.

On July 20, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (Ardmore Project) in the amount of \$7,200. The proceeds will be used for the acquisition, construction, installation, and equipping of a five-story mixed use apartment building including approximately 19,550 square feet of urban street-front retail, a combination of 305 public and private parking spaces, public art, and related costs, located at the Plaza on Pennsylvania street at the southwest corner of the intersection of New York and Delaware streets. The bonds are secured by an 80% pledge of Ardmore project TIF revenues. The bond is a draw bond, it is anticipated that there will be multiple draw requests by the developer throughout the project. The outstanding balance as of December 31, 2018, is -0-.

On December 12, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (Ford Assembly Plant Project) in the amount of \$3,800. The proceeds will be used for the acquisition, construction, and equipping of the vacant Ford Motor Company assembly plant and the reuse as a mixed-use residential and commercial space. The bonds are secured by an 80% pledge of the Ford Plant TIF revenues generated by the Ford Plant Project and Ford Plant Allocation Area.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

On December 14, 2018, the City issued Economic Development Tax Increment Revenue Bond Anticipation Note, Series 2018 (ILMAR/KG 220 Projects) in an amount of \$15,855. The proceeds are being used to fund a portion of the costs of constructing improvements to a historic building in connection with the development of the building by ILMAR, LLC into a high-end hotel, to fund constructing improvements to a building in connection with the development of the building by KG 220 LLC into a mixed-use office, commercial retail and residential development, and to finance capitalized interest and the costs of issuance of the bond anticipation note. The bonds are secured by a Junior Junior Subordinate line of Consolidated TIF revenues, regarding interest payments only, and a developer guarantee. Once the BAN is refunded by the long-term debt obligation, both principal and interest, is expected to be paid from the TIF revenues generated by the project, and to the extent project TIF revenues are not sufficient, the Consolidated TIF revenues. This note has a maturity date of February 1, 2023.

Bond ratings. The City’s general obligation bonds are rated AA+ by Standards & Poor’s, AAA by Fitch, Aaa by Moody’s, and AA+ by Kroll. The City’s other debt, principally revenue bonds and notes, are rated to reflect the creditworthiness of the supporting revenue. During 2018 the City recognized positive rating upgrades; S&P upgraded its rating from AA to AA+ with a stable outlook, Moody’s revised the outlook from negative to stable, and Kroll upgraded the outlook to positive from stable.

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

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

ECONOMIC FACTORS AND THE 2019 BUDGET

The 2019 original budget for all annually budgeted funds was \$793 million. Revisions of \$45.1 million have been made through May 2019, which was primarily due to an increase for the transportation general fund for \$20.9 million to be spent on road improvements.

The 2019 general fund original budget was \$665.6 million, an increase of 6.1% from the 2018 original General Fund budget of \$627.5 million. Revisions (\$45.0 million) have been made through May 2019.

Unemployment rates were as follows:

	April 2019	April 2018
City of Indianapolis	3.0%	3.2%
State of Indiana	3.1%	3.1%
United States	3.3%	3.7%

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Management’s Discussion and Analysis
Year ended December 31, 2018

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, 2018
(In thousands)

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental activities</u>	<u>Indianapolis Housing Agency</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Equity in pooled cash	\$ 40,393	\$ 7,680
Cash and investments with fiscal agents	200,316	25,420
Investments	480,653	—
Property taxes receivable	7,948	—
Accounts receivable, less allowance for uncollectibles	33,931	811
Due from federal and state governments	8,072	554
Due from other governments	170	—
Other assets	—	1,402
Long-term receivables, less allowance for uncollectibles	28,238	9,091
Restricted assets	—	3,795
Net pension asset	19,856	—
Capital assets:		
Land	67,884	20,755
Infrastructure, net of accumulated depreciation	845,639	—
Other capital assets, net of accumulated depreciation	359,603	140,044
Construction in progress	279,321	5,708
Total assets	<u>2,372,024</u>	<u>215,260</u>
Deferred outflows of resources - OPEB	230	—
Deferred outflows of resources - pensions	66,381	559
Deferred outflows of resources - deferred losses on refundings	13,662	—
Total deferred outflows of resources	<u>80,273</u>	<u>559</u>
Total assets and deferred outflows of resources	<u>2,452,297</u>	<u>215,819</u>

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Position
December 31, 2018
(In thousands)

	Primary Government	Component Unit
	Governmental activities	Indianapolis Housing Agency
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Accounts payable and other current liabilities	\$ 113,209	\$ 3,566
Accrued interest payable	14,538	—
Unearned revenue	11,915	201
Customer deposits	—	256
Other liabilities	—	2,443
Long-term liabilities:		—
Due within one year	153,120	9,858
Due in more than one year	2,193,685	22,289
Total liabilities	2,486,467	38,613
Deferred inflows of resources - OPEB	13,622	—
Deferred inflows of resources - pensions	62,380	640
Deferred inflows of resources - parking meter concession agreement	16,800	—
Total deferred inflows of resources	92,802	640
Total liabilities and deferred inflows of resources	2,579,269	39,253
NET POSITION (DEFICIT)		
Net investment in capital assets	706,470	149,499
Restricted for:		
Capital projects	29,475	—
Debt service	23,831	—
Section 8 vouchers and VASH	—	6
Reserves and escrow	—	2,109
Programs	—	12,220
Other purposes by grantors	23,222	—
Other purposes by contributor – nonexpendable	362	—
Statutory restrictions	87,959	—
Unrestricted (deficit)	(998,291)	12,732
Total net position (deficit)	\$ (126,972)	\$ 176,566

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, 2018
(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
Functions/Programs						
Governmental activities:						
General government	\$ 36,351	\$ 18,857	\$ 7,223	\$ —	\$ (10,271)	\$ —
Public safety	436,687	32,110	61,826	48	(342,703)	—
Public works	222,011	57,340	60,186	11,215	(93,270)	—
Health and welfare	11,594	94	7,263	—	(4,237)	—
Cultural and recreation	30,423	3,583	1,258	952	(24,630)	—
Urban redevelopment and housing	23,302	2,224	12,433	—	(8,645)	—
Economic development and assistance	52,671	961	837	—	(50,873)	—
Interest	49,159	—	—	—	(49,159)	—
Total governmental activities	<u>\$ 862,198</u>	<u>\$ 115,169</u>	<u>\$ 151,026</u>	<u>\$ 12,215</u>	<u>(583,788)</u>	<u>—</u>
Component Unit						
Indianapolis Housing Agency	<u>\$ 80,814</u>	<u>\$ 10,237</u>	<u>\$ 65,597</u>	<u>\$ 4,947</u>		<u>(33)</u>
Total component units	<u>\$ 80,814</u>	<u>\$ 10,237</u>	<u>\$ 65,597</u>	<u>\$ 4,947</u>		<u>(33)</u>
General revenues:						
Taxes:						
Property taxes					315,230	—
Wheel taxes					15,354	—
Local income taxes					237,319	—
Other taxes					23,159	—
Grants and contributions not restricted to specific program:					12,439	—
Investment earnings not restricted to specific program:					16,302	—
Miscellaneous					29,269	1,651
Total general revenues					<u>649,072</u>	<u>1,651</u>
Change in net position					<u>65,284</u>	<u>1,618</u>
Net position (deficit) – beginning of year, as previously reported					<u>(157,303)</u>	<u>174,948</u>
Change in accounting principle					<u>(34,953)</u>	<u>—</u>
Net position (deficit), beginning of year, as restatement					<u>(192,256)</u>	<u>174,948</u>
Net position (deficit) – ending					<u>\$ (126,972)</u>	<u>\$ 176,566</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, 2018
(In thousands)

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in pooled cash	\$ 20,757	\$ 2,799	\$ 13,983	\$ 37,539
Cash and investments with fiscal agents	—	124,493	75,776	200,269
Investments	281,693	24,389	149,711	455,793
Property taxes receivable	6,899	—	1,049	7,948
Accounts receivable, less allowance of \$1,572	29,624	—	1,464	31,088
Due from other funds	4,259	—	—	4,259
Due from federal and state governments	—	—	8,072	8,072
Long-term receivables, less allowance of \$25,094	—	—	28,238	28,238
Total assets	<u>\$ 343,232</u>	<u>\$ 151,681</u>	<u>\$ 278,293</u>	<u>\$ 773,206</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Matured bonds and notes payable	\$ —	\$ 3,365	\$ 13,580	\$ 16,945
Matured interest payable	—	1,995	3,340	5,335
Accounts payable and other accrued liabilities	32,157	16	27,900	60,073
Accrued payroll and payroll taxes	22,428	—	67	22,495
Due to other funds	—	—	1,084	1,084
Unearned revenue	288	—	10	298
Total liabilities	<u>54,873</u>	<u>5,376</u>	<u>45,981</u>	<u>106,230</u>
Deferred inflows of resources	<u>14,124</u>	<u>—</u>	<u>3,686</u>	<u>17,810</u>
Fund balances:				
Nonspendable	—	—	362	362
Restricted	85,591	146,305	228,264	460,160
Committed	5,040	—	—	5,040
Assigned	76,505	—	—	76,505
Unassigned	107,099	—	—	107,099
Total fund balances	<u>274,235</u>	<u>146,305</u>	<u>228,626</u>	<u>649,166</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 343,232</u>	<u>\$ 151,681</u>	<u>\$ 278,293</u>	<u>\$ 773,206</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, 2018
(In thousands)

Fund balances – total governmental funds		
Amounts reported for governmental activities in the statement of net position are different because:	\$	649,166
Capital assets not reported in the fund statements		1,552,447
Net position of internal service funds not recorded in the fund statements		4,859
Deferred outflows of resources - OPEB not recorded in the fund statements		230
Deferred outflows of resources - pensions not recorded in the fund statements		66,381
Deferred outflows of resources - loss on refundings not recorded in the fund statements		13,662
Deferred inflows of resources - parking meter concession agreement not recorded in the fund statements		(16,800)
Deferred inflows of resources - OPEB not recorded in the fund statements		(13,622)
Deferred inflows of resources - pensions not recorded in the fund statements		(62,380)
Long-term liabilities not in the fund statements (excludes matured bonds payable of \$16,945)		(2,329,860)
Other liabilities not in the fund statements		(7,901)
Deferred inflows of resources in the fund statements not in the statement of net position		17,810
Unearned revenue in the statement of net position not in the fund statements		(11,617)
Pension asset not recorded in the fund statements		19,856
Accrued interest payable not in the fund statements (excludes matured interest payable)		(9,203)
Net deficit of governmental activities	\$	<u><u>(126,972)</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, 2018
(In thousands)

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 394,816	\$ 92,670	\$ 102,844	\$ 590,330
Licenses and permits	15,974	—	—	15,974
Charges for services	77,634	—	2,960	80,594
Intergovernmental revenues	123,787	62	33,638	157,487
Intragovernmental revenues	11,327	—	—	11,327
Traffic violations and court fees	2,789	—	4,236	7,025
Interest and other operating revenues	22,473	3,177	26,168	51,818
Total revenues	<u>648,800</u>	<u>95,909</u>	<u>169,846</u>	<u>914,555</u>
Expenditures:				
Current:				
General government	27,154	—	2,020	29,174
Public safety	476,865	—	8,082	484,947
Public works	112,436	—	2,163	114,599
Health and welfare	798	—	6,980	7,778
Cultural and recreation	22,514	—	1,302	23,816
Urban redevelopment and housing	6,231	—	12,245	18,476
Economic development and assistance	2,248	8,000	13,079	23,327
Debt service:				
Redemption of bonds and notes	898	37,604	55,524	94,026
Interest on bonds and notes	323	12,448	29,582	42,353
Bond and note issuance costs	—	152	2,518	2,670
Lease payments and other	17	588	4,203	4,808
Capital outlays	66,415	—	139,137	205,552
Total expenditures	<u>715,899</u>	<u>58,792</u>	<u>276,835</u>	<u>1,051,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,099)</u>	<u>37,117</u>	<u>(106,989)</u>	<u>(136,971)</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, 2018
(In thousands)

	<u>General</u>	<u>Revenue Bond Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Issuance of capital lease	\$ 1,474	\$ —	\$ 3,498	\$ 4,972
Sales of capital assets	739	—	—	739
Bonds and notes issued	—	—	118,627	118,627
Premium on bonds and notes issued	—	—	4,217	4,217
Refunding bonds issued	—	12,202	—	12,202
Transfers in	65,875	11,184	107,770	184,829
Transfers out	(10,176)	(70,130)	(104,523)	(184,829)
Total other financing sources (uses)	<u>57,912</u>	<u>(46,744)</u>	<u>129,589</u>	<u>140,757</u>
Net change in fund balances	(9,187)	(9,627)	22,600	3,786
Fund balances at beginning of year	<u>283,422</u>	<u>155,932</u>	<u>206,026</u>	<u>645,380</u>
Fund balances at end of year	<u>\$ 274,235</u>	<u>\$ 146,305</u>	<u>\$ 228,626</u>	<u>\$ 649,166</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, 2018
(In thousands)

Net change in fund balances – total governmental funds

Amounts reported for governmental activities in the statement of activities are different because:	\$	3,786
Depreciation expense reported in the statement of activities but not in the fund statements		(126,934)
Capital outlay expenditures, exceeding capitalization threshold, reported in the fund statements but reported as additions to capital assets in the statement of net position		172,636
Donations of capital assets not recorded in the fund statements		12,215
Loss on disposals of capital assets not recorded in the fund statements		(6,374)
Revenues in the statement of activities that do not provide current financial resources and are deferred inflows in the fund statements		17,810
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		(18,331)
Remediation settlement expenditures not recorded in the fund statements but reported as a liability in the statement of net position		(3,820)
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		(135,046)
Bond and note principal payments reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of activities		94,026
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		8,002
Amortization of bond premium, discount, and loss on refunding reported in the statement of activities but not in the fund statements		5,169
Increase in compensated absences that is not reported in the fund statements		(132)
Capital appreciation bond interest expense that is reported in the statement of activities but not the fund statements, as there is no cash outflow		(9,649)
Accrued interest on bonds and notes payable through December 31, 2018 reported as expenses in the statement of activities but not the fund statements, net of matured interest payable		(9,203)
Issuance of note not reported as financing sources in the fund statements but as additions to long-term liabilities in the statement of activities		(2,775)
Capital lease payments reported as expenditures in the fund statements but as reduction of long-term liabilities in the statement of activities		2,449
Inception of capital leases recorded as other financing sources in the fund statements but as an increase in long-term liabilities in the statement of activities		(4,972)
Accrued interest at December 31, 2018 not reported in the current year statement of activities but reported in the fund statements, as amounts were paid in the current year		9,547
Net increase in the other postemployment benefit liability that is not reported in the fund statements		(11,280)
Pension contributions recognized as expenditures in the fund statements in excess of pension expense recognized in the statement of activities		<u>67,760</u>
Change in net position of governmental activities	\$	<u><u>65,284</u></u>

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Position
Proprietary Funds
December 31, 2018
(In thousands)

		Governmental activities – Internal Service Funds
ASSETS		Service Funds
Current assets:		
Equity in pooled cash	\$	2,854
Cash with fiscal agents		47
Investments		24,860
Accounts receivable		2,843
Total current assets		30,604
LIABILITIES		
Accounts payable and other current accrued liabilities		22,740
Due to other funds		3,005
Total current liabilities		25,745
NET POSITION		
Unrestricted net position		4,859
Total net position	\$	4,859

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, 2018
(In thousands)

		Governmental activities – Internal Service Funds
Operating revenues:		
Charges to other funds	\$	101,238
Operating expenses:		
Claims		93,192
Administration		138
Total operating expenses		<u>93,330</u>
Operating income		<u>7,908</u>
Nonoperating expense:		
Investment income		<u>94</u>
Changes in net position		8,002
Net deficit, beginning of year		<u>(3,143)</u>
Net position, end of year	\$	<u><u>4,859</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 Cash Flows
Proprietary Funds
Year ended December 31, 2018
(In thousands)

		Governmental activities – Internal Service Funds
		<u> </u>
Cash flows from operating activities:		
Receipts from users	\$	100,617
Payments for administration		(138)
Payments for claims		(93,046)
Net cash provided by operating activities		<u>7,433</u>
Cash flows from investing activities:		
Sales and maturities of investments		427
Investment purchases		(9,552)
Investment income		94
Net cash provided by investing activities		<u>(9,031)</u>
Net increase in cash		(1,598)
Cash, beginning of year		<u>4,499</u>
Cash, end of year	\$	<u><u>2,901</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	7,908
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase in accounts receivable		(621)
Increase in accounts payable and other liabilities		146
Net cash provided by operating activities	\$	<u><u>7,433</u></u>

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2018
(In thousands)

	ASSETS		Police and Firefighters' Pre-1977 Pension Trust Funds		Agency Funds
Equity in pooled cash		\$	51	\$	771
Investments			439		6,728
Accounts receivable			—		969
Total assets			490		8,468
LIABILITIES					
Accounts payable and other accrued liabilities			71		8,468
Due to other funds			170		—
Total liabilities			241	\$	8,468
NET POSITION RESTRICTED FOR PENSIONS					
Net position restricted for pensions		\$	249		

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, 2018

(In thousands)

	Police and Firefighters' Pre-1977 Pension Trust Funds
ADDITIONS	
Employer contributions	\$ 55,890
Total additions	<u>55,890</u>
DEDUCTIONS	
Benefits	<u>56,741</u>
Total deductions	<u>56,741</u>
Net decrease in net position	(851)
Net position restricted for pensions – beginning of year	<u>1,100</u>
Net position restricted for pensions – end of year	<u>\$ 249</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)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Indianapolis (“City”), located in Marion County, Indiana, was originally incorporated in 1832. On January 1, 1970, the government of the City, as defined by the Consolidated First-Class Cities and Counties Act, adopted by the 1969 Indiana General Assembly, and Marion County (“County”) were unified (“Consolidated City”). Their form of service delivery was consolidated and certain of the City’s service boundaries were extended to generally coincide with those of the County. Four other municipalities (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)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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

Voluntary nonexchange transactions, such as grants and assistance received from other governmental units, and government-mandated nonexchange transactions are generally recognized as revenues in the period when all eligibility requirements 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.

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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018.

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, the 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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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. Other Postemployment Benefit Plan

The City has a single-employer defined benefit other postemployment benefit (OPEB) plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 1953 Police Pension Fund, the 1937 Firefighters' Pension Fund, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, and the Indiana Public Employees' Retirement Fund ("the plans"), and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are valued in accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, and are predominantly at fair value.

O. Net Position/Fund Balances

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

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

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

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

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

- 1) *Nonspendable* – This consists of resources that are either: (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- 2) *Restricted* – This consists of resources that can be spent only for the specific purpose stipulated by constitution, external parties (e.g., grantors, creditors, or other governments), or enabling legislation. Within the restricted fund balance for the Other Aggregate Funds are encumbrances of \$42,556, which are restricted to fund future capital acquisitions.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

- 3) *Committed* – This consists of resources that can only be used for specific purposes pursuant to formal action of the government’s highest level of decision-making authority. The City’s highest level of decision-making authority rests with the Council. Resources are reported as committed by the Council through passage of an ordinance. The Council can modify or rescind a commitment of resources through passage of a new ordinance.
- 4) *Assigned* – This consists of resources constrained by the government’s intention to use them for specific purposes, but are neither restricted nor committed. By statute, the City Controller has the ability to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments are generally temporary and require no additional action to effect removal of the assignment. Within the assigned fund balance for the General Fund are encumbrances of \$34,393, which are 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, 2018, the unassigned fund balance of the Fiscal Stability Fund is \$81,076. 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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

P. Deferred Outflows of Resources and Deferred Inflows of Resources

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

The City reports both deferred outflows of resources and deferred inflows of resources in the statement of net position for the effects of certain changes in its net OPEB liability that is required to be included in OPEB expense over the current and future periods.

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.

Q. Adoption of GASB 75

During 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). This statement requires governments to recognize their unfunded accrued OPEB liability on the face of their financial statements along with incorporating more extensive note disclosures and required supplementary information about their OPEB liabilities and related information. The adoption of GASB Statement No. 75 resulted in a \$34,953 decrease in beginning net position as of January 1, 2018. Refer to Note 16 for more information regarding the City’s OPEB.

R. Future Adoption of Accounting Standards

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 87, *Leases*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The City intends to adopt these GASB Statements, as applicable, on their respective effective dates.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

2. Cash Deposits and Investments

As of December 31, 2018, the City had the following cash deposits and investments:

Cash and investments	\$ 521,046
Cash and investments with fiscal agents	200,316
Cash and investments – Fiduciary Funds	<u>7,989</u>
Total cash and investments	<u>\$ 729,351</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, 2018 was \$155,022. 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, 2018.

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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 fair 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, 2022.

Below is a segmented time distribution for the City’s debt investments at December 31, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-2	Greater than 2
U.S. Government-Sponsored Enterprise Securities:				
Federal National Mortgage Association	\$ 10,000	\$ —	\$ —	\$ 10,000
Total U.S. Government-Sponsored Enterprise Securities	<u>10,000</u>	<u>—</u>	<u>—</u>	<u>10,000</u>
United States Treasury Notes	343,481	254,029	89,452	—
Money market mutual funds	86,509	86,509	—	—
State external investment pool – TrustIndiana	134,339	134,339	—	—
	<u>\$ 574,329</u>	<u>\$ 474,877</u>	<u>\$ 89,452</u>	<u>\$ 10,000</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”).

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

At December 31, 2018, the City’s investments were rated by Moody's and Standard & Poor’s as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Ratings Moody's / S&P</u>
U.S. Government-Sponsored Enterprises Securities:		
Federal National Mortgage Association	\$ 10,000	Aaa/AA
Total U.S. Government-Sponsored Enterprise Securities	10,000	
United States Treasury Notes	343,481	Aaa/AAA
Money market mutual funds	86,509	Aaa/AAA
State external investment pool – TrustINDiana	134,339	Not Rated
	\$ 574,329	

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, 2018, 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 \$50,099 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, 2018, 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, 2018, 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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investment by fair value level				
United States Treasury Notes	\$ 343,481	\$ 343,481	\$ —	\$ —
Federal National Mortgage Association	10,000	—	10,000	—
Money Market Mutual Funds	86,509	86,509	—	—
Total investments measured at fair value	<u>439,990</u>	<u>\$ 429,990</u>	<u>\$ 10,000</u>	<u>\$ —</u>
Investments measured at the net asset value (NAV) (a)				
State external investment pool - TrustINDiana	134,339			
Total	<u>\$ 574,329</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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 2018 property taxes were levied based on assessed valuations determined by the Auditor as of the 2017 assessed valuations, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2018 property taxes was January 1, 2017 (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 2018, the first half of the year 2018 taxes were due and payable to the Treasurer in May 2018. The second half of the year 2018 taxes were due and payable to the Treasurer in November 2018. Property taxes outstanding at December 31, 2018, 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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

The estimated gross amount, on an accrual basis, by which the total property tax revenues for the abatement taxpayer recipient (payable 2018 taxes) were reduced as a result of the aforementioned abatement programs follows:

Real Property Tax Abatement	\$	1,294
Personal Property Tax Abatement		2,819
Vacant Building Abatement		2
Total	\$	4,115

While the City has calculated the potential impact of existing tax abatements on total property tax revenues for 2018, 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, 2018, for the City, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts	Due from Other Governments	Total Accounts Receivable
Governmental Activities:			
General Fund	\$ 17,159	\$ 14,037	\$ 31,196
Other Nonmajor Governmental Funds	853	611	1,464
Internal Service Fund	2,843	—	2,843
Total receivables	20,855	14,648	35,503
Allowance for uncollectible accounts	(1,572)	—	(1,572)
Total governmental activities	\$ 19,283	\$ 14,648	\$ 33,931
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).

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

7. Due from Federal and State Governments

Amounts due under federal, state, and local grants at December 31, 2018 for specific programs and capital projects include:

	Governmental Activities	
	Other Nonmajor Governmental	
Reimbursements under federal grants:		
Department of Housing and Urban Development (HUD)	\$	4,522
Department of Justice (DOJ)		893
Department of Transportation (DOT)		527
Department of Education (DOE)		217
Department of Homeland Security (DHS)		1,913
Reimbursements under State of Indiana/local grants		—
	\$	8,072

At December 31, 2018, the City had available lines of credit or grant authorizations from HUD totaling \$47,266.

8. Long-term Receivables

The City has U.S. Department of Housing and Urban Development (“HUD”) loans outstanding at December 31, 2018 of \$23,444 including accrued interest of \$9,736. The City has provided a reserve of \$23,444 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 2018, \$165 of the loan was repaid and \$50 was forgiven. At December 31, 2018, the City has recorded a \$150 reserve against the long-term receivable and the outstanding balance is \$563.

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, 2018, the City has recorded a \$1,500 reserve against the long-term receivable to fully reserve the loan.

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, 2018, 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, 2018, the long-term receivable and the outstanding balance is \$4,650.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 2018 and 2017 to fund the City Way II project. Repayment terms included 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, 2018, the long-term receivable is \$17,075.

On May 15, 2018, the City issued its Economic Development Revenue Bonds, Series 2018 (Phoenix Theatre Project) in the amount of \$4,500. The proceeds will be used to provide funds to finance the construction of the Phoenix Theatre Education and Innovation Center. Bonds are payable from payments made by the developer further secured by certain collateral and a reserve fund funded by the developer upon closing. If draws are made on the reserve fund, it will be replenished from available consolidated TIF revenues generated and collected in the Consolidated TIF allocation area, if required, and the repayment obligations of the Phoenix bonds is evidenced by the Developers Note. At December 31, 2018, the long-term receivable is \$4,500.

The minimum future payments to be received as of December 31, 2018 on long-term receivables are as follows:

	<u>Governmental Activities</u>
2019	\$ 3,630
2020	1,231
2021	1,246
2022	1,202
2023	1,238
2024-2028	8,360
2029-2033	9,629
2034-2038	12,741
2039-2043	751
2044-2048	12,929
2049-2053	250
2054-2058	125
	<u>53,332</u>
Less: allowance	<u>(25,094)</u>
Total	<u>\$ 28,238</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

9. Capital Assets

Following is a summary of changes in capital assets for the City’s governmental activities for the year ended December 31, 2018:

	Balance, January 1, 2018	Additions	Reductions	Balance, December 31, 2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 64,735	\$ 7,640	\$ 4,491	\$ 67,884
Construction in progress	219,969	150,110	90,758	279,321
Total capital assets not being depreciated	<u>284,704</u>	<u>157,750</u>	<u>95,249</u>	<u>347,205</u>
Capital assets being depreciated:				
Buildings	397,918	101	—	398,019
Improvements	208,269	16,560	—	224,829
Equipment	199,096	28,350	11,008	216,438
Infrastructure	3,098,782	82,177	11,982	3,168,977
Total capital assets being depreciated	<u>3,904,065</u>	<u>127,188</u>	<u>22,990</u>	<u>4,008,263</u>
Less accumulated depreciation:				
Buildings	196,837	10,016	—	206,853
Improvements	106,359	6,316	—	112,675
Equipment	154,781	13,056	7,682	160,155
Infrastructure	2,237,774	97,546	11,982	2,323,338
Total accumulated depreciation	<u>2,695,751</u>	<u>126,934</u>	<u>19,664</u>	<u>2,803,021</u>
Total capital assets being depreciated, net	<u>1,208,314</u>	<u>254</u>	<u>3,326</u>	<u>1,205,242</u>
Governmental activities capital assets, net	<u>\$ 1,493,018</u>	<u>\$ 158,004</u>	<u>\$ 98,575</u>	<u>\$ 1,552,447</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018:

	<u>Balance, January 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2018</u>
Housing Agency				
Capital assets not being depreciated:				
Land	\$ 20,405	\$ 350	\$ —	\$ 20,755
Construction in progress	522	5,186	—	5,708
Total capital assets not being depreciated	<u>20,927</u>	<u>5,536</u>	<u>—</u>	<u>26,463</u>
Capital assets being depreciated:				
Buildings and improvements	209,662	534	5,013	205,183
Equipment	8,418	705	297	8,826
Total capital assets being depreciated	<u>218,080</u>	<u>1,239</u>	<u>5,310</u>	<u>214,009</u>
Less accumulated depreciation:				
Buildings and improvements	66,168	6,421	5,013	67,576
Equipment	6,161	525	297	6,389
Total accumulated depreciation	<u>72,329</u>	<u>6,946</u>	<u>5,310</u>	<u>73,965</u>
Total capital assets being depreciated, net	<u>145,751</u>	<u>(5,707)</u>	<u>—</u>	<u>140,044</u>
Total Housing Agency	<u>\$ 166,678</u>	<u>\$ (171)</u>	<u>\$ -</u>	<u>\$ 166,507</u>

Within the statement of activities, depreciation expense was charged to functions/programs of the City during 2018 as follows:

Governmental Activities:

General government	\$ 6,829
Public safety	8,079
Public works	101,781
Cultural and recreation	5,229
Urban redevelopment and housing	5,016
	<u>\$ 126,934</u>

Depreciation expense of \$6,946 was charged to the City's discretely presented component unit, the Housing Agency, during 2018.

Construction in progress at December 31, 2018 consists of several ongoing projects. These types of projects include but are not limited to security upgrades, recreational facility improvements, and infrastructure improvements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

At December 31, 2018, the City’s commitments relating to construction in progress include the following:

	Accrued Expenditures		
	<u>Authorized</u>	<u>Through December 31, 2018</u>	<u>Committed</u>
Executive and Legislative	\$ 34,976	\$ 34,976	\$ —
Indianapolis Metropolitan Police Department	14,735	14,361	374
Department of Metropolitan Development	7,305	6,232	1,073
Department of Public Works	272,254	208,819	63,435
Indianapolis Fire Department	10,110	5,854	4,256
Department of Parks and Recreation	3,971	3,971	—
Office of Public Health & Safety	5,460	4,970	490
Department of Business & Neighborhood Services	138	138	—
Total governmental activities	<u>\$ 348,949</u>	<u>\$ 279,321</u>	<u>\$ 69,628</u>

10. Accounts Payable and Other Accrued Liabilities Disaggregation

Accounts payable and other current liabilities as of December 31, 2018 for the City are as follows:

						Total
	<u>Vendors</u>	<u>Third-party Contracts</u>	<u>Due to Other Governments</u>	<u>Claims and Settlements</u>	<u>Accrued Payroll and Taxes</u>	<u>Payables and Other Current Liabilities</u>
Governmental Activities:						
General Fund	\$ 31,838	\$ 317	\$ 2	\$ —	\$ 22,428	\$ 54,585
Revenue Debt Service	16	—	—	—	—	16
Other Nonmajor Governmental	21,705	6,175	20	—	67	27,967
Internal Service Fund	22	—	—	22,718	—	22,740
Adjustment to government-wide	—	—	—	7,901	—	7,901
Total governmental activities	<u>\$ 53,581</u>	<u>\$ 6,492</u>	<u>\$ 22</u>	<u>\$ 30,619</u>	<u>\$ 22,495</u>	<u>\$ 113,209</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 2018, the City paid \$2,648 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 2018, the City paid the Building Authority \$2,191 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 \$2,365 for governmental activities in 2018. The leases expire at various dates through 2032. Minimum future payments on all noncancelable operating leases as of December 31, 2018 are as follows:

	<u>Governmental Activities</u>
2019	\$ 2,186
2020	1,983
2021	1,891
2022	1,261
2023	15
2024-2028	75
Thereafter	<u>54</u>
Total future payments	<u>\$ 7,465</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 2018, the City contributed additional subsidies to the Market of \$304.

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, 2018, the leased property had a carrying amount of \$715 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 \$484 in 2018.

Minimum future rental amounts to be received on noncancelable operating leases as of December 31, 2018 are as follows:

	Governmental Activities
2019	\$ 219
2020	196
2021	163
2022	164
2023	118
2024-2028	533
Thereafter	177
Total future receipts	<u>\$ 1,570</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018:

	Balance, January 1, 2018 (as restated)	Additions	Reductions	Balance, December 31, 2018	Due within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds payable	\$ 128,450	\$ —	\$ 10,490	\$ 117,960	\$ 15,395
Tax increment bonds payable	583,141	36,819	38,319	581,641	40,807
Revenue bonds payable	295,000	30,000	3,245	321,755	8,045
Unamortized amounts:					
Premiums	64,614	4,217	6,530	62,301	—
Total bonds payable	1,071,205	71,036	58,584	1,083,657	64,247
Notes payable and certificates of participation	119,288	76,434	29,646	166,076	70,781
Capital leases payable	9,659	4,972	2,449	12,182	423
Net pension liabilities	896,740	1,139	72,899	824,980	—
Postemployment benefit liability	223,265	20,749	22,861	221,153	—
Compensated absences	38,626	31,354	31,223	38,757	17,669
Total governmental activities	\$ 2,358,783	\$ 205,684	\$ 217,662	\$ 2,346,805	\$ 153,120
Discretely Presented Component Unit - Housing Agency:					
Notes payable	\$ 19,131	\$ 7,726	\$ 1,225	\$ 25,632	\$ 9,612
Due to other governmental units	1,524	—	65	1,459	65
FSS escrow	1,126	646	909	863	158
Net pension liability	5,176	677	1,900	3,953	—
Compensated absences	281	25	66	240	23
Total discretely presented component unit	\$ 27,238	\$ 9,074	\$ 4,165	\$ 32,147	\$ 9,858

Included in additions to bonds payable is \$9,649 representing accretion on capital appreciation bonds, which is not included in the statement of revenues, expenditures, and changes in fund balance. This amount, plus \$130,829 of bonds and notes reported in the statement of revenues, expenditures, and changes in fund balance, plus \$2,775 of a loan provided during 2018 that did not result in an other financing source, amount to the \$143,253 of related additions reflected in the roll forward above.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018 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%	\$ 30,060
Consolidated City, Series 2017A	02/01/2017	01/15/2038	3.125 – 5.000	<u>22,080</u>
Total Civil City Bonds				<u>52,140</u>
Public Safety Communication System Bonds:				
Computer Facilities District Bonds, Series 2008B	12/18/2008	01/15/2024	2.350 – 5.600	16,575
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	<u>11,900</u>
Total Public Safety Communication System Bonds				<u>36,310</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				117,960
Less: matured bonds payable recorded in the debt service funds				<u>(9,850)</u>
				<u>\$ 108,110</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, 2019 have been recorded as matured bonds payable and matured interest payable at December 31, 2018 within the fund statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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
2019	\$ 10,350	2,401	1,280	1,106	395	234	3,370	1,113
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	1,490	646	1,540	832	475	150	5,645	737
2024-2028	6,845	2,225	8,925	2,897	2,760	358	11,725	1,147
2029-2033	3,370	994	8,650	644	—	—	—	—
2034-2038	4,015	358	—	—	—	—	—	—
	<u>\$ 52,140</u>	<u>\$ 10,755</u>	<u>\$ 24,585</u>	<u>\$ 8,412</u>	<u>\$ 4,925</u>	<u>\$ 1,326</u>	<u>\$ 36,310</u>	<u>\$ 6,609</u>
	Total							
	<u>Principal</u>	<u>Interest</u>						
2019	\$ 15,395	\$ 4,854						
2020	16,470	4,582						
2021	17,275	3,774						
2022	13,380	2,904						
2023	9,150	2,365						
2024-2028	30,255	6,627						
2029-2033	12,020	1,638						
2034-2038	4,015	358						
	<u>\$ 117,960</u>	<u>\$ 27,102</u>						

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018 are as follows:

	<u>Issue Dates</u>	<u>Final Maturity Dates</u>	<u>Interest Rates (All Maturities)</u>	<u>Outstanding</u>
Redevelopment District, Series 1999B:				
Capital appreciation	08/12/99	02/01/29	5.650% – 5.820%	\$ 239,970
Less: discount				<u>(64,542)</u>
				<u>175,428</u>
Redevelopment District Bonds, Series 2007A	12/13/07	02/01/21	4.000 – 4.125	2,170
Redevelopment District Bonds, Series 2007 (Ameriplex)	12/28/07	02/01/23	6.200	2,290
Redevelopment District Bonds, Series, 2007 (Glendale)	05/10/07	02/01/27	5.450 – 6.210	3,280
Redevelopment District Bonds, Series 2009A	09/02/09	02/01/20	3.000 – 5.000	49,720
Redevelopment District Bonds, Series 2010A	06/03/10	02/01/25	5.000	3,778
Redevelopment District Bonds, Series 2010 (Dow AgroSciences)	06/22/10	02/01/25	3.000 – 5.125	12,970
Redevelopment District Bonds, Series 2010 (AIT Laboratories)	11/04/10	02/01/35	2.600 – 5.150	4,435
Redevelopment District Bonds, Series 2011A	03/10/11	08/01/24	0.500 – 5.000	20,835
Redevelopment District Bonds, Series 2011C	05/19/11	02/01/36	4.000 – 5.750	22,490
Redevelopment District Bonds, Series 2012A	09/25/12	08/01/20	3.340	1,665
Redevelopment District Refunding Bonds, Series 2013A	05/16/13	02/01/29	2.000 – 5.000	21,930
Redevelopment District Bonds, Series 2013A	05/16/13	02/01/30	5.000	3,915
Redevelopment District Refunding Bonds, Series 2014 (Fall Creek Project)	06/26/14	02/01/29	0.450 - 4.500	8,655
Redevelopment District Bonds, Series 2015A (Tarkington Park Project)	05/20/15	02/01/20	1.980	1,060
Redevelopment District Refunding Bonds, Series 2015A (Brokenburr Project)	8/6/2015	02/01/30	3.250	1,260
Redevelopment District Refunding Bonds 2016A (Marriott)	10/19/16	02/01/38	3.000 – 5.000	50,325
Redevelopment District Refunding Bonds, Series 2018 (Taxable)(Market District Garage)	01/11/18	01/15/33	4.15	12,040
Economic Development Revenue Bonds, Series 2011A (North of South)	04/07/11	02/01/36	5.000 – 5.750	81,640
Economic Development Revenue Bonds, Series 2011B Taxable (North of South)	04/07/11	02/01/21	2.913 – 4.813	6,520
Economic Development Revenue Bonds, Series 2013A	05/16/13	02/01/30	5.000	14,270
Economic Development Revenue Bonds, Series 2013B	05/16/13	02/01/30	5.000	1,865
Economic Development Revenue Bonds, Series 2014A (Mass. Ave. Project)	09/03/14	02/01/31	5.000	27,320
Economic Development Revenue Bonds, Series 2014B Taxable (Mass. Ave. Project)	09/03/14	02/01/24	2.300 – 3.430	2,505
Economic Development Revenue Bonds, Series 2014C (MSA Project)	09/03/14	02/01/29	2.000 – 5.000	13,975
Economic Development Revenue Bonds, Series 2014D Taxable (Pulliam Project)	09/03/14	02/01/29	5.000	3,320
Economic Development Revenue Bonds, Series 2014E (Pulliam/Millikan Project)	09/03/14	02/01/20	2.300 – 2.600	1,080
Economic Development Revenue Bonds, Series 2015A (Broad Ripple Project)	05/20/15	02/01/20	1.980	6,040
Economic Development Revenue Bonds, Series 2016 A (Mass Ave. Project)	10/13/16	02/01/21	2.390	920
Economic Development Revenue Bonds, Series 2016 B (Pulliam Square Project)	10/13/16	02/01/21	2.390	<u>790</u>
				<u>383,063</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

	Issue Dates	Final Maturity Dates	Interest Rates (All Maturities)	Outstanding
<u>Developer Backed Bonds</u>				
Economic Development Tax Increment Revenue Bonds, Series 2017 (Bethel AME Project)	09/19/17	02/01/2042	5.50	8,020
Economic Development Revenue Bonds, Series 2018 (Phoenix Theatre Project)	05/15/18	02/01/2040	3.61-4.50	4,500
Economic Development Tax Increment Revenue Bonds, Series 2018 (Goodwill Riverview Project)	05/25/18	1/15/2043	5.00	4,200
Economic Development Tax Increment Revenue Bonds, Series 2018 (River House Broad Ripple Project)	06/07/18	1/15/2040	5.00	2,630
Economic Development Tax Increment Revenue Bonds, Series 2018 (Duke Headquarters Project)	06/28/18	1/15/2043	4.00	—
Economic Development Tax Increment Revenue Bonds, Series 2018 (Ardmore Project)	07/20/18	1/15/2043	5.00	—
Economic Development Tax Increment Revenue Bonds, Series 2018 (Ford Assembly Plant Project)	12/12/18	1/15/2043	4.30	3,800
				<u>23,150</u>
Total tax increment revenue bonds				581,641
Less: Matured bonds payable recorded in the debt service funds				(605)
				<u>\$ 581,036</u>

All principal and interest payments for the City’s tax increment revenue bonds are due on January 15 and July 15 or February 1 and August 1 of the respective year.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

On January 11, 2018, the City issued its Redevelopment District Refunding Bonds, Series 2018 in the amount of \$12,040. The proceeds from these bonds, together with funds on hand, were used to pay off an installment purchase contract, which had an outstanding principal balance of \$15,584. The 2018 bonds mature on 1/15/2033.

Developer Backed Bonds

On May 15, 2018, the City issued its Economic Development Revenue Bonds, Series 2018 (Phoenix Theatre Project) in the amount of \$4,500. The proceeds will be used to provide funds to finance the construction of the Phoenix Theatre Education and Innovation Center. Bonds are payable from payments made by the developer further secured by certain collateral and a reserve fund funded by the developer upon closing. If draws are made on the reserve fund, it will be replenished from available consolidated TIF revenues generated and collected in the Consolidated allocation area, if required, and the repayment obligations of the Phoenix bonds to be evidenced by the Developers Note.

On May 25, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (Goodwill Riverview Project) in the amount of \$4,200. The proceeds will be used for constructing a four-story workforce housing apartment building including on-site parking and public art, located at the southwest corner of Michigan Street and White River Parkway. The bonds are secured by an 80% pledge of TIF revenues generated within the Goodwill Riverview TIF Allocation Area.

On June 7, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (River House Broad Ripple Project) in the amount of \$2,630. The proceeds will be used for the acquisition, construction, equipping, and preservation of a six-story mixed-use apartment building consisting of 87 apartment units, rooftop amenity deck, 4,496 square feet of office space and a structured parking facility. The bonds are secured by an 80% pledge of the Broad Ripple Project TIF pledge on a subordinate basis to the Economic Development Revenue Bonds, Series 2015 A (Broad Ripple Project).

On June 28, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (Duke Headquarters Project) in the amount of \$2,926. The proceeds will be used for the acquisition, construction, and equipping of a three-story 78,000 square foot office building above a two-story parking garage and public art, located near the northeast corner of the Keystone at the Crossing development. The bonds are secured by an 80% pledge of Duke project TIF revenues. The bond is a draw bond, it is anticipated that there will be a single draw requested by the developer upon completion of the project. The outstanding balance as of December 31, 2018, is \$-0-.

On July 20, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (Ardmore Project) in the amount of \$7,200. The proceeds will be used for the acquisition, construction, installation, and equipping of a five-story mixed use apartment building including approximately 19,550 square feet of urban street-front retail, a combination of 305 public and private parking spaces, public art, and related costs, located at the Plaza on Pennsylvania street at the southwest corner of the intersection of New York and Delaware streets. The bonds are secured by an 80% pledge of Ardmore project TIF revenues. The bond is a draw bond, it is anticipated that there will be multiple draw requests by the developer throughout the project. The outstanding balance as of December 31, 2018, is \$-0-.

On December 12, 2018, the City issued its Economic Development Tax Increment Revenue Bonds, Series 2018 (Ford Assembly Plant Project) in the amount of \$3,800. The proceeds will be used for the acquisition, construction, and equipping of the vacant Ford Motor Company assembly plant and the reuse as a mixed-use residential and commercial space. The bonds are secured by an 80% pledge of the Ford Plant TIF revenues generated by the Ford Plant Project and Ford Plant Allocation Area.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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>
2019	\$ 40,807	\$ 18,004	\$ 58,811
2020	50,696	16,083	66,779
2021	45,594	14,879	60,473
2022	46,189	14,261	60,450
2023	47,343	13,408	60,751
2024-2028	218,624	55,596	274,220
2029-2033	140,946	26,435	167,381
2034-2038	50,281	6,038	56,319
2039-2043	5,703	607	6,310
	<u>646,183</u>	<u>165,311</u>	<u>811,494</u>
Less: deferred interest on capital appreciation bonds	(64,542)		(64,542)
Total	<u>\$ 581,641</u>	<u>\$ 165,311</u>	<u>\$ 746,952</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, 2018, 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	0.600 – 3.000	5,635
Economic Development Refunding Bonds, Series 2012B	12/20/12	04/01/39	2.000 – 5.000	15,290
Indy Roads Revenue Refunding Bonds, Series 2013	09/25/13	01/01/19	3.000 – 5.000	900
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	5,295
PILOT Refunding Bonds, Series 2017C	12/28/17	01/01/40	4.000 – 5.000	150,800
Indy Roads Revenue Bond, Series 2018A	12/18/18	01/01/39	4.000 – 5.000	30,000
Total revenue bonds recorded in governmental activities				<u>321,755</u>
Less matured bonds payable recorded in debt service funds				(6,490)
				<u>\$ 315,265</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2019 and January 15, 2019 have been recorded as matured bonds payable and matured interest payable at December 31, 2018.

On December 18, 2018, the City issued its Indy Roads Revenue Bonds, Series 2018A in the amount of \$30,000. The proceeds will be used to finance certain street, road, bridge, traffic signal, curb and sidewalk improvements within the City.

Revenue bond debt service requirements to maturity are as follows:

Years Ending December 31	Governmental Activities	
	Principal	Interest
2019	\$ 8,045	\$ 10,803
2020	9,245	14,846
2021	12,495	14,411
2022	13,140	13,818
2023	13,780	13,162
2024-2028	69,550	55,526
2029-2033	71,280	39,083
2034-2038	90,215	19,706
2039-2043	34,005	1,562
	<u>\$ 321,755</u>	<u>\$ 182,917</u>

At December 31, 2018, \$235,780 of defeased revenue bonds remain outstanding and have been removed from the basic financial statements.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

E. Pledged Revenues

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

Revenue Bond Issue	General Purpose for Debt	Term of Commitment	Pledged Revenue	Principal and Interest for Fiscal Year Ended December 31, 2018	Pledged Revenues for Fiscal Year Ended December 31, 2018	Total Principal and Interest Remaining on Debt
Tax increment revenue	Infrastructure improvements and certain economic development projects	Through 2043	Property tax increment	\$ 64,838	\$ 94,215	\$ 653,845 (1)
Transportation revenue	Construction, reconstruction, and repair of roads, streets, and sidewalks	Through 2039	Wheel tax and gasoline tax	6,189	69,823	159,418
Facilities revenue	Improvements and repairs to various city and county-owned buildings	Through 2021	Rent charged back to City and County agencies	1,826	1,858	5,459
Stormwater	Improvements of stormwater handling capabilities	Through 2041	Net revenues of the stormwater system	6,031	7,539	108,716
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	1,584	1,584	32,727
PILOT	Construction of certain improvements to the City's public roads, street and sidewalks, and other public facilities.	Through 2040	Payments in lieu of taxes	7,413	13,729	247,191

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018, \$600 was still outstanding.
2. 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, 2018 is \$13,047.
3. On May 14, 2014, the City entered into note agreement with BMO Harris Bank to service the outstanding obligations related to capital improvements to the Eagle Creek Golf Course. The note is payable over a 7-year period beginning July 15, 2014. Under terms of the agreement, the City makes principal and interest payments on each January 15 and July 15, with the last payment being due on July 15, 2021. At December 31, 2018, \$2,588 was still outstanding.
4. 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, 2018 the CAC has recorded \$748 of cash in escrow and long-term debt of \$17,470. Included in the cash balance is \$748 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.
5. 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, 2018 is \$48,218.
6. 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, 2018 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, 2018, the long-term receivable and the outstanding balance of the note is \$4,650.

On August 15, 2018, the City borrowed funds for the Monon16 Project for \$5,000, the loan will mature on August 1, 2038. Principal payments are due annually and interest payments are due quarterly. At December 31, 2018, the outstanding balance of the note is \$5,000. The funds will be used to develop the "Monon16" area, which is the immediate area surrounding the intersection of the Monon Trail and 16th Street. This includes housing, security, and transportation improvements.

On September 14, 2018, the City borrowed funds for the Central State Complex Project \$4,575, the loan will mature on August 1, 2038. Principal payments are due annually and interest payments are due quarterly. At December 31, 2018, the outstanding balance of the note is \$4,575. The funds will be used to develop the Central State Complex, which is a growing neighborhood on the near Westside of Indianapolis. This includes infrastructure, housing, and education improvements.
7. 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. The outstanding balance of the notes at December 31, 2018 is \$17,895.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

8. 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, 2018 is \$19,903.
9. On March 23, 2018, the City issued the Local Option Income Tax Notes, Series 2018A with borrowing authorization of up to \$55,000 for the purpose of paying site preparation, construction mobilization, and related engineering, planning and design, and consulting services costs in connection with the community justice campus project and related capital expenditures. 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 2.55%, calculated on the principal amount drawn. The maturity date for the note is March 23, 2020, 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, 2018 is \$14,675.
10. On December 14, 2018, the City issued Economic Development Tax Increment Revenue Bond Anticipation Note, Series 2018 (ILMAR/KG 220 Projects) in an amount of \$15,855. The proceeds are being used to fund a portion of the costs of constructing improvements to a historic building in connection with the development of the building by ILMAR, LLC into a high-end hotel, to fund constructing improvements to a building in connection with the development of the building by KG 220 LLC into a mixed-use office, commercial retail and residential development, and to finance capitalized interest and the costs of issuance of the bond anticipation note. The bonds are secured by a Junior-Junior Subordinate line of Consolidated TIF revenues, regarding interest payments only, and a developer guarantee. Once the BAN is refunded by the long-term debt obligation, both principal and interest, is expected to be paid from the TIF revenues generated by the project, and to the extent project TIF revenues are not sufficient, the Consolidated TIF revenues. This note has a maturity date of February 1, 2023.

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

<u>Years Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 70,781	\$ 4,178
2020	17,397	3,143
2021	4,471	2,754
2022	20,218	2,331
2023	18,254	1,605
2024-2028	14,973	4,875
2029-2033	11,470	2,573
2034-2038	8,512	617
	<u>\$ 166,076</u>	<u>\$ 22,076</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018, the total net book value of capital assets under such leases was \$10,538 and the related capital lease obligations amounted to \$12,182.

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments as of December 31, 2018:

	<u>Governmental</u> <u>Activities</u>
2019	\$ 1,004
2020	1,004
2021	1,233
2022	1,233
2023	988
2024-2028	6,985
2029-2033	4,118
2034-2038	<u>3,040</u>
	19,605
Amount representing interest	<u>(7,423)</u>
Present value of net minimum lease payments	<u>\$ 12,182</u>

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 \$38,757 at December 31, 2018 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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 matured and was paid in full on July 31, 2018.

<u>Bond anticipation notes</u>	<u>Balance January 1, 2018</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance December 31, 2018</u>
Economic Development Tax Increment Revenue Bond Anticipation Note, Series 2016A (16 Tech Project)	\$ 5,500	\$ —	\$ 5,500	\$ —
	<u>\$ 5,500</u>	<u>\$ —</u>	<u>\$ 5,500</u>	<u>\$ —</u>

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.

The outstanding City conduit debt issued prior to 2001 cannot be determined. However, as of December 31, 2018, there were 26 series of Economic Development Revenue Bonds approved by the Council issued on or after 2001 outstanding for a total not-to-exceed amount of \$314,300. The aggregate principal amount outstanding at December 31, 2018 since 2001 is \$230,541.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

15. Fund Balances

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

	<u>General Fund</u>	<u>Revenue Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Permanent fund (principal and interest)	\$ —	\$ —	\$ 362	\$ 362
Restricted for:				
Street maintenance and projects	55,843	—	—	55,843
Stormwater management	29,748	—	—	29,748
Debt service	—	146,305	58,675	204,980
Capital projects	—	—	147,787	147,787
Other purposes by grantors	—	—	10,951	10,951
Public safety	—	—	510	510
Sidewalk, curb and street repair	—	—	10,341	10,341
	<u>85,591</u>	<u>146,305</u>	<u>228,264</u>	<u>460,160</u>
Committed to:				
Rebuild Indy projects	40	—	—	40
Utility monitoring	300	—	—	300
CJC	4,700	—	—	4,700
	<u>5,040</u>	<u>—</u>	<u>—</u>	<u>5,040</u>
Assigned to:				
Redevelopment	14,652	—	—	14,652
Solid waste collection	5,852	—	—	5,852
Solid waste disposal	—	—	—	—
Parks and recreation	6,673	—	—	6,673
Stormwater management	4,284	—	—	4,284
Operating expenditures	40,813	—	—	40,813
Public safety	4,231	—	—	4,231
	<u>76,505</u>	<u>—</u>	<u>—</u>	<u>76,505</u>
Unassigned				
	107,099	—	—	107,099
Total fund balance	<u>\$ 274,235</u>	<u>\$ 146,305</u>	<u>\$ 228,266</u>	<u>\$ 649,166</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

16. Postemployment Benefits Other Than Pensions

A. Plan Description

The City postemployment medical benefit plan (the OPEB Plan) is a single-employer defined benefit other postemployment benefit (OPEB) plan covering eligible retirees and their dependents, which is administered by the City for certain groups of beneficiaries and boards of trustees appointed by the local unions administering for other groups of beneficiaries. 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 for certain groups of beneficiaries. Benefit provisions for certain other groups are determined by the board of trustees appointed by the local unions. The City determines benefits for non-union employees. The OPEB Plan does not issue a separate report that includes financial statements and required supplementary information for the OPEB Plan.

B. Benefits Provided

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.

For Police and Firefighter eligible retirees and their spouses, 60% of the cost of current year premiums are paid from the Retiree Health Insurance Fund (RHIF). Plan members receiving benefits contribute 40% of their premium costs. For Police and Firefighter eligible retirees over age 65, amounts determined by the board of trustees appointed by the local unions are contributed to the retiree towards the premium cost of a Medicare Supplement plan.

Eligible retirees must meet the following criteria:

Civilian

1. At age 65 and has at least 10 years of creditable service, or
2. At age 60 with at least 15 or more years of creditable service, or
3. 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.

The employees covered by the OPEB Plan benefit terms at the valuation date of January 1, 2018, are:

	2018
Active Employees	3,933
Retired Employees	732
Beneficiaries	2
Spouses of Retired Employees	144
	4,811

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

C. Contributions

Contribution requirements are negotiated between the City and union representatives. For fiscal year 2018, the City contributed \$7,190 to the plan. Any cash balance left at the end of the calendar year in the RHIF is transferred to the trusts for the benefit of the retired Police and Firefighter employees.

D. Net OPEB Liability

The City's net OPEB liability of \$221,153 was measured as of December 31, 2018 for the year ended December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018. The total OPEB liability was calculated based on the discount rate and actuarial assumptions below and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and 75.

The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.20% for 15 years and 2.50% thereafter
Salary Increases	2.75% average, including inflation
Health Care Cost Trend Rates	
Pre-65	6.50% - 4.10% over 57 years
Post-65	6.40% - 4.30% over 57 years
Discount Rate	4.10%

Mortality rates for pre-retirement, post-retirement, and post-disability members were based on the RP-2014 Employee, RP-2014 Healthy Annuitant, and RP-2014 Disabled mortality rates, respectively. All were adjusted backwards to the 2006 base year using MP-2014, with generational improvement from 2006 using Scale MP-2017. Separate rates were used for males and females as appropriate.

The plan has not had a formal actuarial experience study performed for the January 1, 2017 and 2018 valuations. Total OPEB liability was calculated using the previously established actuarial assumptions.

The long-term expected rate of return on the OPEB Plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of December 31, 2017. The assets held in the OPEB trusts are not included in the information presented in Note 2, *Cash Deposits and Investments*, or Note 3, *Disclosures About Fair Value of Assets*.

Asset Class	Target Allocation	Long-Term	Long-Term
		Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
U.S. Core Fixed Income	90.00%	2.65%	2.51%
U.S. Cash	8.00%	0.52%	0.51%
U.S. Equity Market	2.00%	4.86%	3.57%
	<u>100.00%</u>		

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

E. Discount Rate

The discount rate used to measure the total OPEB liability was 4.10% for the year ended December 31, 2018. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

F. Changes in the Net OPEB Liability

Changes in the total OPEB liability, OPEB Plan fiduciary net position and the net OPEB liability are:

	2018		
	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance, beginning of year	\$ 234,137	\$ 10,871	\$ 223,266
Changes for the year:			
Service Cost	12,338	-	12,338
Interest on total OPEB liability	8,374	-	8,374
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	(15,568)	-	(15,568)
Benefit payments	(6,154)	(6,154)	-
Employer contributions	-	7,190	(7,190)
Member contributions	-	-	-
Net investment income	-	103	(103)
Administrative expense	-	(36)	36
Net Changes	<u>(1,010)</u>	<u>1,103</u>	<u>(2,113)</u>
Balance, end of year	<u>\$ 233,127</u>	<u>\$ 11,974</u>	<u>\$ 221,153</u>

Changes of assumptions reflect a change in the discount rate from 3.44% at December 31, 2017 to 4.10% at December 31, 2018.

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The net OPEB liability of the City has been calculated using a discount rate of 4.10%. The following presents the net OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease	Discount Rate	1% Increase
City's net OPEB liability	\$ 245,250	\$ 221,153	\$ 199,825

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

The net OPEB liability of the City has been calculated using current healthcare cost trend rates. The following presents the net OPEB liability using healthcare cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
City's net OPEB liability	\$ 192,261	\$ 221,153	\$ 255,703

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$18,469. At December 31, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 13,622
Net difference between projected and actual earnings on OPEB plan investments	<u>230</u>	<u>-</u>
Total	<u>\$ 230</u>	<u>\$ 13,622</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to OPEB will be recognized in OPEB expense as follows:

2019	(1,888)
2020	(1,888)
2021	(1,888)
2022	(1,888)
2023	(1,946)
Thereafter	<u>(3,894)</u>
	<u>(13,392)</u>

I. Payable to the OPEB Plan

At December 31, 2018, the City reported a payable of \$827, for the outstanding amount of contributions to the OPEB Plan required for the year ended December 31, 2018.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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.

Employees Covered by Benefit Terms

Employees covered by benefit terms of the Police and Firefighters’ Pre-1977 Plans as of December 31, 2017 follows:

	Pre-1977 Police Plan	Pre-1977 Firefighters’ Plan
Retirees and beneficiaries currently receiving benefits	763	711
Current employees - vested	14	7
Total	777	718

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%.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 2018, the State of Indiana contributed \$55,890 of pension relief to the City's Police and Firefighters' Pre-1977 Plans (\$28,183 and \$27,707, 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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 9.15% for this same year. The City's contributions to the plan for the year ended December 31, 2018, exclusive of employer-paid member contributions, was \$33,241, 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, 2018, a total of \$82,000 is held under the DROP for participating government employers of the 1977 Police and Firefighters' Plan.

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 \$677 for 2018, are not included in this report but can be found in the Housing Agency's separately issued financial report.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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 My Choice: Retirement Savings Plan for Public Employees (“My Choice Plan”). Effective on January 1, 2017, new employees hired by the City are enrolled in the My Choice Plan with the exception of the American Federation of State, County, and Municipal Employees (“AFSCME”) union employees, which have the option of enrolling in either the PERF Hybrid or My Choice Plan.

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 Public Employees’ Hybrid Members Defined Contribution Account that supplements the defined benefit at retirement.

Effective January 1, 2018, funds previously known as annuity savings accounts (which were reported within defined-benefit funds) were re-categorized as defined contribution funds based on Internal Revenue Private Letter Rulings PLR-193-2016 and PLR-110249-18. PERF Defined Contribution member balances (previously known as annuity savings accounts) reported within PERF DB were transferred to the appropriate defined-contribution fund as of January 1, 2018.

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.

PERF Hybrid Plan

The employer defined benefit contribution rate is based on an actuarial valuation and is adopted, and may be amended, by the INPRS Board. For 2018, the City contributed 11.2% of employee compensation to the plan. The Defined Contribution Account 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 Defined Contribution Account. An employee’s contribution and interest credits belong to the employee and do not belong to the state or the City.

My Choice Plan

For the My Choice plan, member contributions are set by statute at 3% of compensation, plus these members may receive additional employer contributions in lieu of the Public Employees’ Defined Benefit Account. The City has elected to make the 3% required contribution on behalf of the employed members and has elected to contribute an additional 1.1% for 2018. In addition, for the My Choice Plan, all participating employers were required to make a 7.1% supplemental contribution toward the fund’s actuarial unfunded liability.

Retirement Benefits – PERF Hybrid Plan

Defined Benefit Account

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 Defined Contribution Account. 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 Defined Contribution Account, 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 Defined Contribution Account 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 Defined Contribution Account. A nonvested employee who terminates employment prior to retirement may withdraw his/ her Defined Contribution Account 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.

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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.

Defined Contribution Account

The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined-contribution component of the Public Employees' Hybrid Plan. The Public Employees' Defined Benefit Account is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at 3% of compensation, and the employer may choose to make these contributions on behalf of the member, which the City has done. Members are 100% vested in their account balance, which includes all contributions and earnings. The City has elected to make this contribution on behalf of the employed members. The contribution for the year ended December 31, 2018 was \$1,827.

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 (not in thousands), 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 Required and Contributions Made

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 2018 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, 2018, exclusive of employer-paid member contributions, was \$6,831, equal to the approved employer contribution and 11.2% of covered payroll for each year.

Retirement Benefits – My Choice Plan

Defined Contribution Account

The My Choice Plan is a multi-employer defined-contribution fund that serves as the primary retirement benefit for the My Choice: Retirement Savings Plan for Public Employees (My Choice) members. Effective January 1, 2017, except for police and firefighters, new employees are enrolled in the My Choice Plan.

Member contributions are set by statute at 3% of compensation, plus these members may receive additional employer contributions in lieu of the Public Employees' Defined Benefit Account. The City has elected to make the 3% required contribution on behalf of the employed members, which was \$267 for 2018. Employers can also choose to make an additional

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

contribution to employee accounts ranging from 0% up to the normal cost of the fund. The normal cost for 2018 was 4.1%. The City elected to contribute an additional 1.1% for 2018, which was \$105 for 2018. In addition, for the My Choice Plan, all participating employers are required to make a 7.1% supplemental contribution toward the fund’s actuarial unfunded liability, which was \$625 in 2018.

Members are 100% vested in all member contributions, which is the 3% required contribution the City has elected to contribute, and are vested as follows in the additional employer contributions which includes all earnings:

Years of Service				
1	2	3	4	5+
20%	40%	60%	80%	100%

Investments are self-directed, members may make changes daily, and investments are reported at fair value. Market risk is assumed by the member, and the member may choose among the following eight investment options with varying degrees of risk and return potential: Stable Value Fund, Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Target Date Funds, and Money Market Fund.

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CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2017 - rolled forward to measurement date	December 31, 2017 - rolled forward to measurement date	June 30, 2017 - rolled forward to measurement date	June 30, 2017 - rolled forward to measurement date
Measurement date	December 31, 2018	December 31, 2018	June 30, 2018	June 30, 2018
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	9.30%	9.30%
Inflation rate	2.25%	2.25%	2.25%	2.25%
Cost of living adjustment	2.50%	2.50%	2.00%	*
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-2104 improvement removed) Total Data Set (Disability Mortality Tables for Disabled members) 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 (Disability Mortality Tables for Disabled members) 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:		
2018	3.10%	3.10%	6.75%	6.75%
2017	2.75%	2.75%	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

* In lieu of a COLA on January 1, 2019, members in pay were provided a 13th check on October 1, 2018. It is assumed a 13th check would continue for the 2020 and 2021 fiscal years. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2022, 0.5% beginning on January 1, 2034, 0.6% beginning on January 1, 2039.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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%	4.4%
Private equity	14%	5.4%
Fixed income - ex inflation linked	20%	2.2%
Fixed income - inflation linked	7%	0.8%
Commodities	8%	2.3%
Real estate	7%	6.5%
Absolute return	10%	2.7%
Risk parity	12%	5.2%
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, 2018.

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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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

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

<u>Plan</u>	<u>Net Pension Liability (Asset)</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Pre-1977 Police Plan (current rate: 3.10%)	\$ 449,952	\$ 407,368	\$ 371,178
Pre-1977 Firefighters' Plan (current rate: 3.10%)	408,718	371,207	339,217
1977 Police and Firefighters' Plan (current rate: 6.75%) - proportionate share (22.59%)	188,653	(19,856)	(188,400)
PERF (current rate: 6.75%) - proportionate share (1.37%)	<u>73,047</u>	<u>46,405</u>	<u>24,186</u>
Total	<u>\$ 1,120,370</u>	<u>\$ 805,124</u>	<u>\$ 546,181</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, 2018 and the total pension liability used to calculate the net liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to the measurement date. Member census data as of December 31, 2017, was used in the valuation and adjusted, where appropriate, to reflect changes between December 31, 2017 and December 31, 2018. For December 31, 2018 valuations, the actuarial assumptions are generally unchanged from the prior year and reflect the results of an experience study completed in April 2015. The one exception is that the discount rate increased from 2.75% for the December 31, 2017 valuations, to 3.10% for the December 31, 2018 valuations, as directed by INPRS.

The net pension liability for the 1977 Police and Firefighters’ Plan was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to the measurement date. Member census data as of June 30, 2017, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2017 and June 30, 2018. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2017 to the June 30, 2018 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, 2018, the City’s proportion for its police officers was 12.17307%, which is an increase of 0.10606% from its proportion measured as of June 30, 2017. At June 30, 2018, the City’s proportion for its firefighters was 10.41363%, which was a decrease of 0.41351% from its proportion measured as of June 30, 2017.

The net pension liability for PERF was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to the measurement date. Member census data as of June 30, 2017, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2017 and June 30, 2018. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2017 to the June 30, 2018 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, 2018, the City’s proportion was 1.36600%, which was an increase of 0.00627% from its proportion measured as of June 30, 2017.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

At December 31, 2018, 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:

Plan	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Police Pre-1977 Plan	\$ —	\$ 407,368	\$ —	\$ —	\$ (2,269)
Firefighters' Pre-1977 Plan	—	371,207	—	—	(137)
1977 Police and Firefighters' Plan	19,856	—	61,002	54,462	23,480
PERF	—	46,405	5,379	7,918	6,642
Total	\$ 19,856	\$ 824,980	\$ 66,381	\$ 62,380	\$ 27,716

The components of the net pension liability of the City for the Police and Firefighters' Pre-1977 Plans as of December 31, 2018 were as follows:

	Pre-1977 Police Plan	Pre-1977 Firefighters' Plan
Total pension liability	\$ 407,823	\$ 371,001
Plan's fiduciary net position	(455)	206
City's net pension liability	<u>\$ 407,368</u>	<u>\$ 371,207</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.11%</u>	<u>-0.06%</u>

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

	Pre-1977 Police Plan			Pre-1977 Firefighters' Plan		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances as of January 1, 2018	\$ 438,605	\$ 804	\$ 437,801	\$ 398,570	\$ 296	\$ 398,274
Changes for the year:						
Service cost	227	—	227	122	—	122
Interest on total pension liability	11,667	—	11,667	10,624	—	10,624
Difference between expected and actual experience	(333)	—	(333)	1,348	—	1,348
Effect of assumptions changes	(13,830)	—	(13,830)	(12,231)	—	(12,231)
Employer contributions	—	28,183	(28,183)	—	27,707	(27,707)
Projected benefit payments	(28,513)	—	(28,513)	(27,432)	—	(27,432)
Benefit payments	—	(28,532)	28,532	—	(28,209)	28,209
Total net changes	<u>(30,782)</u>	<u>(349)</u>	<u>(30,433)</u>	<u>(27,569)</u>	<u>(502)</u>	<u>(27,067)</u>
Balances as of December 31, 2018	<u>\$ 407,823</u>	<u>\$ 455</u>	<u>\$ 407,368</u>	<u>\$ 371,001</u>	<u>\$ (206)</u>	<u>\$ 371,207</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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

The Police and Firefighters' Pre-1977 Plans have no deferred outflows of resources or deferred inflows of resources as of December 31, 2018. Deferred outflows of resources and deferred inflows of resources related to the 1977 Police and Firefighters' Plan and PERF as of December 31, 2018 are from the following sources:

	1977 Police and Firefighters' Plan		PERF		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,731	\$ 9,167	\$ 607	\$ 3	\$ 37,338	\$ 9,170
Net difference between projected and actual earnings on pension plan investments	6,777	—	1,374	—	8,151	—
Changes of assumptions	—	44,000	111	7,449	111	51,449
Changes in proportion and differences between the City's contributions and proportionate share of contributions	1,328	1,295	203	466	1,531	1,761
City's contributions subsequent to the measurement date	16,166	—	3,084	—	19,250	—
Total	\$ 61,002	\$ 54,462	\$ 5,379	\$ 7,918	\$ 66,381	\$ 62,380

At December 31, 2018, the City reported \$16,166 and \$3,084 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, \$16,166 will be recognized as a decrease in the net pension liability for the 1977 Police and Firefighters' Plan and \$3,084 will be recognized as a decrease in the net pension liability for PERF in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to pensions will be recognized in pension expense as follows:

	1977 Police and Firefighters' Plan	PERF	Total
2019	\$ 14,452	\$ 475	\$ 14,927
2020	(1,828)	(1,894)	(3,722)
2021	(13,917)	(3,385)	(17,302)
2022	(11,104)	(819)	(11,923)
2023	(4,555)	—	(4,555)
Thereafter	7,326	—	7,326
Total	\$ (9,626)	\$ (5,623)	\$ (15,249)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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, 2018 follows:

	Police Pension	Firefighters' Pension	Total
ASSETS			
Equity in pooled cash	\$ 51	\$ —	\$ 51
Investments	439	—	439
Total assets	<u>490</u>	<u>—</u>	<u>490</u>
LIABILITIES			
Accounts payable and other accrued liabilities	35	36	71
Due to other funds	—	170	170
Total liabilities	<u>35</u>	<u>206</u>	<u>241</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 455</u>	<u>\$ (206)</u>	<u>\$ 249</u>

The combining statement of changes in fiduciary net position at December 31, 2018 follows:

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Employer contributions	\$ 28,183	\$ 27,707	\$ 55,890
DEDUCTIONS			
Benefits	<u>28,532</u>	<u>28,209</u>	<u>56,741</u>
Net decrease in net position	(349)	(502)	(851)
Net position restricted for pensions – beginning of year	804	296	1,100
Net position (deficit) restricted for pensions – end of year	<u>\$ 455</u>	<u>\$ (206)</u>	<u>\$ 249</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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

18. Deferred Compensation Plan

Employees of the City of Indianapolis are eligible to participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code (“IRC”) Section 457. The deferred compensation plan is available to all employees of the County. Under this plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Plan assets are held in trust by an independent trustee for the exclusive benefit of participants and their beneficiaries and are not included within the accompanying financial statements.

19. 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 \$1,483 at December 31, 2018. 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 \$4,835-\$54,696, 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, 2018, the total termination payments due would be \$355.

20. 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 2018 and 2017, including an estimate of incurred but not reported claims, is as follows:

	<u>Risk Management</u>	<u>Public Liability Self-Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
Unpaid claims, December 31, 2016	\$ 7,945	\$ 368	\$ 6,958	\$ 15,271
Incurred claims and changes in estimates	11,616	1,103	86,068	98,787
Claims paid	<u>(9,025)</u>	<u>(1,410)</u>	<u>(83,943)</u>	<u>(94,378)</u>
Unpaid claims, December 31, 2017	\$ 10,536	\$ 61	\$ 9,083	\$ 19,680
Incurred claims and changes in estimates	8,368	5,150	79,674	93,192
Claims paid	<u>(8,082)</u>	<u>(1,578)</u>	<u>(80,472)</u>	<u>(90,132)</u>
Unpaid claims, December 31, 2018	<u>\$ 10,822</u>	<u>\$ 3,633</u>	<u>\$ 8,285</u>	<u>\$ 22,740</u>

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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

The City has elected to be self-insured through a high-deductible health insurance plan that is offered to current and eligible retired employees. There is a \$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.

21. 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 2018, the City's monthly share of the revenue was 30% for parking meter revenues collected between \$0 and \$643 and 60% for all such amounts above \$643 (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, 2018, \$16,800 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 2018, \$400 was amortized and recognized as revenue in the government-wide statement of activities.

22. 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 2018, the City incurred approximately \$17,442 in information systems costs and \$762 in telephone costs, of which approximately \$3,341 is due to the County at December 31, 2018 for these services. The City also paid the County \$6,995 of 911 dispatch fees. During 2018, the County paid the City \$758 for fuel charges. As of December 31, 2018, the County owed the City \$809 for court costs. In addition, the City and County both act in capacities as pass through and subrecipient agents for federal and state grants.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

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

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

In connection with a Public Safety Support Agreement dated March 1, 2013, between the City and the CIB, the CIB is to pay a portion of the Marion County Admissions Taxes and Marion County Supplemental Auto Rental Excise Taxes it receives on an annual basis to the City to be used for public safety purposes. 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 2018 amounted to \$2,168; 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 \$3,704 in repairs through December 31, 2018.

In 2018, the City entered into an agreement with The Health and Hospital Corporation of Marion County (“HHC”), whereas HHC agreed to support a portion of the startup and capital costs associated with the Community Justice Center Campus, which will include an Assessment and Intervention Center (“AIC”). HHC will provide support from 2018 through 2025, as follows: \$4,700 in 2018, \$2,500 in 2019 and 2020, and \$2,700 in 2021-2025. The AIC will help by diverting individuals from infective punitive measures, including incarceration, and into appropriate care delivery models that provide rapid and integrated patient care, to address mental health, addiction, homelessness, and other socio-economic issues.

23. 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, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,084
General Fund	Risk Management Internal Service Fund	3,005
General Fund	Fiduciary Firefighters Pension	<u>170</u>
		<u>\$ 4,259</u>

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

Interfund transfers for the year ended December 31, 2018 consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>Governmental Activities</u>			
	<u>General Fund</u>	<u>Revenue Bond Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ —	\$ 377	\$ 9,799	\$ 10,176
Revenue Bond Debt Service Fund	—	—	70,130	70,130
Nonmajor Governmental Funds	65,875	10,807	27,841	104,523
Total transfers	<u>\$ 65,875</u>	<u>\$ 11,184</u>	<u>\$ 107,770</u>	<u>\$ 184,829</u>

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

24. 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, 2018, follow:

Bonds and notes payable and certificates of participation	\$ 1,187,432
Unamortized premiums, net of discounts	62,301
Amounts recorded as matured bonds and notes payable at December 31, 2018	(16,945)
Capital leases payable	12,182
Net pension liabilities	824,980
Postemployment benefit liability	221,153
Compensated absences	38,757
Combined adjustment	<u>\$ 2,329,860</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on 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, 2018, follow:

Debt issued:

Tax increment bonds, excluding accretion on capital appreciation bonds of \$9,649	\$ (27,170)
Revenue bonds	(30,000)
Note payable	(73,659)
Unamortized premiums	<u>(4,217)</u>
Combined adjustment	<u>\$ (135,046)</u>

Repayments:

Bond principal, less increase in matured bonds payable of \$12,326	\$ 64,380
Notes payable and certificates of participation	<u>29,646</u>
Combined adjustment	<u>\$ 94,026</u>

25. Deficit Fund Balances and Net Position

Negative fund balances by fund are as follows:

Deficit Fund Balances	December 31, 2018
Internal Service Fund	
Risk Management	\$ <u>(13,759)</u>

The risk management internal service fund negative fund balance will be covered by future charges to City departments.

26. Subsequent Events

On February 26, 2019, the City refinanced the HUD (Monon16 Project) note payable. The City made a one-time principal payment of \$2,000 and as part of the refinancing, the interest rate terms were changed from variable to fixed rate.

On March 5, 2019, the City issued the Stormwater Notes, Series 2019 with borrowing authorization of up to \$50,000 for stormwater infrastructure including new channels, culverts, dam renovations, engineering studies, and drainage and water quality 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 2.70%. The maturity date for the note is March 1, 2022, but at any point on or after July 1, 2019, the note is callable without penalty, at which point the note will be taken out with permanent financing.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Financial Statements
December 31, 2018
(Dollars in Thousands)

On April 4, 2019, the Indianapolis Local Public Improvement Bond Bank issued the Community Justice Campus Bonds, Series 2019A and 2019B for \$610,645 and \$13,745, respectively. The proceeds from the 2019A series will be used for the purpose of purchasing the Indianapolis-Marion County Building Authority Lease Rental Revenue Bonds, Series 2019A (Jail and Courthouse Project) and paying off the Local Option Income Tax Notes, Series 2017A and 2018A, which had outstanding balances of \$19,903 and \$14,675, respectively, as of December 31, 2018, as reported on the City's statement of net position. The proceeds of the Series 2019B bonds will be used for the purpose of purchasing the Indianapolis-Marion County Building Authority Lease Rental Revenue Bonds, Series 2019B (Assessment and Intervention Center Project). The Community Justice Campus will be located at the site of a former gas and coke manufacturing facility, the Citizens Gas & Coke Utility Plant, and will consist of a new adult detention center and courthouse, and a new assessment and intervention center. The Detention Center will replace the existing arrestee processing center, Jail I, Jail II and Hope Hall. The Detention Center will consist of roughly 2,700 general population beds, 300 specialty beds and 40,000-50,000 square feet of space for inmate education, job-training, counseling and other programs. The Courthouse will consolidate the Marion County, Indiana Courts (namely, the civil, criminal, juvenile and probate courts) into one building. The assessment and intervention center will be a two-story, approximately 38,000 square foot building that has capacity for 90 beds, which will provide temporary shelter, case assessment and treatment referral services. The facilities and land on the campus will be leased by the Building Authority, as lessor, to Marion County, as lessee. Upon completion of the project, the County will pay lease rental payments to the Building Authority to secure the payment of the Series 2019A and Series 2019B Bonds. As part of the closing, the City contributed \$9,319 to fund a revenue stabilization account with the deposit trustee, equal to 3 months' worth of lease rental payments. The balance in the revenue stabilization account will be maintained throughout the life of the bonds, and provides bondholders with additional security. It is anticipated that the facility will be ready for use and occupancy by September 2021 with a final move in date of January 2022, at which time monthly lease payments will begin. Capitalized interest will cover the payments between the time of closing and the occupancy of the campus.

The City is finalizing the issuance of a Taxable Economic Development Tax Increment Revenue Note for \$30,000. Pursuant to an agreement with The Dow Chemical Company and E.I. du Pont de Nemours and Company, which merged into a new company, DowDuPont on August 31, 2017, DowDuPont is separating their leading businesses into three independent, publicly traded companies, one of which will be a leading, global pure-play agricultural business, Corteva Agriscience ("Corteva"). Effective June 1, 2019, Corteva completed its separation from DowDuPont and as part of the agreement, Corteva, will retain its' global business center and research and development facilities in Indianapolis. The note proceeds will provide reimbursement for prior payment of, all or any portion of the costs of the continued operations of, and any additions or improvements to and equipment for, the exiting global business center and research development facilities, which will retain approximately 1,385 full-time jobs in the City. The note will mature on February 20, 2026 and bears interest at 3.35%.

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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, 2018
(In thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget – positive (negative)</u>
Revenues:				
Taxes	\$ 382,977	\$ 386,836	\$ 395,585	\$ 8,749
Licenses and permits	14,076	14,076	15,842	1,766
Charges for services	74,553	74,654	74,302	(352)
Intergovernmental revenues	69,061	69,060	65,313	(3,747)
Traffic violations and court fees	3,919	3,918	2,771	(1,147)
Intragovernmental revenues	2,421	2,421	5,654	3,233
Interest and other operating revenues	17,841	17,842	21,915	4,073
Total revenues	<u>564,848</u>	<u>568,807</u>	<u>581,382</u>	<u>12,575</u>
Expenditures:				
Current:				
General government	29,795	31,430	28,578	2,852
Public safety	419,976	426,635	422,021	4,614
Public works	109,534	114,814	111,272	3,542
Health and welfare	1,133	1,934	965	969
Cultural and recreation	25,709	25,280	23,211	2,069
Urban redevelopment and housing	7,750	7,800	6,550	1,250
Economic development and assistance	1,419	1,979	2,112	(133)
Capital outlays	32,233	73,070	72,699	371
Total expenditures	<u>627,549</u>	<u>682,942</u>	<u>667,408</u>	<u>15,534</u>
Deficiency of revenues under expenditures	<u>(62,701)</u>	<u>(114,135)</u>	<u>(86,026)</u>	<u>28,109</u>
Other financing sources:				
Sale and lease of property	535	535	372	(163)
Transfers in	53,315	56,246	54,646	(1,600)
Total other financing sources	<u>53,850</u>	<u>56,781</u>	<u>55,018</u>	<u>(1,763)</u>
Revenues under expenditures and other financing sources	<u>(8,851)</u>	<u>(57,354)</u>	<u>(31,008)</u>	<u>26,346</u>
Fund balance at beginning of year	198,731	228,249	253,244	24,995
Cancellation of purchase orders and other	29,517	41,953	12,130	(29,823)
Fund balance at end of year	<u>\$ 219,397</u>	<u>\$ 212,848</u>	<u>\$ 234,366</u>	<u>\$ 21,518</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, 2018
(In thousands)

1. Budgets and Budgetary Accounting

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

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

	General Fund
Original appropriations	\$ 627,549
Revisions	55,393
Revised appropriations	\$ <u>682,942</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.
 - 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.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis – Marion County)
Notes to Required Supplementary Information – Budgetary Comparison Schedule
December 31, 2018
(In thousands)

- 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.

2. Budget/GAAP Reporting Differences

Adjustments necessary to convert the results of 2018 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)	\$	(31,008)
Adjustments:		
Accrued revenues		69,146
Accrued expenditures		(66,936)
Transfers, net		1,166
Encumbrances		53,325
Expenditures from prior year encumbrances		(34,880)
Net change in fund balances (GAAP basis)	\$	<u>(9,187)</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Pension Liability						
Service cost	\$ 227	\$ 268	\$ 469	\$ 598	\$ 430	\$ 244
Interest cost	11,667	13,538	12,070	12,393	18,697	22,693
Experience (gains)/losses	(333)	(253)	270	(2,747)	—	(4,432)
Assumption changes	(13,830)	20,399	(29,167)	(1,539)	61,324	65,959
Projected benefit payments	<u>(28,513)</u>	<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	(30,782)	5,229	(45,337)	(20,466)	51,184	55,578
Total pension liability - beginning	438,605	433,376	478,713	499,179	447,995	392,417
Total pension liability - ending	<u>\$ 407,823</u>	<u>\$ 438,605</u>	<u>\$ 433,376</u>	<u>\$ 478,713</u>	<u>\$ 499,179</u>	<u>\$ 447,995</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 28,183	\$ 28,303	\$ 28,887	\$ 29,116	\$ 28,762	\$ 29,503
Actual benefit payments	<u>(28,532)</u>	<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	(349)	(267)	126	(1,037)	(21)	1,034
Plan fiduciary net position - beginning	804	1,071	945	1,982	2,003	969
Plan fiduciary net position - ending	<u>\$ 455</u>	<u>\$ 804</u>	<u>\$ 1,071</u>	<u>\$ 945</u>	<u>\$ 1,982</u>	<u>\$ 2,003</u>
City's Net Pension Liability	<u>\$ 407,368</u>	<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 four years.

Benefit changes: None

Changes in assumptions: The following changes in assumptions were made from the December 31, 2017 valuation

- *Discount Rate* : The discount rate used for the December 31, 2018 valuation was 3.10%, as directed by INPRS based on the Barclay's 20-year Municipal Bond Index as of December 31, 2018. This is an increase from the 2.75% used for the December 31, 2017 valuation.
- *Cost-of-living-adjustment (COLA)*: For converted members, the July 1, 2018 COLA was updated from the ongoing valuation assumption of 2.0% to reflect the known increase of 2.2%. Beginning July 1, 2019 the assumption reverts back to the assumed annual rate of 2.0%. For non-converted members, there was no change.

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Pension Liability						
Service cost	\$ 122	\$ 167	\$ 330	\$ 327	\$ 299	\$ 187
Interest cost	10,624	12,356	11,149	11,500	17,406	21,297
Experience (gains)/losses	1,348	(4,522)	(552)	(628)	—	(3,704)
Assumption changes	(12,231)	17,990	(26,359)	(1,395)	55,244	59,984
Projected benefit payments	(27,432)	(27,655)	(28,046)	(28,340)	(28,489)	(29,490)
Net change in total pension liability	<u>(27,569)</u>	<u>(1,664)</u>	<u>(43,478)</u>	<u>(18,536)</u>	<u>44,460</u>	<u>48,274</u>
Total pension liability - beginning	398,570	400,234	443,712	462,248	417,788	369,514
Total pension liability - ending	<u>\$ 371,001</u>	<u>\$ 398,570</u>	<u>\$ 400,234</u>	<u>\$ 443,712</u>	<u>\$ 462,248</u>	<u>\$ 417,788</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 27,707	\$ 27,486	\$ 27,974	\$ 28,150	\$ 29,163	\$ 29,209
Actual benefit payments	<u>(28,209)</u>	<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	(502)	(344)	247	(233)	768	(358)
Plan fiduciary net position (deficit) - beginning	296	640	393	626	(142)	216
Plan fiduciary net position (deficit) - ending	<u>\$ (206)</u>	<u>\$ 296</u>	<u>\$ 640</u>	<u>\$ 393</u>	<u>\$ 626</u>	<u>\$ (142)</u>
City's Net Pension Liability	<u>\$ 371,207</u>	<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 four years.

Benefit changes: None

Changes in assumptions : The following changes in assumptions were made from the December 31, 2017 valuation.

- *Discount Rate :* The discount rate used for the December 31, 2018 valuation was 3.10%, as directed by INPRS, based on the Barclay's 20-year Municipal Bond Index as of December 31, 2018. This is an increase from the 2.75% used for the December 31, 2017 valuation.
- *Cost-of-living-adjustment (COLA):* For converted members, the July 1, 2018 COLA was updated from the ongoing valuation assumption of 2.0% to reflect the known increase of 2.2%. Beginning July 1, 2019 the assumption reverts back to the assumed annual rate of 2.0%. For non-converted members, there was no change.

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* (c)	City's net pension liability as a percentage of covered payroll ((a-b)/c)
Police Pre-1977 Plan						
12/31/2018	\$ 407,823	\$ 455	\$ 407,368	0.11 %	\$ 1,469	27,731.0 %
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
Firefighters' Pre-1977 Plan						
12/31/2018	371,001	(206)	371,207	(0.06)	709	52,356.4
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 four 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>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
1977 Police and Firefighters' Plan										
City's proportion of the net pension liability (asset)		22.59 %		22.89 %		22.60 %		22.75 %		22.01 %
City's proportionate share of the net pension liability (asset)	\$	(19,856)	\$	(3,532)	\$	20,079	\$	(33,609)	\$	(11,223)
City's covered payroll	\$	190,221	\$	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		(10.44) %		(1.90) %		11.49 %		(19.81) %		(7.18) %
Plan fiduciary net position as a percentage of the total pension liability (asset)		101.96 %		100.29 %		98.24 %		103.16 %		101.08 %
PERF										
City's proportion of the net pension liability		1.366 %		1.360 %		1.387 %		1.393 %		1.375 %
City's proportionate share of the net pension liability	\$	46,405	\$	60,665	\$	62,935	\$	56,743	\$	36,131
City's covered payroll	\$	69,701	\$	67,458	\$	66,460	\$	66,731	\$	67,127
City's proportionate share of the net pension liability as a percentage of its covered payroll		66.58 %		89.93 %		94.70 %		85.03 %		53.82 %
Plan fiduciary net position as a percentage of the total pension liability		79.69 % *		76.65 %		75.35 %		77.35 %		84.29 %

* Effective January 1, 2018, funds previously known as annuity savings accounts (which had been reported within defined benefit funds) were recategorized as defined contribution funds based on Internal Revenue Service Private Letter Rulings PLR-193-2016 and PLR-110249-18. DC member balances previously reported within PERF DB fund totals were transferred to the appropriate DC fund as of January 1, 2018.

(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 noted there were no changes to plan provisions, actuarial methods and assumptions, or funding policies between the June 30, 2017 and June 30, 2018 valuations for the 1977 Police and Firefighters' Plans.

Changes in assumptions: In lieu of a COLA on January 1, 2019, members in pay were provided a 13th check on October 1, 2018. It is assumed a 13th check would continue for the 2020 and 2021 fiscal years. Thereafter, the following COLAs, compounded annually, were assumed:

0.4% beginning on January 1, 2022

0.5% beginning on January 1, 2034

0.6% beginning on January 1, 2039

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 five 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
1977 Police and Firefighters' Plan					
Actuarially determined contribution	\$ 20,017	\$ 16,540	\$ 25,353	\$ 26,503	\$ 26,211
Contributions in relation to the actuarially determined contribution	\$ 33,241	\$ 32,274	\$ 35,650	\$ 33,947	\$ 31,256
Contribution deficiency (excess)	\$ (13,224)	\$ (15,734)	\$ (10,297)	\$ (7,444)	\$ (5,045)
City's covered payroll	\$ 187,126	\$ 183,122	\$ 179,821	\$ 169,213	\$ 159,052
Contributions as a percentage of covered payroll	17.76	17.62 %	19.83 %	20.06 %	19.65 %
PERF					
Actuarially determined contribution	\$ 5,463	\$ 6,761	\$ 6,666	\$ 7,682	\$ 7,065
Contributions in relation to the actuarially determined contribution	\$ 6,831	\$ 7,188	\$ 7,496	\$ 7,682	\$ 7,065
Contribution deficiency (excess)	\$ (1,368)	\$ (427)	\$ (830)	\$ —	\$ —
City's covered payroll	\$ 67,735	\$ 66,251	\$ 66,984	\$ 68,622	\$ 67,406
Contributions as a percentage of covered payroll	10.08	10.85 %	11.19 %	11.19 %	10.48 %
Police Pre-1977 Plan					
Statutorily required contribution	\$ 28,183	\$ 28,303	\$ 28,887	\$ 29,116	\$ 28,762
Contributions in relation to the statutorily required contribution	\$ 28,183	\$ 28,303	\$ 28,887	\$ 29,116	\$ 28,762
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll*	\$ 1,469	\$ 1,498	\$ 1,824	\$ 1,645	\$ 1,805
Contributions as a percentage of covered payroll	1,918.52	1,889.39 %	1,583.72 %	1,769.97 %	1,593.46 %
Firefighters' Pre-1977 Plan					
Statutorily required contribution	\$ 27,707	\$ 27,486	\$ 27,974	\$ 28,150	\$ 29,164
Contributions in relation to the statutorily required contribution	\$ 27,707	\$ 27,486	\$ 27,974	\$ 28,150	\$ 29,164
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll*	\$ 709	\$ 1,115	\$ 1,436	\$ 1,175	\$ 1,370
Contributions as a percentage of covered payroll	3,907.90	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 noted there were no changes to plan provisions, actuarial methods and assumptions, or funding policies between the June 30, 2017 and June 30, 2018 valuations for the 1977 Police and Firefighters' Plans.

Changes in assumptions: In lieu of a COLA on January 1, 2019, members in pay were provided a 13th check on October 1, 2018. It is assumed a 13th check would continue for the 2020 and 2021 fiscal years. Thereafter, the following COLAs, compounded annually, were assumed:

- 0.4% beginning on January 1, 2022
- 0.5% beginning on January 1, 2034
- 0.6% beginning on January 1, 2039

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 five years.

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Other Postemployment Benefit Plan
Schedule of Net OPEB Liability Under GASB 75
(In thousands)

	2018
TOTAL OPEB LIABILITY	
Service cost	\$ 12,338
Interest	8,374
Changes in assumptions	(15,568)
Benefit payments	(6,154)
Net change in total OPEB liability	(1,010)
Total OPEB liability - beginning	234,137
Total OPEB liability - ending	\$ 233,127
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 7,190
Net investment income	103
Benefit payments	(6,154)
Administrative expense	(36)
Net change in fiduciary net position	1,103
Plan fiduciary net position - beginning	10,871
Plan fiduciary net position - ending	\$ 11,974
Net OPEB liability	\$ 221,153
Plan fiduciary net position as a percentage of the total OPEB liability	5%
Covered-employee payroll	311,988
Net OPEB liability as a percentage of covered-employee payroll	75%

Notes to Schedule

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

Benefit changes: None

Changes in assumptions: Discount rate increased from 3.44% at December 31, 2017 to 4.10% at December 31, 2018.

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Other Postemployment Benefit Plan
Schedule of OPEB Contributions
(In thousands)

	2018
Contractually determined contribution	\$ 7,190
Contributions in relation to the contractually determined contribution	7,190
Contribution deficiency (excess)	-
 Covered-employee payroll	 311,988
 Contributions as a percentage of covered-employee payroll	 2%

Notes to Schedule

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

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, 2018
(In thousands)

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Debt Service</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Equity in pooled cash	\$ 1,458	\$ 3,733	\$ 8,792	\$ —	\$ 13,983
Cash and investments with fiscal agents	—	24,928	50,486	362	75,776
Investments	12,709	32,530	104,472	—	149,711
Property taxes receivable	—	536	513	—	1,049
Accounts receivable, less allowance	817	421	226	—	1,464
Due from federal and state governments	8,072	—	—	—	8,072
Long-term receivables, less allowance	6,250	17,075	4,913	—	28,238
	<u>29,306</u>	<u>79,223</u>	<u>169,402</u>	<u>362</u>	<u>278,293</u>
Total assets	\$ 29,306	\$ 79,223	\$ 169,402	\$ 362	\$ 278,293
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Matured bonds payable	\$ —	\$ 13,580	\$ —	\$ —	\$ 13,580
Matured interest payable	—	3,340	—	—	3,340
Accounts payable and other accrued liabilities	4,241	2,780	20,879	—	27,900
Accrued payroll and payroll taxes	67	—	—	—	67
Due to other funds	1,084	—	—	—	1,084
Unearned revenue	10	—	—	—	10
	<u>5,402</u>	<u>19,700</u>	<u>20,879</u>	<u>—</u>	<u>45,981</u>
Total liabilities	5,402	19,700	20,879	—	45,981
Deferred inflows of resources	<u>2,102</u>	<u>848</u>	<u>736</u>	<u>—</u>	<u>3,686</u>
Fund balances:					
Nonspendable	—	—	—	362	362
Restricted	21,802	58,675	147,787	—	228,264
	<u>21,802</u>	<u>58,675</u>	<u>147,787</u>	<u>362</u>	<u>228,626</u>
Total fund balances	21,802	58,675	147,787	362	228,626
Total liabilities, deferred inflows of resources and fund balances	\$ 29,306	\$ 79,223	\$ 169,402	\$ 362	\$ 278,293

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, 2018
(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	\$ 60,050	\$ 28,537	\$ 14,257	\$ —	\$ 102,844
Charges for services	2,960	—	—	—	2,960
Intergovernmental revenues	29,172	—	4,466	—	33,638
Traffic violations and court fees	4,236	—	—	—	4,236
Interest and other operating revenues	513	24,002	1,648	5	26,168
Total revenues	<u>96,931</u>	<u>52,539</u>	<u>20,371</u>	<u>5</u>	<u>169,846</u>
Expenditures:					
Current:					
General government	2,020	—	—	—	2,020
Public safety	8,082	—	—	—	8,082
Public works	2,163	—	—	—	2,163
Health and welfare	6,980	—	—	—	6,980
Cultural and recreation	1,302	—	—	—	1,302
Urban redevelopment and housing	12,245	—	—	—	12,245
Economic development and assistance	4	—	13,075	—	13,079
Debt service:					
Redemption of bonds and notes	5	55,439	80	—	55,524
Interest on bonds and notes	2	29,284	296	—	29,582
Bond and note issuance costs	—	10	2,508	—	2,518
Lease payments and other	—	4,123	80	—	4,203
Capital outlays	2,767	—	136,370	—	139,137
Total expenditures	<u>35,570</u>	<u>88,856</u>	<u>152,409</u>	<u>—</u>	<u>276,835</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>61,361</u>	<u>(36,317)</u>	<u>(132,038)</u>	<u>5</u>	<u>(106,989)</u>
Other financing sources (uses):					
Issuance of capital lease	—	—	3,498	—	3,498
Bonds and notes issued	9,413	—	109,214	—	118,627
Premium on bonds and notes issued	—	—	4,217	—	4,217
Transfers in	422	50,302	57,046	—	107,770
Transfers out	(69,753)	(25,696)	(9,074)	—	(104,523)
Total other financing sources (uses)	<u>(59,918)</u>	<u>24,606</u>	<u>164,901</u>	<u>—</u>	<u>129,589</u>
Net change in fund balances	1,443	(11,711)	32,863	5	22,600
Fund balances at beginning of year	20,359	70,386	114,924	357	206,026
Fund balances at end of year	<u>\$ 21,802</u>	<u>\$ 58,675</u>	<u>\$ 147,787</u>	<u>\$ 362</u>	<u>\$ 228,626</u>

General Fund

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

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

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Subfund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2018
(In thousands)

	General Fund Total	Intrafund Eliminations	Consolidated County	Redevelop- ment	Solid Waste		Public Safety Communications
					Collection	Disposal	
ASSETS							
Equity in pooled cash	\$ 20,757	\$ —	\$ 6,220	\$ 1,551	\$ 1,033	\$ 117	\$ 175
Investments	281,693	—	155,047	13,516	9,003	1,022	1,523
Property taxes receivable	6,899	—	894	16	1,024	—	—
Accounts receivable	31,196	—	10,057	41	1,248	1,044	—
Allowance for estimated uncollectibles – accounts receivable	(1,572)	—	—	—	—	—	—
Due from other funds	4,259	—	4,259	—	—	—	—
Total assets	<u>\$ 343,232</u>	<u>—</u>	<u>\$ 176,477</u>	<u>\$ 15,124</u>	<u>\$ 12,308</u>	<u>\$ 2,183</u>	<u>\$ 1,698</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 32,157	\$ —	\$ 7,414	\$ 430	\$ 4,725	\$ 2,329	\$ 257
Accrued payroll and payroll taxes	22,428	—	5,644	17	169	—	138
Unearned revenue	288	—	—	—	—	—	—
Total liabilities	<u>54,873</u>	<u>—</u>	<u>13,058</u>	<u>447</u>	<u>4,894</u>	<u>2,329</u>	<u>395</u>
Deferred inflows of resources	<u>14,124</u>	<u>—</u>	<u>1,415</u>	<u>25</u>	<u>1,562</u>	<u>1,044</u>	<u>—</u>
Fund balances:							
Restricted	85,591	—	4,867	—	—	—	—
Committed	5,040	—	5,040	—	—	—	—
Assigned	76,505	—	40,813	14,652	5,852	—	1,303
Unassigned	107,099	—	111,284	—	—	(1,190)	—
Total fund balances	<u>274,235</u>	<u>—</u>	<u>162,004</u>	<u>14,652</u>	<u>5,852</u>	<u>(1,190)</u>	<u>1,303</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 343,232</u>	<u>\$ —</u>	<u>\$ 176,477</u>	<u>\$ 15,124</u>	<u>\$ 12,308</u>	<u>\$ 2,183</u>	<u>\$ 1,698</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, 2018
(In thousands)

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
ASSETS					
Equity in pooled cash	\$ 5,131	\$ 573	\$ 791	\$ 1,230	\$ 3,936
Investments	44,696	4,988	6,890	10,715	34,293
Property taxes receivable	—	3,044	617	1,304	—
Accounts receivable	11,301	1,599	566	1,219	4,121
Allowance for estimated uncollectibles – accounts receivable	—	—	—	—	(1,572)
Due from other funds	—	—	—	—	—
Total assets	<u>\$ 61,128</u>	<u>\$ 10,204</u>	<u>\$ 8,864</u>	<u>\$ 14,468</u>	<u>\$ 40,778</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 9,682	\$ 760	\$ 694	\$ 1,706	\$ 4,160
Accrued payroll and payroll taxes	302	8,035	252	7,797	74
Unearned revenue	—	—	288	—	—
Total liabilities	<u>9,984</u>	<u>8,795</u>	<u>1,234</u>	<u>9,503</u>	<u>4,234</u>
Deferred inflows of resources	<u>169</u>	<u>4,404</u>	<u>957</u>	<u>2,037</u>	<u>2,511</u>
 Fund balance:					
Restricted	50,975	—	—	—	29,749
Committed	—	—	—	—	—
Assigned	—	—	6,673	2,928	4,284
Unassigned	—	(2,995)	—	—	—
Total fund balances	<u>50,975</u>	<u>(2,995)</u>	<u>6,673</u>	<u>2,928</u>	<u>34,033</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,128</u>	<u>\$ 10,204</u>	<u>\$ 8,864</u>	<u>\$ 14,468</u>	<u>\$ 40,778</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, 2018
(In thousands)

	General Fund Total	Intrafund eliminations	Consolidated County	Redevelop- ment	Solid Waste		Public Safety Communications
					Collection	Disposal	
Revenues:							
Taxes	\$ 394,816	\$ —	\$ 182,970	\$ 993	\$ 35,137	\$ —	\$ 6,900
Licenses and permits	15,974	—	15,429	150	—	—	—
Charges for services	77,634	—	15,923	1,393	2,458	8,976	138
Other intergovernmental revenues:							
Federal revenues	2,301	—	14	196	—	—	—
State revenues	116,527	—	2,468	750	—	—	—
Other revenues	4,959	—	2,284	—	—	—	—
Intragovernmental revenue	11,327	—	9,573	—	—	—	—
Traffic violations and court fees	2,789	—	2,243	—	—	—	—
Interest and other operating revenues	22,473	—	9,810	268	228	—	26
Total revenues	<u>648,800</u>	<u>—</u>	<u>240,714</u>	<u>3,750</u>	<u>37,823</u>	<u>8,976</u>	<u>7,064</u>
Expenditures:							
Current:							
General government	27,154	—	26,408	—	—	—	—
Public safety	476,865	—	27,917	—	—	—	7,826
Public works	112,436	—	219	—	35,755	11,082	—
Health and welfare	798	—	217	581	—	—	—
Cultural and recreation	22,514	—	1,000	—	—	—	—
Urban redevelopment and housing	6,231	—	4,572	1,035	—	—	—
Economic development and assistance	2,248	—	15	2,231	—	—	—
Debt service:							
Redemption of bonds and notes	898	—	532	2	—	—	—
Interest on bonds and notes	323	—	157	1	—	—	—
Lease payments and other	17	—	—	—	3	—	—
Capital outlays	66,415	—	4,366	90	1,424	—	131
Total expenditures	<u>715,899</u>	<u>—</u>	<u>65,403</u>	<u>3,940</u>	<u>37,182</u>	<u>11,082</u>	<u>7,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,099)</u>	<u>—</u>	<u>175,311</u>	<u>(190)</u>	<u>641</u>	<u>(2,106)</u>	<u>(893)</u>
Other financing sources (uses):							
Issuance of capital lease	1,474	—	—	—	—	—	—
Sales of capital assets	739	—	596	75	—	—	—
Transfers in	65,875	(248,309)	10,599	—	—	—	3
Transfers out	(10,176)	248,309	(197,723)	(2,623)	—	—	(3)
Total other financing sources (uses)	<u>57,912</u>	<u>—</u>	<u>(186,528)</u>	<u>(2,548)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	(9,187)	—	(11,217)	(2,738)	641	(2,106)	(893)
Fund balances at beginning of year	283,422	—	173,221	17,390	5,211	916	2,196
Fund balances (deficits) at end of year	<u>\$ 274,235</u>	<u>\$ —</u>	<u>\$ 162,004</u>	<u>\$ 14,652</u>	<u>\$ 5,852</u>	<u>\$ (1,190)</u>	<u>\$ 1,303</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, 2018
(In thousands)

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
Revenues:					
Taxes	\$ 11,002	\$ 91,029	\$ 20,649	\$ 46,136	\$ —
Licenses and permits	27	22	—	346	—
Charges for services	1,876	665	4,474	3,144	38,587
Other intergovernmental revenues:					
Federal revenues	2,035	—	56	—	—
State revenues	54,989	28,250	—	30,070	—
Other revenues	379	1,151	—	1,145	—
Intragovernmental revenue	1,754	—	—	—	—
Traffic violations and court fees	—	—	—	546	—
Interest and other operating revenues	1,340	3,454	26	6,927	394
Total revenues	<u>73,402</u>	<u>124,571</u>	<u>25,205</u>	<u>88,314</u>	<u>38,981</u>
Expenditures:					
Current:					
General government	746	—	—	—	—
Public safety	—	186,341	2,091	252,690	—
Public works	46,365	—	—	—	19,015
Health and welfare	—	—	—	—	—
Cultural and recreation	—	—	21,514	—	—
Urban redevelopment and housing	624	—	—	—	—
Economic development and assistance	2	—	—	—	—
Debt service:					
Redemption of bonds and notes	—	57	244	63	—
Interest on bonds and notes	—	20	123	22	—
Lease payments and other	6	2	5	1	—
Capital outlays	50,716	—	119	3	9,566
Total expenditures	<u>98,459</u>	<u>186,420</u>	<u>24,096</u>	<u>252,779</u>	<u>28,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,057)</u>	<u>(61,849)</u>	<u>1,109</u>	<u>(164,465)</u>	<u>10,400</u>
Other financing sources (uses):					
Issuance of capital lease	1,474	—	—	—	—
Sales of capital assets	—	4	—	64	—
Transfers in	66,101	57,800	15	166,243	13,423
Transfers out	(37,039)	—	—	(1,451)	(19,646)
Total other financing sources (uses)	<u>30,536</u>	<u>57,804</u>	<u>15</u>	<u>164,856</u>	<u>(6,223)</u>
Net change in fund balance	5,479	(4,045)	1,124	391	4,177
Fund balances at beginning of year	45,496	1,050	5,549	2,537	29,856
Fund balances at end of year	<u>\$ 50,975</u>	<u>\$ (2,995)</u>	<u>\$ 6,673</u>	<u>\$ 2,928</u>	<u>\$ 34,033</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, 2018
(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	\$ 386,836	\$ 395,585	\$ 181,309	\$ 183,988	\$ 1,009	\$ 1,008	\$ 34,164	\$ 35,137
Licenses and permits	14,076	15,842	13,469	15,301	88	150	—	—
Charges for services	74,654	74,302	14,223	14,091	863	823	2,255	1,838
Other intergovernmental revenues:								
Federal revenues	1,100	2,255	—	9	—	196	—	—
State revenues	63,018	58,321	3,107	1,916	750	750	—	—
Other revenues	4,942	4,737	2,446	2,190	—	—	—	—
Traffic violations and court fees	3,918	2,771	1,909	2,233	—	—	—	—
Intragovernmental revenues	2,421	5,654	2,417	3,900	—	—	—	—
Interest and other operating revenues	17,842	21,915	5,361	9,359	90	268	200	139
Total revenues	<u>568,807</u>	<u>581,382</u>	<u>224,241</u>	<u>232,987</u>	<u>2,800</u>	<u>3,195</u>	<u>36,619</u>	<u>37,114</u>
Expenditures:								
Current:								
General government	31,430	28,578	31,430	28,578	—	—	—	—
Public safety	426,635	422,021	27,554	28,367	—	—	—	—
Public works	114,814	111,272	122	308	—	—	34,249	34,223
Health and welfare	1,934	965	251	225	1,683	740	—	—
Cultural and recreation	25,280	23,211	1,000	1,000	—	—	—	—
Urban redevelopment and housing	7,800	6,550	5,231	4,886	1,461	1,106	—	—
Economic development and assistance	1,979	2,112	—	15	1,979	2,095	—	—
Capital outlays	73,070	72,699	4,061	3,939	170	90	2,243	2,241
Total expenditures	<u>682,942</u>	<u>667,408</u>	<u>69,649</u>	<u>67,318</u>	<u>5,293</u>	<u>4,031</u>	<u>36,492</u>	<u>36,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(114,135)</u>	<u>(86,026)</u>	<u>154,592</u>	<u>165,669</u>	<u>(2,493)</u>	<u>(836)</u>	<u>127</u>	<u>650</u>
Other financing sources (uses):								
Sales of capital assets	535	372	310	248	225	75	—	—
Transfers in (out)	56,246	54,646	(187,469)	(188,177)	(319)	(2,623)	—	—
Total other financing sources (uses)	<u>56,781</u>	<u>55,018</u>	<u>(187,159)</u>	<u>(187,929)</u>	<u>(94)</u>	<u>(2,548)</u>	<u>—</u>	<u>—</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(57,354)</u>	<u>(31,008)</u>	<u>(32,567)</u>	<u>(22,260)</u>	<u>(2,587)</u>	<u>(3,384)</u>	<u>127</u>	<u>650</u>
Fund balances at beginning of year	228,249	253,244	157,919	163,832	15,168	15,936	4,047	6,138
Cancellation of purchase orders and other	41,953	12,130	14,065	6,749	(493)	586	2,720	694
Fund balances at end of year	<u>\$ 212,848</u>	<u>\$ 234,366</u>	<u>\$ 139,417</u>	<u>\$ 148,321</u>	<u>\$ 12,088</u>	<u>\$ 13,138</u>	<u>\$ 6,894</u>	<u>\$ 7,482</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, 2018
(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	\$ —	\$ —	\$ 6,900	\$ 6,900	\$ 8,265	\$ 10,737	\$ 45,529	\$ 46,137
Licenses and permits	—	—	—	—	—	27	499	342
Charges for services	9,066	8,976	210	138	1,863	1,840	3,222	2,931
Other intergovernmental revenues:								
Federal revenues	—	—	—	—	800	1,941	175	50
State revenues	—	—	—	—	56,731	53,225	1,887	1,887
Other revenues	—	—	220	—	276	379	1,000	1,084
Traffic violations and court fees	—	—	—	—	—	—	2,009	538
Intragovernmental revenues	—	—	—	—	—	1,754	4	—
Interest and other operating revenues	—	—	—	26	30	1,337	8,549	6,922
Total revenues	<u>9,066</u>	<u>8,976</u>	<u>7,330</u>	<u>7,064</u>	<u>67,965</u>	<u>71,240</u>	<u>62,874</u>	<u>59,891</u>
Expenditures:								
Current:								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	8,228	7,931	—	—	231,645	225,238
Public works	10,100	10,100	—	—	49,330	46,882	—	—
Health and welfare	—	—	—	—	—	—	—	—
Cultural and recreation	—	—	—	—	—	—	—	—
Urban redevelopment and housing	—	—	—	—	1,108	558	—	—
Economic development and assistance	—	—	—	—	—	2	—	—
Capital outlays	—	—	298	227	52,899	52,881	40	3
Total expenditures	<u>10,100</u>	<u>10,100</u>	<u>8,526</u>	<u>8,158</u>	<u>103,337</u>	<u>100,323</u>	<u>231,685</u>	<u>225,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,034)</u>	<u>(1,124)</u>	<u>(1,196)</u>	<u>(1,094)</u>	<u>(35,372)</u>	<u>(29,083)</u>	<u>(168,811)</u>	<u>(165,350)</u>
Other financing sources (uses):								
Sale of capital assets	—	—	—	—	—	—	—	47
Transfers in (out)	—	—	—	—	26,000	29,062	166,595	164,792
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>26,000</u>	<u>29,062</u>	<u>166,595</u>	<u>164,839</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(1,034)</u>	<u>(1,124)</u>	<u>(1,196)</u>	<u>(1,094)</u>	<u>(9,372)</u>	<u>(21)</u>	<u>(2,216)</u>	<u>(511)</u>
Fund balances at beginning of year	1,699	1,757	1,221	1,568	13,652	15,870	4,319	8,720
Cancellation of purchase orders and other	243	182	584	455	16,170	2,378	(760)	801
Fund balances at end of year	<u>\$ 908</u>	<u>\$ 815</u>	<u>\$ 609</u>	<u>\$ 929</u>	<u>\$ 20,450</u>	<u>\$ 18,227</u>	<u>\$ 1,343</u>	<u>\$ 9,010</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, 2018
(In thousands)

	Fire		Park		Storm Water Management	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 89,601	\$ 91,029	\$ 20,059	\$ 20,649	\$ —	\$ —
Licenses and permits	20	22	—	—	—	—
Charges for services	573	659	4,664	4,457	37,715	38,549
Other intergovernmental revenues:						
Federal revenues	—	—	125	59	—	—
State revenues	543	543	—	—	—	—
Other revenues	1,000	1,084	—	—	—	—
Traffic violations and court fees	—	—	—	—	—	—
Intragovernmental revenues	—	—	—	—	—	—
Interest and other operating revenues	3,601	3,453	11	17	—	394
Total revenues	<u>95,338</u>	<u>96,790</u>	<u>24,859</u>	<u>25,182</u>	<u>37,715</u>	<u>38,943</u>
Expenditures:						
Current:						
General government	—	—	—	—	—	—
Public safety	158,713	158,371	495	2,114	—	—
Public works	—	—	—	—	21,013	19,759
Health and welfare	—	—	—	—	—	—
Cultural and recreation	—	—	24,280	22,211	—	—
Urban redevelopment and housing	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—
Capital outlays	—	—	554	553	12,805	12,765
Total expenditures	<u>158,713</u>	<u>158,371</u>	<u>25,329</u>	<u>24,878</u>	<u>33,818</u>	<u>32,524</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,375)</u>	<u>(61,581)</u>	<u>(470)</u>	<u>304</u>	<u>3,897</u>	<u>6,419</u>
Other financing sources (uses):						
Sale of capital assets	—	2	—	—	—	—
Transfers in (out)	57,800	57,800	—	15	(6,361)	(6,223)
Total other financing sources (uses)	<u>57,800</u>	<u>57,802</u>	<u>—</u>	<u>15</u>	<u>(6,361)</u>	<u>(6,223)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(5,575)</u>	<u>(3,779)</u>	<u>(470)</u>	<u>319</u>	<u>(2,464)</u>	<u>196</u>
Fund balances at beginning of year	5,233	8,580	3,789	5,244	21,202	25,599
Cancellation of purchase orders and other	3,000	47	1,597	138	4,827	100
Fund balances at end of year	<u>\$ 2,658</u>	<u>\$ 4,848</u>	<u>\$ 4,916</u>	<u>\$ 5,701</u>	<u>\$ 23,565</u>	<u>\$ 25,895</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, 2018
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative				
Office of the Mayor				
	Consolidated County			
Personal services		\$ 3,445	\$ 3,131	\$ 314
Supplies		8	3	5
Other services and charges		5,437	5,301	136
Capital outlay		3	—	3
Internal charges		(726)	(727)	1
Total		<u>8,167</u>	<u>7,708</u>	<u>459</u>
Office of Audit and Performance				
	Consolidated County			
Personal services		755	666	89
Supplies		3	1	2
Other services and charges		1,146	1,140	6
Capital outlay		2	2	—
Internal charges		37	37	—
Total		<u>1,943</u>	<u>1,846</u>	<u>97</u>
City-County Council				
	Consolidated County			
Personal services		1,267	1,265	2
Supplies		6	3	3
Other services and charges		423	408	15
Capital outlay		3	1	2
Internal charges		5	5	—
Total		<u>1,704</u>	<u>1,682</u>	<u>22</u>
Cable Franchise Board				
	Consolidated County			
Personal services		348	348	—
Supplies		2	2	—
Other services and charges		186	179	7
Capital outlay		30	23	7
Internal charges		2	2	—
Total		<u>568</u>	<u>554</u>	<u>14</u>
Office of the Corporation Counsel				
	Consolidated County			
Personal services		3,200	3,127	73
Supplies		7	4	3
Other services and charges		1,637	1,589	48
Capital outlay		1	—	1
Internal charges		(3,697)	(3,697)	—
Total		<u>1,148</u>	<u>1,023</u>	<u>125</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, 2018
(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		\$ 4,885	\$ 4,359	\$ 526
Supplies		59	5	54
Other services and charges		3,229	3,040	189
Capital outlay		4	3	1
Internal charges		265	263	2
Total		<u>8,442</u>	<u>7,670</u>	<u>772</u>
Minority and Women Owned Business	Consolidated County			
Personal services		547	527	20
Supplies		2	2	—
Other services and charges		166	156	10
Capital outlay		1	—	1
Internal charges		16	16	—
Total		<u>732</u>	<u>701</u>	<u>31</u>
Total – Executive and Legislative		<u>\$ 22,704</u>	<u>\$ 21,184</u>	<u>\$ 1,520</u>
Department of Metropolitan Development	Consolidated County			
Personal services		\$ 2,302	\$ 2,219	\$ 83
Supplies		10	8	2
Other services and charges		3,538	3,181	357
Capital outlay		57	57	—
Internal charges		(1)	86	(87)
Total		<u>5,906</u>	<u>5,551</u>	<u>355</u>
Department of Metropolitan Development	Transportation			
Personal services		214	195	19
Supplies		1	—	1
Other services and charges		878	356	522
Capital outlay		2	—	2
Internal charges		15	8	7
Total		<u>1,110</u>	<u>559</u>	<u>551</u>
Department of Metropolitan Development	Redevelopment			
Personal services		939	826	113
Supplies		3	2	1
Other services and charges		4,038	3,026	1,012
Capital outlay		170	90	80
Internal charges		143	87	56
Total		<u>5,293</u>	<u>4,031</u>	<u>1,262</u>
Total – Department of Metropolitan Development		<u>\$ 12,309</u>	<u>\$ 10,141</u>	<u>\$ 2,168</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, 2018
(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		\$ 13,986	\$ 13,614	\$ 372
Supplies		497	488	9
Other services and charges		7,867	7,845	22
Capital outlay		1,485	1,407	78
Internal charges		2,388	2,367	21
Total – Department of Business and Neighborhood Services		<u>\$ 26,223</u>	<u>\$ 25,721</u>	<u>\$ 502</u>
Department of Public Works	Consolidated County			
Personal services		\$ 9,994	\$ 9,986	\$ 8
Supplies		16,176	16,169	7
Other services and charges		8,491	8,427	64
Capital outlay		376	345	31
Internal charges		(31,545)	(31,098)	(447)
Total		<u>3,492</u>	<u>3,829</u>	<u>(337)</u>
Department of Public Works	Transportation			
Personal services		21,923	20,375	1,548
Supplies		5,220	5,154	66
Other services and charges		15,938	15,109	829
Capital outlay		52,896	52,881	15
Internal charges		6,250	6,245	5
Total		<u>102,227</u>	<u>99,764</u>	<u>2,463</u>
Department of Public Works	Park			
Personal services		6,035	6,035	—
Supplies		241	238	3
Other services and charges		2,323	2,317	6
Capital outlay		50	50	—
Internal charges		(8,648)	(8,639)	(9)
Total		<u>1</u>	<u>1</u>	<u>—</u>
Department of Public Works	Solid Waste Collection			
Personal services		9,326	9,326	—
Supplies		101	82	19
Other services and charges		18,339	18,333	6
Capital outlay		2,243	2,241	2
Internal charges		6,483	6,482	1
Total		<u>36,492</u>	<u>36,464</u>	<u>28</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, 2018
(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		\$ 9,559	\$ 9,559	\$ —
Internal charges		541	541	—
Total		<u>10,100</u>	<u>10,100</u>	<u>—</u>
Department of Public Works	Storm Water Management			
Personal services		5,319	4,842	477
Supplies		39	32	7
Other services and charges		13,871	13,112	759
Capital outlay		12,805	12,765	40
Internal charges		1,784	1,773	11
Total		<u>33,818</u>	<u>32,524</u>	<u>1,294</u>
Total – Department of Public Works		<u>\$ 186,130</u>	<u>\$ 182,682</u>	<u>\$ 3,448</u>
Office of Public Health and Safety	Consolidated County			
Personal services		\$ 721	\$ 608	\$ 113
Supplies		17	14	3
Other services and charges		7,485	7,310	175
Capital outlay		2,101	2,101	—
Total		<u>10,324</u>	<u>10,033</u>	<u>291</u>
Office of Public Health and Safety	Public Safety			
Personal services	Communications	1,281	1,153	128
Supplies		67	67	—
Other services and charges		4,054	3,914	140
Capital outlay		276	216	60
Internal charges		27	24	3
Total		<u>5,705</u>	<u>5,374</u>	<u>331</u>
Total – Office of Public Health and Safety		<u>\$ 16,029</u>	<u>\$ 15,407</u>	<u>\$ 622</u>
Indianapolis Fire Department	Public Safety			
Personal services	Communications	\$ 2,699	\$ 2,699	\$ —
Supplies		24	22	2
Other services and charges		76	52	24
Capital outlay		22	11	11
Total		<u>2,821</u>	<u>2,784</u>	<u>37</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, 2018
(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		\$ 145,208	\$ 145,196	\$ 12
Supplies		1,636	1,578	58
Other services and charges		7,100	6,828	272
Internal charges		4,769	4,769	—
Total		<u>158,713</u>	<u>158,371</u>	<u>342</u>
Total – Indianapolis Fire Department		<u>\$ 161,534</u>	<u>\$ 161,155</u>	<u>\$ 379</u>
Indianapolis Metropolitan Police Department	Metropolitan Police			
Personal services		\$ 200,052	\$ 194,789	\$ 5,263
Supplies		1,650	1,258	392
Other services and charges		18,140	18,048	92
Capital outlay		40	3	37
Internal charges		11,803	11,143	660
Total – Indianapolis Metropolitan Police Department		<u>\$ 231,685</u>	<u>\$ 225,241</u>	<u>\$ 6,444</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		8,445	8,377	68
Supplies		643	606	37
Other services and charges		5,949	5,613	336
Capital outlay		504	504	—
Internal charges		9,787	9,777	10
Total		<u>25,328</u>	<u>24,877</u>	<u>451</u>
Total – Department of Parks and Recreation		<u>\$ 26,328</u>	<u>\$ 25,877</u>	<u>\$ 451</u>
Total – General Fund – by Department and Division		<u>\$ 682,942</u>	<u>\$ 667,408</u>	<u>\$ 15,534</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, 2018
(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
ASSETS							
Equity in pooled cash	\$ 1,044	\$ 6	\$ —	\$ 340	\$ 52	\$ 16	\$ 1,458
Investments	9,096	56	—	2,967	458	132	12,709
Accounts receivable	776	—	2	39	—	—	817
Due from federal and state governments	—	—	8,072	—	—	—	8,072
Long-term receivables, less allowance of \$23,444	—	—	6,250	—	—	—	6,250
Total assets	\$ 10,916	\$ 62	\$ 14,324	\$ 3,346	\$ 510	\$ 148	\$ 29,306
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 573	\$ —	\$ 3,592	\$ 13	\$ —	\$ 63	\$ 4,241
Accrued payroll and payroll taxes	2	—	65	—	—	—	67
Due to other funds	—	—	1,084	—	—	—	1,084
Unearned revenue	—	—	10	—	—	—	10
Total liabilities	575	—	4,751	13	—	63	5,402
Deferred inflows of resources	—	—	2,102	—	—	—	2,102
Fund balances:							
Restricted	10,341	62	7,471	3,333	510	85	21,802
Total fund balances	10,341	62	7,471	3,333	510	85	21,802
Total liabilities, deferred inflows of resources and fund balances	\$ 10,916	\$ 62	\$ 14,324	\$ 3,346	\$ 510	\$ 148	\$ 29,306

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, 2018
(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	\$ —	\$ —	\$ —	\$ —	\$ 60,050	\$ —	\$ 60,050
Charges for services	2,866	94	—	—	—	—	2,960
Other intergovernmental revenues:							
Federal revenues	64	—	28,787	—	—	—	28,851
Other revenues	—	—	—	—	—	321	321
Traffic violations and court fees	1,309	—	1,139	1,788	—	—	4,236
Interest and other operating revenues	274	1	40	35	163	—	513
Total revenues	<u>4,513</u>	<u>95</u>	<u>29,966</u>	<u>1,823</u>	<u>60,213</u>	<u>321</u>	<u>96,931</u>
Expenditures:							
Current:							
General government	38	—	1,700	—	13	269	2,020
Public safety	—	—	7,112	970	—	—	8,082
Public works	1,408	—	755	—	—	—	2,163
Health and welfare	—	—	6,980	—	—	—	6,980
Cultural and recreation	—	—	1,302	—	—	—	1,302
Urban redevelopment and housing	—	—	12,245	—	—	—	12,245
Economic development and assistance	—	—	4	—	—	—	4
Debt service:							
Redemption of bonds and notes	—	—	5	—	—	—	5
Interest on bonds and notes	—	—	2	—	—	—	2
Capital outlay	2,386	—	381	—	—	—	2,767
Total expenditures	<u>3,832</u>	<u>—</u>	<u>30,486</u>	<u>970</u>	<u>13</u>	<u>269</u>	<u>35,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>681</u>	<u>95</u>	<u>(520)</u>	<u>853</u>	<u>60,200</u>	<u>52</u>	<u>61,361</u>
Other financing sources (uses):							
Bonds and notes issued	—	—	9,413	—	—	—	9,413
Transfers in	—	—	407	15	—	—	422
Transfers out	—	(33)	(9,716)	(9)	(59,995)	—	(69,753)
Total other financing sources (uses)	<u>—</u>	<u>(33)</u>	<u>104</u>	<u>6</u>	<u>(59,995)</u>	<u>—</u>	<u>(59,918)</u>
Net change in fund balances	681	62	(416)	859	205	52	1,443
Fund balances at beginning of year	9,660	—	7,887	2,474	305	33	20,359
Fund balances at end of year	<u>\$ 10,341</u>	<u>\$ 62</u>	<u>\$ 7,471</u>	<u>\$ 3,333</u>	<u>\$ 510</u>	<u>\$ 85</u>	<u>\$ 21,802</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, 2018
(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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 60,050	\$ 60,050	\$ —	\$ —	\$ 60,050	\$ 60,050
Charges for services	3,150	2,272	—	—	—	—	—	—	—	—	3,150	2,272
Other intergovernmental revenues:												
Federal revenues	—	31	77,250	27,253	—	—	—	—	—	—	77,250	27,284
Traffic violations and court fees	770	1,143	3,950	1,206	2,875	1,751	—	—	—	—	7,595	4,100
Interest and other operating revenues	—	273	670	(60)	49	35	—	163	—	—	719	411
Total revenues	<u>3,920</u>	<u>3,719</u>	<u>81,870</u>	<u>28,399</u>	<u>2,924</u>	<u>1,786</u>	<u>60,050</u>	<u>60,213</u>	<u>—</u>	<u>—</u>	<u>148,764</u>	<u>94,117</u>
Expenditures:												
Current:												
General government	41	38	1,325	728	—	—	—	—	315	305	1,681	1,071
Public safety	—	—	18,318	7,274	343	187	—	—	—	—	18,661	7,461
Public works	1,570	1,542	800	305	—	—	—	—	—	—	2,370	1,847
Health and welfare	—	—	9,440	8,087	—	—	—	—	—	—	9,440	8,087
Cultural and recreation	—	—	1,955	1,302	—	—	—	—	—	—	1,955	1,302
Urban redevelopment and housing	—	—	20,564	14,052	—	—	—	—	—	—	20,564	14,052
Economic development and assistance	—	—	23,641	4	—	—	—	—	—	—	23,641	4
Capital outlays	2,430	1,665	3,754	282	—	—	—	—	—	—	6,184	1,947
Total expenditures	<u>4,041</u>	<u>3,245</u>	<u>79,797</u>	<u>32,034</u>	<u>343</u>	<u>187</u>	<u>—</u>	<u>—</u>	<u>315</u>	<u>305</u>	<u>84,496</u>	<u>35,771</u>
Excess (deficiency) of revenues over (under) expenditures	(121)	474	2,073	(3,635)	2,581	1,599	60,050	60,213	(315)	(305)	64,268	58,346
Other financing sources (uses), net:												
Sale of capital assets	—	—	—	3	—	—	—	—	—	—	—	3
Transfers in (out)	—	—	(937)	(10,246)	(881)	(875)	(59,995)	(59,995)	320	321	(61,493)	(70,795)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(937)</u>	<u>(10,243)</u>	<u>(881)</u>	<u>(875)</u>	<u>(59,995)</u>	<u>(59,995)</u>	<u>320</u>	<u>321</u>	<u>(61,493)</u>	<u>(70,792)</u>
Revenues over (under) expenditures and other financing sources (uses)	(121)	474	1,136	(13,878)	1,700	724	55	218	5	16	2,775	(12,446)
Fund balances (deficits) at beginning of year	8,303	8,447	—	—	—	—	126	293	—	(47)	8,429	8,693
Cancellation of purchase orders and other	(51)	9	(1,136)	13,878	(1,700)	(724)	217	(1)	(5)	41	(2,675)	13,203
Fund balances at end of year	<u>\$ 8,131</u>	<u>\$ 8,930</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 398</u>	<u>\$ 510</u>	<u>\$ —</u>	<u>\$ 10</u>	<u>\$ 8,529</u>	<u>\$ 9,450</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, 2018
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative				
Mayor's Office	Federal Grants			
Other services and charges		\$ 20	\$ 5	\$ 15
Total		<u>20</u>	<u>5</u>	<u>15</u>
Office of Finance and Management	Parking			
Personal services		41	38	3
Total		<u>41</u>	<u>38</u>	<u>3</u>
Office of Finance and Management	Federal Grants			
Other services and charges		1,305	723	582
Total		<u>1,305</u>	<u>723</u>	<u>582</u>
Office of Finance and Management	Drug Free Community			
Other services and charges		315	305	10
Total		<u>315</u>	<u>305</u>	<u>10</u>
Total - Executive and Legislative		\$ <u>1,681</u>	\$ <u>1,071</u>	\$ <u>610</u>
Department of Metropolitan Development				
	Federal Grants			
Personal services		\$ 1,844	\$ 1,707	\$ 137
Supplies		11	4	7
Other services and charges		51,398	20,070	31,328
Capital outlay		8	—	8
Internal charges		392	363	29
Total – Department of Metropolitan Development		<u>\$ 53,653</u>	<u>\$ 22,144</u>	<u>\$ 31,509</u>
Department of Public Works				
	Parking			
Personal services		\$ 94	\$ 93	\$ 1
Other services and charges		1,476	1,449	27
Capital outlay		2,430	1,665	765
Total		<u>4,000</u>	<u>3,207</u>	<u>793</u>
Department of Public Works				
	Federal Grants			
Other services and charges		800	305	495
Total		<u>800</u>	<u>305</u>	<u>495</u>
Total – Department of Public Works		\$ <u>4,800</u>	\$ <u>3,512</u>	\$ <u>1,288</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, 2018
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Office of Public Health and Safety	Federal Grants			
Personal services		\$ 345	\$ —	\$ 345
Supplies		48	48	—
Other services and charges		2,154	557	1,597
Total – Office of Public Health and Safety		<u>\$ 2,547</u>	<u>\$ 605</u>	<u>\$ 1,942</u>
Indianapolis Fire Department	Federal Grants			
Personal services		\$ 4,010	\$ 1,132	\$ 2,878
Supplies		401	205	196
Other services and charges		2,667	1,767	900
Capital outlay		2,718	29	2,689
Internal charges		33	30	3
Total – Indianapolis Fire Department		<u>\$ 9,829</u>	<u>\$ 3,163</u>	<u>\$ 6,666</u>
Indianapolis Metropolitan Police Department	Federal Grants			
Personal services		\$ 3,788	\$ 2,443	\$ 1,345
Supplies		1,904	292	1,612
Other services and charges		2,967	799	2,168
Capital outlay		1,029	253	776
Total		<u>\$ 9,688</u>	<u>\$ 3,787</u>	<u>\$ 5,901</u>
Indianapolis Metropolitan Police Department	State of Indiana Grants			
Supplies		248	97	151
Other services and charges		95	90	5
Total		<u>\$ 343</u>	<u>\$ 187</u>	<u>\$ 156</u>
Total - Indianapolis Metropolitan Police Department		<u>\$ 10,031</u>	<u>\$ 3,974</u>	<u>\$ 6,057</u>
Department of Parks and Recreation	Federal Grants			
Personal services		\$ 321	\$ 311	\$ 10
Supplies		3	1	2
Other services and charges		1,631	990	641
Total – Department of Parks and Recreation		<u>\$ 1,955</u>	<u>\$ 1,302</u>	<u>\$ 653</u>
Total – Special Revenue Funds – by Department and Division		<u>\$ 84,496</u>	<u>\$ 35,771</u>	<u>\$ 48,725</u>

Nonmajor Debt Service Funds

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

Civil City -	to account for the accumulation of resources for, and the payment of general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Civil City
Redevelopment District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Redevelopment District and to account for the accumulation of resources for, and the payment of, long-term lease commitments to the Marion County Convention and Recreation Facilities Authority (MCCRFA) for a leasehold interest in the former United Airlines maintenance facility
Public Safety Communications -	to account for the accumulation of resources for, and the payment of, costs associated with the Public Safety Communications System Equipment
Sanitary District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Sanitary District
Stormwater District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Stormwater District
Metropolitan Thoroughfare District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Metropolitan Thoroughfare District
Park District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Park District
Economic Development District -	to account for accumulation of resources for, and payments of long term bonded debt principal, interest, and related costs of bond issues for certain economic development projects. In addition, this fund also includes the activity for the Circle Area Community Development Corporation (“CAC”), which is a blended component unit of the City.
PILOT -	to account for accumulation of resources for, 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, 2018
(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
ASSETS										
Equity in pooled cash	\$ 903	\$ —	\$ 335	\$ —	\$ 521	\$ 228	\$ 72	\$ 1,668	\$ 6	\$ 3,733
Cash and investments with fiscal agents	—	—	4	—	2	—	—	24,912	10	24,928
Investments	7,862	—	2,920	—	4,543	1,993	622	14,533	57	32,530
Property taxes receivable	298	—	166	—	—	59	13	—	—	536
Accounts receivable	148	—	70	—	—	62	33	108	—	421
Long-term receivables	—	—	—	—	—	—	—	17,075	—	17,075
Total assets	\$ 9,211	\$ —	\$ 3,495	\$ —	\$ 5,066	\$ 2,342	\$ 740	\$ 58,296	\$ 73	\$ 79,223
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Matured bonds and notes payable	\$ 6,275	\$ —	\$ 1,900	\$ —	\$ 3,730	\$ 1,280	\$ 395	\$ —	\$ —	\$ 13,580
Matured interest payable	1,274	—	340	—	1,039	566	121	—	—	3,340
Accounts payable and other accrued liabilities	—	—	—	—	—	—	—	2,780	—	2,780
Total liabilities	7,549	—	2,240	—	4,769	1,846	516	2,780	—	19,700
Deferred inflows of resources	445	—	237	—	—	122	44	—	—	848
Fund balances:										
Restricted	1,217	—	1,018	—	297	374	180	55,516	73	58,675
Total fund balances	1,217	—	1,018	—	297	374	180	55,516	73	58,675
Total liabilities, deferred inflows of resources and fund balances	\$ 9,211	\$ —	\$ 3,495	\$ —	\$ 5,066	\$ 2,342	\$ 740	\$ 58,296	\$ 73	\$ 79,223

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, 2018
(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
Revenues:										
Property taxes	\$ 11,435	\$ —	\$ 6,527	\$ —	\$ —	\$ 2,419	\$ 648	\$ 5,845	\$ —	\$ 26,874
Other taxes	902	—	518	—	—	192	51	—	—	1,663
Interest on investments	28	1	17	6	17	16	7	1,126	69	1,287
Other revenues	1	42	—	109	11	28	27	8,768	13,729	22,715
Total revenues	12,366	43	7,062	115	28	2,655	733	15,739	13,798	52,539
Expenditures:										
Debt service:										
Redemption of bonds and notes	22,150	—	4,735	—	3,730	1,280	395	23,149	—	55,439
Interest on bonds and notes	2,742	—	1,684	—	2,301	1,132	242	13,770	7,413	29,284
Bond issuance costs	—	—	—	—	—	—	—	6	4	10
Lease payments and other	136	—	21	—	109	—	—	3,857	—	4,123
Total expenditures	25,028	—	6,440	—	6,140	2,412	637	40,782	7,417	88,856
Excess (deficiency) of revenues over (under) expenditures	(12,662)	43	622	115	(6,112)	243	96	(25,043)	6,381	(36,317)
Other financing sources (uses):										
Transfers in	13,059	—	5	114	6,397	7	1	30,719	—	50,302
Transfers out	—	(54)	—	(142)	(5)	(22)	(12)	(12,039)	(13,422)	(25,696)
Total other financing sources (uses)	13,059	(54)	5	(28)	6,392	(15)	(11)	18,680	(13,422)	24,606
Net change in fund balances	397	(11)	627	87	280	228	85	(6,363)	(7,041)	(11,711)
Fund balances (deficit) at beginning of year	820	11	391	(87)	17	146	95	61,879	7,114	70,386
Fund balances at end of year	\$ 1,217	\$ —	\$ 1,018	\$ —	\$ 297	\$ 374	\$ 180	\$ 55,516	\$ 73	\$ 58,675

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, 2018
(In thousands)

	Civil City		Redevelopment District		Public Safety Communications		Sanitary District	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 11,996	\$ 12,337	\$ —	\$ —	\$ 6,718	\$ 7,045	\$ —	\$ —
Charges for services	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—
Other operating revenues	—	28	—	52	—	17	—	119
Total revenues	<u>11,996</u>	<u>12,365</u>	<u>—</u>	<u>52</u>	<u>6,718</u>	<u>7,062</u>	<u>—</u>	<u>119</u>
Expenditures:								
Economic development and assistance	—	—	—	—	—	—	—	—
Debt service	25,034	25,029	—	—	6,440	6,440	—	—
Total expenditures	<u>25,034</u>	<u>25,029</u>	<u>—</u>	<u>—</u>	<u>6,440</u>	<u>6,440</u>	<u>—</u>	<u>—</u>
Deficiency of revenues under expenditures	<u>(13,038)</u>	<u>(12,664)</u>	<u>—</u>	<u>52</u>	<u>278</u>	<u>622</u>	<u>—</u>	<u>119</u>
Other financing sources (uses), net:								
Bond proceeds	—	—	—	—	—	—	—	—
Transfers in (out)	13,001	13,059	—	(54)	—	6	—	(142)
Total other financing sources (uses)	<u>13,001</u>	<u>13,059</u>	<u>—</u>	<u>(54)</u>	<u>—</u>	<u>6</u>	<u>—</u>	<u>(142)</u>
Revenues over (under) expenditures and other financing sources (uses)	(37)	395	—	(2)	278	628	—	(23)
Fund balances at beginning of year	489	330	1	2	261	50	109	(113)
Cancellation of purchase orders and other	380	490	(1)	—	238	337	(109)	136
Fund balances at end of year	<u>\$ 832</u>	<u>\$ 1,215</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 777</u>	<u>\$ 1,015</u>	<u>\$ —</u>	<u>\$ —</u>

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2018
(In thousands)

	Stormwater District		Metropolitan Thoroughfare District		Revenue		Park District	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ —	\$ —	\$ 2,844	\$ 2,611	\$ 94,074	\$ 92,670	\$ 893	\$ 699
Charges for services	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	22	224	—	—
Other operating revenues	—	28	—	44	1,837	3,124	—	34
Total revenues	—	28	2,844	2,655	95,933	96,018	893	733
Expenditures:								
Economic development and assistance	—	—	—	—	8,000	8,000	—	—
Debt service	6,423	6,423	2,412	2,412	51,024	50,957	637	637
Total expenditures	6,423	6,423	2,412	2,412	59,024	58,957	637	637
Deficiency of revenues under expenditures	(6,423)	(6,395)	432	243	36,909	37,061	256	96
Other financing sources (uses), net:								
Bond proceeds	—	—	—	—	—	12,040	—	—
Transfers in (out)	6,361	6,392	—	(14)	(2,554)	(58,950)	(27)	(10)
Total other financing sources (uses)	6,361	6,392	—	(14)	(2,554)	(46,910)	(27)	(10)
Revenues over (under) expenditures and other financing sources (uses)	(62)	(3)	432	229	34,355	(9,849)	229	86
Fund balances at beginning of year	—	12	(108)	(460)	2,442	2,005	(31)	(39)
Cancellation of purchase orders and other	62	3	61	583	(33,332)	8,005	25	131
Fund balances at end of year	\$ —	\$ 12	\$ 385	\$ 352	\$ 3,465	\$ 161	\$ 223	\$ 178

(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, 2018
(In thousands)

	Economic		PILOT		Totals	
	Development District					
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 5,869	\$ 5,830	\$ —	\$ —	\$ 122,394	\$ 121,192
Charges for services	1,605	2,840	—	—	1,605	2,840
Intergovernmental	—	—	—	—	22	224
Other operating revenues	—	5,283	13,729	13,799	15,566	22,528
Total revenues	<u>7,474</u>	<u>13,953</u>	<u>13,729</u>	<u>13,799</u>	<u>139,587</u>	<u>146,784</u>
Expenditures:						
Economic development and assistance	—	—	—	—	8,000	8,000
Debt service	42,048	40,278	7,427	7,418	141,445	139,594
Total expenditures	<u>42,048</u>	<u>40,278</u>	<u>7,427</u>	<u>7,418</u>	<u>149,445</u>	<u>147,594</u>
Deficiency of revenues under expenditures	<u>(34,574)</u>	<u>(26,325)</u>	<u>6,302</u>	<u>6,381</u>	<u>(9,858)</u>	<u>(810)</u>
Other financing sources (uses), net:						
Bond proceeds	—	—	—	—	—	12,040
Transfers in (out)	—	25,346	(13,423)	(13,422)	3,358	(27,789)
Total other financing sources (uses)	<u>—</u>	<u>25,346</u>	<u>(13,423)</u>	<u>(13,422)</u>	<u>3,358</u>	<u>(15,749)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(34,574)</u>	<u>(979)</u>	<u>(7,121)</u>	<u>(7,041)</u>	<u>(6,500)</u>	<u>(16,559)</u>
Fund balances at beginning of year	1,106	3,861	3,140	7,100	7,409	12,748
Cancellation of purchase orders and other	<u>34,616</u>	<u>(2,864)</u>	<u>3,981</u>	<u>4</u>	<u>5,921</u>	<u>6,825</u>
Fund balances at end of year	<u>\$ 1,148</u>	<u>\$ 18</u>	<u>\$ —</u>	<u>\$ 63</u>	<u>\$ 6,830</u>	<u>\$ 3,014</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, 2018
(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		\$ 505	\$ 501	\$ 4
Total		<u>505</u>	<u>501</u>	<u>4</u>
Non Departmental	Stormwater District			
Other services and charges		6,423	6,423	—
Total		<u>6,423</u>	<u>6,423</u>	<u>—</u>
Non Departmental	Metropolitan Thoroughfare District			
Other services and charges		2,412	2,412	—
Total		<u>2,412</u>	<u>2,412</u>	<u>—</u>
Non Departmental	Park District			
Other services and charges		637	637	—
Total		<u>637</u>	<u>637</u>	<u>—</u>
Non Departmental	Public Safety Communications			
Other services and charges		6,440	6,440	—
Total		<u>6,440</u>	<u>6,440</u>	<u>—</u>
Non Departmental	Civil City			
Other services and charges		25,034	25,029	5
Total		<u>25,034</u>	<u>25,029</u>	<u>5</u>
Non Departmental	Revenue			
Other services and charges		58,519	58,456	63
Total		<u>58,519</u>	<u>58,456</u>	<u>63</u>
Non Departmental	Economic Development			
Other services and charges		42,048	40,278	1,770
Total		<u>42,048</u>	<u>40,278</u>	<u>1,770</u>
Non Departmental	PILOT			
Other services and charges		7,427	7,418	9
Total		<u>7,427</u>	<u>7,418</u>	<u>9</u>
Total – Debt Service Funds – by Department		\$ <u>149,445</u>	\$ <u>147,594</u>	\$ <u>1,851</u>

Nonmajor Capital Project Funds

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

Redevelopment District - Tax Increment	to account for all financial resources related to projects constructed from proceeds of the Redevelopment District Tax Increment bond issues
Economic Development -	to account for all financial resources relating to projects funded through economic development bonds of the City
PILOT Revenue Bonds -	to account for all financial resources accumulated and payments made for construction, renovation, rehabilitation, and installation, of certain improvements to the City's public roads, street and sidewalks, and other public facilities
Metropolitan Thoroughfare District -	to account for all financial resources related to projects constructed wholly or in part from Metropolitan Thoroughfare District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds
Park District -	to account for all financial resources related to projects constructed from proceeds of the Park District bond issues
City Cumulative Capital Development -	to account for all resources accumulating from a City-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature
County Cumulative Capital Development -	to account for all resources accumulating from a County-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature
Tax Revenue Note -	to account for all financial resources related to purchases of certain vehicles and other equipment from the proceeds of a tax revenue note
Public Safety Communications -	to account for all financial resources related to acquisition of computer hardware and software from proceeds of the Public Safety Communication System and Computer Facilities District bonds
Landmark Building Preservation -	to account for all financial resources related to costs of major repairs to certain City properties
Fire Cumulative -	to account for all resources for the fire department accumulating from an ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature

- Storm Water -** to account for all financial resources related to expenditures for construction of storm water removal infrastructure
- 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 benefiting the Civil City District
- Section 108 HUD Loan -** to account for financial resources from the HUD Section 108 loan program, Community & Economic Development Loan Program (“CEDLP”)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2018
(In thousands)

	<u>Redevelopment District Tax Increment</u>	<u>Economic Development</u>	<u>PILOT Revenue Bonds</u>	<u>Metropolitan Thoroughfare District</u>	<u>Park District</u>	<u>City Cumulative Capital Improvement</u>
ASSETS						
Equity in pooled cash	\$ 4,069	\$ 80	\$ 38	\$ 362	\$ 64	\$ 810
Cash and investments with fiscal agents	15,641	543	—	34,292	—	—
Investments	35,450	704	325	16,378	4,130	7,060
Property taxes receivable	—	—	—	—	—	367
Accounts receivable	—	—	—	—	—	176
Long-term receivables, less allowance \$1,650	4,913	—	—	—	—	—
Total assets	<u>\$ 60,073</u>	<u>\$ 1,327</u>	<u>\$ 363</u>	<u>\$ 51,032</u>	<u>\$ 4,194</u>	<u>\$ 8,413</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and other accrued liabilities	<u>\$ 2,538</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,416</u>	<u>\$ 667</u>	<u>\$ 1,099</u>
Total liabilities	<u>2,538</u>	<u>—</u>	<u>—</u>	<u>3,416</u>	<u>667</u>	<u>1,099</u>
Deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>540</u>
Fund balances:						
Restricted	<u>57,535</u>	<u>1,327</u>	<u>363</u>	<u>47,616</u>	<u>3,527</u>	<u>6,774</u>
Total fund balances	<u>57,535</u>	<u>1,327</u>	<u>363</u>	<u>47,616</u>	<u>3,527</u>	<u>6,774</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 60,073</u>	<u>\$ 1,327</u>	<u>\$ 363</u>	<u>\$ 51,032</u>	<u>\$ 4,194</u>	<u>\$ 8,413</u>

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2018
(In thousands)

		<u>County Cumulative Capital Improvement</u>		<u>Tax Revenue Note</u>		<u>Public Safety Communications</u>		<u>Landmark Building Preservation</u>		<u>Fire Cumulative</u>		<u>Storm Water</u>
ASSETS												
Equity in pooled cash	\$	636	\$	7	\$	1	\$	1	\$	413	\$	1,342
Cash and investments with fiscal agents		—		—		—		—		—		10
Investments		5,544		61		3,178		22		3,602		11,694
Property taxes receivable		—		—		—		—		146		—
Accounts receivable		—		—		—		—		49		—
Long-term receivables, less allowance \$1,650		—		—		—		—		—		—
Total assets	\$	<u>6,180</u>	\$	<u>68</u>	\$	<u>3,179</u>	\$	<u>23</u>	\$	<u>4,210</u>	\$	<u>13,046</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable and other accrued liabilities	\$	<u>1,284</u>	\$	<u>—</u>	\$	<u>5</u>	\$	<u>—</u>	\$	<u>73</u>	\$	<u>7,927</u>
Total liabilities		<u>1,284</u>		<u>—</u>		<u>5</u>		<u>—</u>		<u>73</u>		<u>7,927</u>
Deferred inflows of resources		<u>—</u>		<u>—</u>		<u>—</u>		<u>—</u>		<u>196</u>		<u>—</u>
Fund balances:												
Restricted		<u>4,896</u>		<u>68</u>		<u>3,174</u>		<u>23</u>		<u>3,941</u>		<u>5,119</u>
Total fund balances		<u>4,896</u>		<u>68</u>		<u>3,174</u>		<u>23</u>		<u>3,941</u>		<u>5,119</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>6,180</u>	\$	<u>68</u>	\$	<u>3,179</u>	\$	<u>23</u>	\$	<u>4,210</u>	\$	<u>13,046</u>

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2018
(In thousands)

		<u>Capital Asset Development</u>		<u>Consolidated City District</u>		<u>Section 108 HUD Loan</u>		<u>Total Nonmajor Capital Projects Funds</u>
ASSETS								
Equity in pooled cash	\$	95	\$	—	\$	874	\$	8,792
Cash and investments with fiscal agents		—		—		—		50,486
Investments		830		7,875		7,619		104,472
Property taxes receivable		—		—		—		513
Accounts receivable		1		—		—		226
Long-term receivables, less allowance \$1,650		—		—		—		4,913
Total assets	\$	<u>926</u>	\$	<u>7,875</u>	\$	<u>8,493</u>	\$	<u>169,402</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and other accrued liabilities	\$	<u>—</u>	\$	<u>3,870</u>	\$	<u>—</u>	\$	<u>20,879</u>
Total liabilities		<u>—</u>		<u>3,870</u>		<u>—</u>		<u>20,879</u>
Deferred inflows of resources		<u>—</u>		<u>—</u>		<u>—</u>		<u>736</u>
Fund balances:								
Restricted		<u>926</u>		<u>4,005</u>		<u>8,493</u>		<u>147,787</u>
Total fund balances		<u>926</u>		<u>4,005</u>		<u>8,493</u>		<u>147,787</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>926</u>	\$	<u>7,875</u>	\$	<u>8,493</u>	\$	<u>169,402</u>

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
Year ended December 31, 2018
(In thousands)

	Redevelopment District Tax Increment	Economic Development	PILOT Revenue Bonds	Metropolitan Thoroughfare District	Park District	City Cumulative Capital Improvement
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	10,135
Other intergovernmental revenues:						
Federal revenues	—	—	113	48	—	105
Other revenues	—	—	—	—	—	—
Interest and other operating revenues	387	5	3	415	73	252
Total revenues	<u>387</u>	<u>5</u>	<u>116</u>	<u>463</u>	<u>73</u>	<u>10,492</u>
Expenditures:						
Economic development and assistance	11,390	1,066	—	—	—	—
Debt service:						
Redemption of bonds and notes	—	—	—	—	—	69
Interest on bonds and notes	—	—	—	—	—	1
Bond and note issuance costs	1,955	—	—	413	—	—
Lease payments and other	—	4	—	48	12	—
Capital outlays	36,425	—	—	15,310	1,630	12,120
Total expenditures	<u>49,770</u>	<u>1,070</u>	<u>—</u>	<u>15,771</u>	<u>1,642</u>	<u>12,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,383)</u>	<u>(1,065)</u>	<u>116</u>	<u>(15,308)</u>	<u>(1,569)</u>	<u>(1,698)</u>
Other financing sources (uses):						
Issuance of capital lease	—	—	—	—	—	—
Bonds and notes issued	30,985	—	—	30,000	—	—
Premium on bonds issued	—	—	—	4,217	—	—
Transfers in	40,514	5,501	—	49	12	65
Transfers out	(6,472)	(65)	—	(1,551)	(2)	—
Total other financing sources	<u>65,027</u>	<u>5,436</u>	<u>—</u>	<u>32,715</u>	<u>10</u>	<u>65</u>
Net change in fund balances	15,644	4,371	116	17,407	(1,559)	(1,633)
Fund balances (deficits) at beginning of year	41,891	(3,044)	247	30,209	5,086	8,407
Fund balances at end of year	<u>\$ 57,535</u>	<u>\$ 1,327</u>	<u>\$ 363</u>	<u>\$ 47,616</u>	<u>\$ 3,527</u>	<u>\$ 6,774</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, 2018
(In thousands)

	<u>County Cumulative Capital Improvement</u>	<u>Tax Revenue Note</u>	<u>Public Safety Communications</u>	<u>Landmark Building Preservation</u>	<u>Fire Cumulative</u>	<u>Storm Water</u>
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 4,122	\$ —
Other intergovernmental revenues:						
Federal revenues	—	—	—	—	—	—
Other revenues	4,200	—	—	—	—	—
Interest and other operating revenues	47	22	81	—	36	111
Total revenues	<u>4,247</u>	<u>22</u>	<u>81</u>	<u>—</u>	<u>4,158</u>	<u>111</u>
Expenditures:						
Economic development and assistance	—	—	—	—	—	—
Debt service:						
Redemption of bonds and notes	—	—	—	—	11	—
Interest on bonds and notes	—	—	—	—	—	—
Bonds and notes issuance costs	—	—	—	—	—	—
Lease payments and other	—	—	—	—	—	5
Capital outlays	3,176	—	6,768	—	2,607	20,109
Total expenditures	<u>3,176</u>	<u>—</u>	<u>6,768</u>	<u>—</u>	<u>2,618</u>	<u>20,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,071</u>	<u>22</u>	<u>(6,687)</u>	<u>—</u>	<u>1,540</u>	<u>(20,003)</u>
Other financing sources (uses):						
Issuance of capital lease	—	—	3,498	—	—	—
Bonds and notes issued	—	—	—	—	—	18,340
Premium on bonds issued	—	—	—	—	—	—
Transfers in	—	—	1	—	11	5
Transfers out	—	(81)	(6)	—	(878)	(1)
Total other financing sources	<u>—</u>	<u>(81)</u>	<u>3,493</u>	<u>—</u>	<u>(867)</u>	<u>18,344</u>
Net change in fund balances	1,071	(59)	(3,194)	—	673	(1,659)
Fund balances at beginning of year	3,825	127	6,368	23	3,268	6,778
Fund balances at end of year	<u>\$ 4,896</u>	<u>\$ 68</u>	<u>\$ 3,174</u>	<u>\$ 23</u>	<u>\$ 3,941</u>	<u>\$ 5,119</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, 2018
(In thousands)

	Capital Asset Development	Consolidated City District	Section 108 HUD Loan	Total Nonmajor Capital Projects Funds
Revenues:				
Taxes	\$ —	\$ —	\$ —	\$ 14,257
Other intergovernmental revenues:				
Federal revenues	—	—	—	266
Other revenues	—	—	—	4,200
Interest and other operating revenues	9	207	—	1,648
Total revenues	<u>9</u>	<u>207</u>	<u>—</u>	<u>20,371</u>
Expenditures:				
Economic development and assistance	—	—	619	13,075
Debt service:				
Redemption of bonds and notes	—	—	—	80
Interest on bonds and notes	—	295	—	296
Bonds and notes issuance costs	—	140	—	2,508
Lease payments and other	—	11	—	80
Capital outlays	657	37,281	287	136,370
Total expenditures	<u>657</u>	<u>37,727</u>	<u>906</u>	<u>152,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(648)</u>	<u>(37,520)</u>	<u>(906)</u>	<u>(132,038)</u>
Other financing sources (uses):				
Issuance of capital lease	—	—	—	3,498
Bonds and notes issued	—	29,889	—	109,214
Premium on bonds issued	—	—	—	4,217
Transfers in	1,450	39	9,399	57,046
Transfers out	—	(18)	—	(9,074)
Total other financing sources	<u>1,450</u>	<u>29,910</u>	<u>9,399</u>	<u>164,901</u>
Net change in fund balances	<u>802</u>	<u>(7,610)</u>	<u>8,493</u>	<u>32,863</u>
Fund balances at beginning of year	124	11,615	—	114,924
Fund balances at end of year	<u>\$ 926</u>	<u>\$ 4,005</u>	<u>\$ 8,493</u>	<u>\$ 147,787</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, 2018
(In thousands)

	City Cumulative		County Cumulative		Fire		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 9,930	\$ 10,135	\$ —	\$ —	\$ 3,931	\$ 4,122	\$ 13,861	\$ 14,257
Other intergovernmental revenues	250	14	—	—	—	—	250	14
Interest and other operating revenues	45	250	—	47	—	36	45	333
Total revenues	<u>10,225</u>	<u>10,399</u>	<u>—</u>	<u>47</u>	<u>3,931</u>	<u>4,158</u>	<u>14,156</u>	<u>14,604</u>
Expenditures:								
Current:								
General government	500	466	—	—	—	—	500	466
Public safety	591	546	—	—	650	619	1,241	1,165
Public works	(3,203)	(3,153)	—	—	—	—	(3,203)	(3,153)
Cultural and recreation	4,350	4,294	—	—	—	—	4,350	4,294
Economic development and assistance	1,000	1,000	—	—	—	—	1,000	1,000
Capital outlays	7,249	7,242	4,240	4,240	2,514	2,443	14,003	13,925
Total expenditures	<u>10,487</u>	<u>10,395</u>	<u>4,240</u>	<u>4,240</u>	<u>3,164</u>	<u>3,062</u>	<u>17,891</u>	<u>17,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(262)</u>	<u>4</u>	<u>(4,240)</u>	<u>(4,193)</u>	<u>767</u>	<u>1,096</u>	<u>(3,735)</u>	<u>(3,093)</u>
Other financing sources, net:								
Transfers in (out)	—	65	4,200	4,200	(878)	(867)	3,322	3,398
Total other financing sources (uses)	<u>—</u>	<u>65</u>	<u>4,200</u>	<u>4,200</u>	<u>(878)</u>	<u>(867)</u>	<u>3,322</u>	<u>3,398</u>
Revenues over (under) expenditures and other financing sources (uses)	(262)	69	(40)	7	(111)	229	(413)	305
Fund balances at beginning of year	4,349	2,686	2,130	2,172	1,966	2,358	8,445	7,216
Cancellation of purchase orders and other	(1,411)	229	53	—	414	22	(944)	251
Fund balances at end of year	<u>\$ 2,676</u>	<u>\$ 2,984</u>	<u>\$ 2,143</u>	<u>\$ 2,179</u>	<u>\$ 2,269</u>	<u>\$ 2,609</u>	<u>\$ 7,088</u>	<u>\$ 7,772</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, 2018
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative				
Office of Finance and Management	City Cumulative Capital Improvement			
Other services and charges		\$ 500	\$ 500	\$ —
Total – Executive and Legislative		<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ —</u>
Department of Metropolitan Development	City Cumulative Capital Improvement			
Other services and charges		\$ 1,000	\$ 1,000	\$ —
Total – Department of Metropolitan Development		<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ —</u>
Department of Business and Neighborhood Services	City Cumulative Capital Improvement			
Capital outlay		\$ 84	\$ 84	\$ —
Total – Department of Business and Neighborhood Services		<u>\$ 84</u>	<u>\$ 84</u>	<u>\$ —</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		50	46	4
Other services and charges		1,097	1,094	3
Capital outlay		3,713	3,713	—
Internal charges		(4,300)	(4,294)	(6)
Total		<u>560</u>	<u>559</u>	<u>1</u>
Total – Department of Public Works		<u>\$ 4,800</u>	<u>\$ 4,799</u>	<u>\$ 1</u>
Department of Parks and Recreation	City Cumulative Capital Improvement			
Internal charges		\$ 4,300	\$ 4,294	\$ 6
Total - Department of Parks and Recreation		<u>\$ 4,300</u>	<u>\$ 4,294</u>	<u>\$ 6</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, 2018
(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	\$ 8	\$ 3
Other services and charges		580	505	75
Capital Outlay		3,452	3,445	7
Total - Indianapolis Metropolitan Police Department		<u>\$ 4,043</u>	<u>\$ 3,958</u>	<u>\$ 85</u>
Indianapolis Fire Department	Fire Cumulative			
Supplies		\$ 650	\$ 619	\$ 31
Other services and charges		2,514	2,443	71
Total – Indianapolis Fire Department		<u>\$ 3,164</u>	<u>\$ 3,062</u>	<u>\$ 102</u>
Total – Capital Projects Funds – by Department and Division		<u>\$ 17,891</u>	<u>\$ 17,697</u>	<u>\$ 194</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, 2018
(In thousands)

	<u>Risk Management</u>	<u>Public Liability Self Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
ASSETS				
Equity in pooled cash	\$ —	\$ 856	\$ 1,998	\$ 2,854
Cash and investments with fiscal agents	47	—	—	47
Investments	—	7,455	17,405	24,860
Accounts receivable	21	170	2,652	2,843
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	68	8,481	22,055	30,604
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES				
Accounts payable and other current accrued liabilities	\$ 10,822	3,633	8,285	22,740
Due to other funds	3,005	—	—	3,005
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	13,827	3,633	8,285	25,745
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION (DEFICIT)				
Unrestricted (deficit)	\$ (13,759)	\$ 4,848	\$ 13,770	\$ 4,859
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2018
(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	\$ 10,513	\$ 2,760	\$ 87,965	\$ 101,238
Operating expenses:				
Claims	8,368	5,150	79,674	93,192
Administration	138	—	—	138
Total operating expenses	<u>8,506</u>	<u>5,150</u>	<u>79,674</u>	<u>93,330</u>
Operating income	2,007	(2,390)	8,291	7,908
Nonoperating revenue (expense):				
Interest on investments	(63)	78	79	94
Income	<u>1,944</u>	<u>(2,312)</u>	<u>8,370</u>	<u>8,002</u>
Change in net position	1,944	(2,312)	8,370	8,002
Total net position (deficit) – beginning of year	<u>(15,703)</u>	<u>7,160</u>	<u>5,400</u>	<u>(3,143)</u>
Total net position (deficit) – end of year	<u>\$ (13,759)</u>	<u>\$ 4,848</u>	<u>\$ 13,770</u>	<u>\$ 4,859</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, 2018
(In thousands)

	Risk Management	Public Liability Self Insurance	Employee Health Insurance	Total
Cash flows from operating activities:				
Receipts from users	\$ 10,506	\$ 2,590	\$ 87,521	\$ 100,617
Payments for administration	(138)	—	—	(138)
Payments for claims	(10,996)	(1,578)	(80,472)	(93,046)
	(628)	1,012	7,049	7,433
Cash flows from investing activities:				
Investment purchases	427	—	—	427
Investment sales	—	(1,785)	(7,767)	(9,552)
Investment income (expense)	(63)	78	79	94
	364	(1,707)	(7,688)	(9,031)
Net increase (decrease) in cash	(264)	(695)	(639)	(1,598)
Cash, beginning of year	311	1,551	2,637	4,499
Cash, end of year	\$ 47	\$ 856	\$ 1,998	\$ 2,901
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income	\$ 2,007	\$ (2,390)	\$ 8,291	\$ 7,908
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Increase in accounts receivable	(7)	(170)	(444)	(621)
Increase (decrease) in accounts payable	(2,628)	3,572	(798)	146
Net cash provided by (used in) operating activities	\$ (628)	\$ 1,012	\$ 7,049	\$ 7,433

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, 2018
(In thousands)

	Police Pension	Firefighters' Pension	Total
ASSETS			
Equity in pooled cash	\$ 51	\$ —	\$ 51
Investments	439	—	439
Total assets	490	—	490
LIABILITIES			
Accounts payable and other accrued liabilities	35	36	71
Due to other funds	—	170	170
Total liabilities	35	206	241
NET POSITION (DEFICIT) RESTRICTED FOR PENSIONS			
Net position (deficit) restricted for pensions	\$ 455	\$ (206)	\$ 249

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, 2018
(In thousands)

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Employer contributions	\$ 28,183	\$ 27,707	\$ 55,890
DEDUCTIONS			
Benefits	28,532	28,209	56,741
Total deductions	28,532	28,209	56,741
Net decrease in net position	(349)	(502)	(851)
Net position restricted for pensions – beginning of year	804	296	1,100
Net position (deficit) restricted for pensions – end of year	\$ 455	\$ (206)	\$ 249

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, 2018
(In thousands)

	Police Pension			Firefighters' Pension		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Intergovernmental	\$ 30,235	\$ 28,183	\$ (2,052)	\$ 30,597	\$ 27,707	\$ (2,890)
Total revenues	<u>30,235</u>	<u>28,183</u>	<u>(2,052)</u>	<u>30,597</u>	<u>27,707</u>	<u>(2,890)</u>
Expenditures:						
Personal services	<u>29,870</u>	<u>28,533</u>	<u>1,337</u>	<u>29,492</u>	<u>28,276</u>	<u>1,216</u>
Total expenditures	<u>29,870</u>	<u>28,533</u>	<u>1,337</u>	<u>29,492</u>	<u>28,276</u>	<u>1,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 365</u>	<u>\$ (350)</u>	<u>\$ (715)</u>	<u>\$ 1,105</u>	<u>\$ (569)</u>	<u>\$ (1,674)</u>
Revenues over (under) expenditures and other financing sources	<u>\$ 365</u>	<u>\$ (350)</u>	<u>\$ (715)</u>	<u>\$ 1,105</u>	<u>\$ (569)</u>	<u>\$ (1,674)</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, 2018
(In thousands)

	<u>Sanitation 15 Year Law</u>	<u>E-911 Allocation</u>	<u>Police and Fire Retiree Health Insurance</u>	<u>IMPD Confiscated Cash</u>	<u>Other</u>	<u>Total</u>
ASSETS						
Equity in pooled cash	\$ 31	\$ 143	\$ 85	\$ 433	\$ 79	\$ 771
Investments	272	1,248	742	3,777	689	6,728
Accounts receivable	—	969	—	—	—	969
Total assets	<u>\$ 303</u>	<u>\$ 2,360</u>	<u>\$ 827</u>	<u>\$ 4,210</u>	<u>\$ 768</u>	<u>\$ 8,468</u>
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 303	\$ 2,360	\$ 827	\$ 4,210	\$ 768	\$ 8,468
Total liabilities	<u>\$ 303</u>	<u>\$ 2,360</u>	<u>\$ 827</u>	<u>\$ 4,210</u>	<u>\$ 768</u>	<u>\$ 8,468</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, 2018
(In thousands)

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2018</u>
SANITATION 15 YEAR LAW FUND				
Assets:				
Cash and investments	\$ 303	\$ —	\$ —	\$ 303
Total assets	<u>\$ 303</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 303</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 303	\$ —	\$ —	\$ 303
Total liabilities	<u>\$ 303</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 303</u>
E – 911 ALLOCATION				
Assets:				
Cash and investments	\$ 5,600	\$ 8,171	\$ 12,380	\$ 1,391
Accounts receivable	969	969	969	969
Total assets	<u>\$ 6,569</u>	<u>\$ 9,140</u>	<u>\$ 13,349</u>	<u>\$ 2,360</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 6,569	\$ 9,140	\$ 13,349	\$ 2,360
Total liabilities	<u>\$ 6,569</u>	<u>\$ 9,140</u>	<u>\$ 13,349</u>	<u>\$ 2,360</u>
POLICE AND FIRE RETIREE HEALTH INSURANCE				
Assets:				
Cash and investments	\$ 987	\$ 2,748	\$ 2,908	\$ 827
Total assets	<u>\$ 987</u>	<u>\$ 2,748</u>	<u>\$ 2,908</u>	<u>\$ 827</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 987	\$ 2,748	\$ 2,908	\$ 827
Total liabilities	<u>\$ 987</u>	<u>\$ 2,748</u>	<u>\$ 2,908</u>	<u>\$ 827</u>
IMPD CONFISCATED CASH				
Assets:				
Cash and investments	\$ 4,573	\$ 3,152	\$ 3,515	\$ 4,210
Total assets	<u>\$ 4,573</u>	<u>\$ 3,152</u>	<u>\$ 3,515</u>	<u>\$ 4,210</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 4,573	\$ 3,152	\$ 3,515	\$ 4,210
Total liabilities	<u>\$ 4,573</u>	<u>\$ 3,152</u>	<u>\$ 3,515</u>	<u>\$ 4,210</u>

(Continued)

CITY OF INDIANAPOLIS
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2018
(In thousands)

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
OTHER				
Assets:				
Cash and investments	\$ 768	\$ —	\$ —	\$ 768
Total assets	<u>\$ 768</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 768</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 768	\$ —	\$ —	\$ 768
Total liabilities	<u>\$ 768</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 768</u>
TOTAL – ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 12,231	\$ 14,071	\$ 18,803	\$ 7,499
Accounts receivable	969	969	969	969
Total assets	<u>\$ 13,200</u>	<u>\$ 15,040</u>	<u>\$ 19,772</u>	<u>\$ 8,468</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 13,200	\$ 15,040	\$ 19,772	\$ 8,468
Total liabilities	<u>\$ 13,200</u>	<u>\$ 15,040</u>	<u>\$ 19,772</u>	<u>\$ 8,468</u>

Statistical Section

Statistical Section

CITY OF INDIANAPOLIS
Statistical Section
Table of Contents

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

	<u>Schedule #s</u>
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	Schedules 1–5
REVENUE CAPACITY These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	Schedules 6–10
DEBT CAPACITY These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	Schedules 11–15
DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	Schedules 16–18
OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	Schedules 19–20

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

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

	Fiscal Year									
	<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>	<u>2018</u>
Governmental activities:										
Net investment in capital assets	\$ 920,186	\$ 961,358	\$ 605,824	\$ 621,413	\$ 682,291	\$ 604,736	\$ 618,860	\$ 658,793	\$ 682,445	\$ 706,470
Restricted	214,479	209,948	188,976	124,511	122,379	171,863	177,408	180,615	176,332	164,849
Unrestricted (deficit)	<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>	<u>(998,291)</u>
Total governmental activities net position (deficit)	<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>	<u>\$ (126,972)</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 88,824	\$ 65,883	\$ 60,880	\$ 45,395	\$ 36,467	\$ 43,599	\$ 48,124	\$ 44,689	\$ 44,321	\$ 36,351
Public safety	395,465	428,230	442,327	448,007	447,016	461,873	412,157	389,302	511,305	436,687
Public works	267,286	276,331	252,332	196,687	204,217	230,470	214,740	163,710	208,581	222,011
Health and welfare	5,112	4,079	4,496	3,890	6,015	6,320	7,555	7,926	7,730	11,594
Cultural and recreation	33,506	30,275	30,705	22,413	18,465	10,130	14,714	15,313	26,059	30,423
Urban redevelopment and housing	34,813	48,407	47,262	31,493	28,124	24,114	18,354	18,899	18,752	23,302
Economic development and assistance	28,491	45,441	79,164	97,983	41,862	33,181	75,451	27,512	30,412	52,671
Interest	74,039	63,280	69,382	55,920	55,480	51,571	51,584	53,919	45,664	49,159
Total governmental activities expenses	<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>	<u>862,198</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	14,816	17,712	18,551	20,982	22,245	21,785	25,881	17,468	14,703	18,857
Public safety	20,135	16,911	22,818	27,576	19,698	23,679	29,080	29,549	30,475	32,110
Public works	176,591	181,742	135,233	35,520	37,427	38,896	43,184	52,597	52,641	57,340
Health and welfare	375	289	31	74	675	808	149	264	1,214	94
Cultural and recreation	4,645	4,179	4,374	3,426	3,129	3,638	3,714	4,036	3,396	3,583
Urban redevelopment and housing	7,187	3,259	3,565	1,357	1,330	1,835	2,050	2,008	2,451	2,224
Economic development and assistance	298	477	692	791	1,051	1,530	1,259	7,222	1,148	961
Operating grants and contributions	137,557	157,126	161,033	143,556	138,311	137,828	139,251	134,890	133,040	151,026
Capital grants and contributions	32,637	25,652	51,681	30,217	77,797	4,845	37,351	34,023	20,072	12,215
Total governmental activities program revenues	<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>	<u>278,410</u>
Net (Expense) Revenue	<u>(533,295)</u>	<u>(554,579)</u>	<u>(588,570)</u>	<u>(638,289)</u>	<u>(535,983)</u>	<u>(626,414)</u>	<u>(560,760)</u>	<u>(439,213)</u>	<u>(633,684)</u>	<u>(583,788)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property tax	274,655	265,801	256,517	277,122	280,883	297,487	285,649	300,101	294,886	315,230
Wheel tax	13,549	11,890	12,193	12,433	12,983	13,250	14,645	13,644	14,843	15,354
County option income tax	117,764	187,880	170,092	174,342	154,273	164,582	206,838	266,834	230,417	237,319
Other taxes	19,841	19,544	20,753	21,998	19,949	21,460	20,472	21,967	23,085	23,159
Grants and contributions not restricted by function	11,916	9,411	8,483	12,745	12,978	13,165	9,465	10,017	12,224	12,439
Investment earnings not restricted by function	3,625	3,743	4,054	3,481	3,416	7,984	6,373	9,977	14,249	16,302
Miscellaneous	4,769	3,950	15,110	24,021	20,133	17,000	28,675	20,933	27,766	29,269
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>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>	<u>649,072</u>
Change in Net Position										
Governmental activities	<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>	<u>\$ 65,284</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
Governmental activities:										
General government	\$ 16,372	\$ 23,693	\$ 31,250	\$ 25,197	\$ 28,022	\$ 28,433	\$ 29,935	\$ 20,722	\$ 29,328	\$ 26,080
Public safety	103,991	104,023	104,691	113,605	91,203	89,255	91,716	93,854	96,521	93,984
Public works	233,101	227,920	211,232	85,696	139,321	88,035	118,727	125,176	103,100	128,741
Health and welfare	2,000	2,485	3,678	4,611	7,118	6,807	7,302	6,547	7,411	7,357
Cultural and recreation	7,073	6,663	4,380	4,935	11,527	4,865	8,845	7,290	5,905	5,793
Urban redevelopment and housing	29,841	40,528	38,588	21,638	15,832	13,373	22,314	17,152	14,888	14,657
Economic development and assistance	1,863	2,035	4,159	7,817	8,640	4,076	3,080	11,316	1,987	1,798
Total governmental activities program revenues	<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>	<u>\$ 278,410</u>

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

	<u>Fiscal Year</u>	
	<u>2009</u>	<u>2010</u>
General Fund:		
Reserved	\$ 48,759	\$ 32,866
Unreserved	162,602	133,765
Total general fund	<u>\$ 211,361</u>	<u>\$ 166,631</u>
All other governmental funds:		
Reserved	\$ 307,052	\$ 362,565
Unreserved, reported in:		
Special revenue funds	184	14,442
Capital projects funds	64,895	87,575
Debt service funds	(1,930)	178
Permanent fund	376	376
Total all other governmental funds	<u>\$ 370,577</u>	<u>\$ 465,136</u>

	<u>Fiscal Year</u>							
	<u>2011 (a)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:								
Restricted	\$ 20,930	\$ 34,950	\$ 42,256	\$ 32,069	\$ 35,306	\$ 89,454	\$ 105,276	\$ 85,591
Committed	215,273	134,151	70,457	37,992	9,207	2,749	659	5,040
Assigned	51,434	96,691	76,815	83,902	79,775	77,923	77,726	76,505
Unassigned	84,750	82,931	91,191	70,784	79,192	94,093	99,761	107,099
Total General Fund	<u>\$ 372,387</u>	<u>\$ 348,723</u>	<u>\$ 280,719</u>	<u>\$ 224,747</u>	<u>\$ 203,480</u>	<u>\$ 264,219</u>	<u>\$ 283,422</u>	<u>\$ 274,235</u>
All other governmental funds:								
Nonspendable	\$ 6,631	\$ 1,872	\$ 3,138	\$ 2,275	\$ 1,959	\$ 1,180	\$ 357	\$ 362
Restricted	403,782	259,101	221,517	271,375	317,629	308,953	361,601	374,569
Committed	1,000	—	—	—	—	—	—	—
Assigned	—	—	—	—	—	—	—	—
Unassigned	(10,020)	(5,586)	(2,155)	(364)	(322)	(68)	—	—
Total all other governmental funds	<u>\$ 401,393</u>	<u>\$ 255,387</u>	<u>\$ 222,500</u>	<u>\$ 273,286</u>	<u>\$ 319,266</u>	<u>\$ 310,065</u>	<u>\$ 361,958</u>	<u>\$ 374,931</u>

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 556,816	\$ 474,935	\$ 458,035	\$ 487,666	\$ 467,820	\$ 497,061	\$ 529,231	\$ 601,328	\$ 563,213	\$ 590,330
Licenses and permits	11,887	12,488	14,573	14,632	13,457	12,010	14,249	13,952	14,362	15,974
Charges for services	200,817	198,623	155,277	61,207	58,826	63,949	65,744	76,844	75,395	80,594
Intergovernmental revenues	152,128	168,344	172,171	171,362	164,365	151,369	154,789	146,074	149,804	157,487
Intragovernmental revenues	3,338	2,674	2,929	1,650	4,880	3,286	2,342	1,909	2,974	11,327
Traffic violations and court fees	13,602	6,291	9,514	6,707	5,429	5,112	5,822	6,771	5,861	7,025
Interest and other operating revenues	14,378	15,144	27,394	37,630	31,816	46,174	57,835	53,004	55,987	51,818
Total revenues	952,966	878,499	839,893	780,854	746,593	778,961	830,012	899,882	867,596	914,555
Expenditures:										
Current:										
General government	21,842	42,446	35,980	25,015	21,721	25,957	24,888	24,720	26,591	29,174
Public safety	352,790	388,364	407,409	414,456	416,774	429,520	442,491	452,435	469,029	484,947
Public works	133,258	150,988	174,235	100,806	101,172	114,061	107,819	107,520	101,343	114,599
Health and welfare	4,928	4,053	4,471	3,865	5,973	6,241	7,550	7,832	7,694	7,778
Cultural and recreation	25,431	22,581	23,933	14,579	13,864	13,031	13,267	14,910	24,606	23,816
Urban redevelopment and housing	30,093	44,037	40,733	27,374	24,033	17,760	22,731	17,641	14,023	18,476
Economic development and assistance	24,308	42,111	73,758	95,236	37,981	28,411	61,202	20,163	27,326	23,327
Capital outlays	138,754	226,218	246,409	151,228	105,394	84,975	122,022	78,901	134,973	205,552
Debt service:										
Redemption of bonds and notes	78,607	93,793	80,162	68,114	61,598	76,953	69,066	72,787	83,575	94,026
Interest on bonds and notes	68,255	55,388	57,971	50,892	51,981	47,877	45,915	49,835	53,807	42,353
Swap termination payment	28,780	—	—	—	—	—	—	—	—	—
Bond and note issuance costs	2,758	4,987	4,130	614	5,705	1,099	2,445	1,358	3,288	2,670
Advance funding escrow	649	—	3,318	—	36,705	10,525	11,655	—	—	—
Operating lease payments and administration	15,167	15,439	15,781	16,339	16,047	16,184	18,448	16,662	2,337	4,808
Total expenditures	925,620	1,090,405	1,168,290	968,518	898,948	872,594	949,499	864,764	948,592	1,051,526
Excess (deficiency) of revenues under expenditures	27,346	(211,906)	(328,397)	(187,664)	(152,355)	(93,633)	(119,487)	35,118	(80,996)	(136,971)
Other financing sources (uses):										
Proceeds of financing from capital lease	—	—	8,175	—	—	605	3,248	—	—	4,972
Proceeds from execution of parking meter contract	—	20,000	—	—	—	—	—	—	—	—
Proceeds from restructuring of debt	—	—	—	—	85	212	749	—	—	—
Sales of capital assets	645	910	1,574	1,608	795	625	472	1,264	1,153	739
Bonds and notes issued	87,281	229,732	146,495	17,915	5,780	69,370	116,600	10,707	128,132	118,627
Premium on bonds and notes issued	15,451	11,093	6,810	2,509	11,744	6,215	12,146	6,609	31,522	4,217
Refunding bonds issued	133,775	—	39,000	24,415	86,605	11,420	10,985	50,325	150,800	12,202
Payment to refunded bond escrow agent	(133,775)	—	(25,979)	(53,545)	(53,545)	—	—	(52,485)	(159,515)	—
Transfers in	59,105	108,357	141,489	65,313	102,216	53,138	128,974	98,909	102,286	184,829
Transfers out	(59,105)	(108,357)	(160,266)	(65,313)	(102,216)	(53,138)	(128,974)	(98,909)	(102,286)	(184,829)
Total other financing sources (uses)	103,377	261,735	157,298	17,994	51,464	88,447	144,200	16,420	152,092	140,757
Special item—sale of wastewater collection and treatment facilities:										
Assumption of bond anticipation note by CEG	—	—	51,137	—	—	—	—	—	—	—
Proceeds from sale of wastewater collection and treatment facilities	—	—	262,600	—	—	—	—	—	—	—
Assumption of additional liabilities by CEG	—	—	1,134	—	—	—	—	—	—	—
Transfer of debt service reserve and unspent bond proceeds to CEG	—	—	(1,759)	—	—	—	—	—	—	—
Total special item	—	—	313,112	—	—	—	—	—	—	—
Net change in fund balances (deficits)	\$ 130,723	\$ 49,829	\$ 142,013	\$ (169,670)	\$ (100,891)	\$ (5,186)	\$ 24,713	\$ 51,538	\$ 71,096	\$ 3,786
Debt service as a percentage of noncapital expenditures	18%	17%	15%	15%	15%	17%	15%	15%	16%	15%
Debt service expenditures	\$ 146,862	\$ 149,181	\$ 138,133	\$ 119,006	\$ 113,579	\$ 124,830	\$ 114,981	\$ 122,622	\$ 137,382	\$ 136,379
Noncapital expenditures	809,808	892,858	932,309	803,222	781,499	721,252	768,280	793,994	846,477	881,001

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

Fiscal year	Property	Local income tax	Wheel tax	Other (a)	Total taxes
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
2018	316,100	237,319	15,354	22,574	591,347

(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>
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
2018	19,839,568	14,114,626	3,150,699	6,700,531	894,001	44,699,425	0.7243	44,699,425	100

Note: Tax-exempt property for 2018 of \$922,233 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 2018, total taxable assessed value includes \$4,192,813 of assessed valuation for Marion County Tax Increment Financing Districts.

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

Fiscal Year	City of Indianapolis			County direct rates		Overlapping rates			Total direct and overlapping rates
	Operating millage	Debt service millage	Total city millage	County	Municipal corporations	Total City-County Council approved	School	Other	
2009	\$ 0.8073	\$ 0.0561	\$ 0.8634	\$ 0.3513	\$ 0.3254	\$ 1.5401	\$ 1.1569	\$ 0.0578	\$ 2.7548
2010	0.8041	0.0632	0.8673	0.3534	0.3282	1.5489	1.3692	0.0615	2.9796
2011	0.8807	0.0718	0.9525	0.3665	0.3685	1.6875	1.4065	0.0615	3.1555
2012	0.9116	0.0918	1.0034	0.4007	0.3958	1.7999	1.2711	0.0670	3.1380
2013	0.9069	0.0733	0.9802	0.3932	0.4314	1.8048	1.4829	0.0607	3.3484
2014	0.6795	0.0872	0.7667	0.4034	0.4340	1.6041	1.2889	0.0620	2.9550
2015	0.6431	0.0638	0.7069	0.3825	0.4205	1.5099	1.3504	0.0607	2.9210
2016	0.6554	0.0582	0.7136	0.3883	0.4454	1.5473	1.4170	0.0630	3.0273
2017	0.6742	0.0571	0.7313	0.3943	0.4517	1.5773	0.9735	0.0619	2.6127
2018	0.6716	0.0527	0.7243	0.3893	0.4488	1.5624	1.1336	0.0587	2.7547

- (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	2018			Principal taxpayers	2009		
	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	\$ 1,218,912	1	2.727	Eli Lilly and Company	\$ 1,312,077	1	3.430%
Citizens Energy Group	469,516	2	1.050	Indianapolis Power & Light	381,597	2	0.997%
Indianapolis Power and Light Company	400,796	3	0.897	Indiana Bell	283,297	3	0.740%
Federal Express Corporation	245,092	4	0.548	Simon Property Group	191,132	4	0.500%
Convention Headquarters Hotels, LLC	189,133	5	0.423	General Motors	183,985	5	0.481%
Hertz Indianapolis 111 Monument, LLC	154,583	6	0.346	Sexton Properties	181,809	6	0.475%
American United Life Insurance Company	114,781	7	0.257	Citizens Gas & Coke Utility	148,011	7	0.387%
SVC Manufacturing	92,792	8	0.208	Macquarie Office Monument	144,640	8	0.378%
Castleton Square, LLC	81,858	9	0.183	American United Life	140,114	9	0.366%
IMD2 LLC	76,250	10	0.171	Community Hospital Foundation	130,201	10	0.340%
Southwest Airlines Co.	75,184	11	0.168	Dugan Realty, LLP	115,274	11	0.301%
Keystone Investors, LLC	72,661	12	0.163	Keystone Investors, LLC	109,559	12	0.286%
Westin Indianapolis LLC	68,924	13	0.154	Duke Weeks Realty, LP	105,025	13	0.275%
DOW Agrosciences, LLC	68,016	14	0.152	Rolls Royce	104,937	14	0.274%
Rolls-Royce Corporation	67,566	15	0.151	Roche Diagnostics Corp	96,580	15	0.252%
Ms Operations Center Partners LLC	64,852	16	0.145	Target	94,621	16	0.247%
Axis FC LLC	62,192	17	0.139	Indianapolis Motor Speedway	93,828	17	0.245%
NG 211 N Pennsylvania St, LLC	61,995	18	0.139	International Truck and Engine	93,329	18	0.244%
Cellco Partnership	60,450	19	0.135	SVC Manufacturing	77,940	19	0.204%
Circle Centre Development Co.	58,753	20	0.131	VV USA City, LP	75,550	20	0.197%
	\$ <u>3,704,306</u>		<u>8.287</u>		\$ <u>4,063,506</u>		<u>10.62%</u>

- (a) Represents the January 1, 2017 valuations for taxes due and payable in 2018 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, 2008 valuations for taxes due and payable in 2009 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 2009 Comprehensive Annual Financial Report.

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

Fiscal year ended December 31	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy (d)		Amount (a)	Percentage of levy (d)
2011	\$ 184,301	\$ 175,069	95.0 %	\$ 8,292	\$ 183,361	99.5 %
2012	195,321	185,118	94.8	6,932	192,050	98.3
2013	186,122	179,501	96.4	6,758	186,259	100.1
2014	190,113	198,358	104.3	6,982	205,340	108.0 (b)
2015	195,944	188,572	96.2	5,534	194,106	99.1
2016	194,983	193,413	99.2	7,195	200,608	102.9
2017	205,739	205,401	99.8	5,615	211,016	102.6
2018	214,321	212,181	99.0	—	212,181	99.0

(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 (c)
Schedule 11
Last Ten Fiscal Years
(In thousands, except per capita)

Governmental activities

Fiscal year	Notes						Total Governmental Activities Debt	Percentage of personal income (a)	Per capita (a)
	General obligation bonds	Tax increment bonds	Revenue bonds	payable and certificates of participation	Capital leases				
2009	\$ 293,756	\$ 517,964	\$ 590,715	\$ 25,816	\$ -	\$ 1,428,251	4.06%	\$ 1,767	
2010	265,900	536,092	728,684	(b) 41,335	-	1,572,011	4.17%	1,947	
2011	218,188	650,409	271,313	37,300	8,175	1,185,385	2.92%	1,445	
2012	210,616	632,594	264,850	46,150	8,175	1,162,385	2.75%	1,392	
2013	180,800	626,551	260,150	28,732	8,038	1,104,271	2.64%	1,309	
2014	157,574	669,880	271,520	40,422	8,549	1,147,945	2.66%	1,352	
2015	129,860	649,323	345,558	74,633	11,607	1,210,981	2.68%	1,404	
2016	85,898	624,750	335,028	82,197	10,619	1,138,492	2.44%	1,331	
2017	135,822	602,630	332,753	119,288	9,659	1,200,152	2.48%	1,391	
2018	124,440	598,565	360,653	166,076	12,182	1,261,916	2.61%	1,455	

(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, which matured in 2018.

(c) Outstanding bond amounts include deferred premiums.

CITY OF INDIANAPOLIS
Ratios of Net General Bonded Debt Outstanding (c)
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				
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	
2018	124,440	15,395	109,045	0.244	125.75	

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

- (a) Population data can be found in schedule 16.
- (b) Property value data can be found in schedule 7.
- (c) Outstanding bond amounts include deferred premiums.

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2018
(In thousands)

	Map reference (see introduction (e))	Assessed value (d)	Bonding limit		Bonds outstanding (h)
			%	Dollar amount	
Direct Debt:					
City of Indianapolis:					
Civil City	2	\$ 38,185,727	0.67%	\$ 255,844	\$ 52,140
Park District	1	40,737,646	0.67%	272,942	4,925
Redevelopment District	2	38,185,727	(f)	—	—
Flood Control District	1	40,737,646	0.67%	272,942	—
Metropolitan Thoroughfare District	1	40,737,646	1.33%	541,811	24,585
Solid Waste Special Service District	7	38,235,668	2.00%	764,713	—
Public Safety Communications and Computer Facilities District	1	40,737,646	0.67%	272,942	36,310
Premium on General Obligation Debt				—	6,480
Total City General Obligation Debt				<u>\$ 2,381,194</u>	<u>124,440</u>
Other Direct Debt					
Tax increment bonds					598,565
Revenue bonds					360,653
Note payable and certificate of participations					166,076
Capital leases					12,182
Total City Direct Debt					<u>\$ 1,261,916</u>
Overlapping:					
Marion County	1	\$ 40,737,646	0.67%	<u>\$ 272,942</u>	<u>\$ —</u>
Municipal Corporations:					
Indianapolis Airport Authority		\$ 40,737,646	0.67%	\$ 272,942	\$ —
Health and Hospital Corporation	1	40,737,646	0.67%	272,942	179,335
Capital Improvement Board of Managers	1	40,737,646	0.67%	272,942	—
Indianapolis-Marion County Building Authority	1	40,737,646	(b)	—	—
Indianapolis-Marion County Public Library	4	40,124,284	0.67%	268,833	71,150
Indianapolis Public Transportation Corporation	2	38,617,780	0.67%	258,739	—
Total Municipal Corporations				<u>\$ 1,346,398</u>	<u>\$ 250,485</u>
School Districts:					
Beech Grove	8	\$ 435,690	(g)	\$ 2,919	\$ 3,147
Decatur	8	1,699,074	(g)	11,384	2,715
Franklin	8	2,310,919	(g)	15,483	—
Indianapolis Public Schools	8	11,032,088	(g)	73,915	43,705
Lawrence	8	5,024,205	(g)	33,763	18,495
Perry	8	3,501,987	(g)	23,463	14,670
Pike	8	4,717,204	(g)	31,605	28,240
Speedway	8	764,586	(g)	5,123	—

(Continued) 163

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2018
(In thousands)

	Map reference (see introduction (e))	Assessed value (d)	Bonding limit		Bonds outstanding (h)
			%	Dollar amount	
School Districts (continued):					
Warren	8	\$ 2,578,639	(g)	\$ 17,277	\$ —
Washington	8	6,131,928	(g)	41,084	31,630
Wayne	8	2,977,094	(g)	19,947	4,000
Total School Districts		<u>\$ 41,173,414</u>		<u>\$ 275,963</u>	<u>\$ 146,602</u>
Other Cities and Towns:					
Beech Grove	2	\$ 432,053	0.67%	\$ 2,895	\$ 1,000
Lawrence	2	1,456,563	0.67%	9,759	3,628
Southport	2	49,940	0.67%	335	281
Speedway	2	613,362	0.67%	4,110	3,949
Total Other Cities and Towns		<u>\$ 2,551,918</u>		<u>\$ 17,099</u>	<u>\$ 8,858</u>
Townships:					
Center	3	\$ 6,246,544	0.67%	\$ 41,852	\$ —
Decatur	3	1,592,266	0.67%	10,668	—
Franklin	3	2,440,979	0.67%	16,355	—
Lawrence	3	5,394,086	0.67%	36,140	1,280
Perry	3	3,818,962	0.67%	25,587	—
Pike	3	4,565,838	0.67%	30,591	—
Warren	3	3,511,009	0.67%	23,524	—
Washington	3	8,675,956	0.67%	58,129	—
Wayne	3	4,256,801	0.67%	28,521	1,596
Total Townships		<u>\$ 40,502,441</u>		<u>\$ 271,367</u>	<u>\$ 2,876</u>
Excluded Library Districts:					
Speedway	4	\$ 613,362	0.67%	\$ 4,110	\$ 135
Total Excluded Library Districts		<u>\$ 613,362</u>		<u>\$ 4,110</u>	<u>\$ 135</u>
Ben Davis Conservancy District		<u>\$ 354,164</u>	(c)	<u>\$ —</u>	<u>\$ —</u>
Total overlapping debt					<u>\$ 408,956</u>
Total direct and overlapping debt					<u>\$ 1,670,872</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2018
(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, 2017 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2018.
- (e) See Introductory Section.
- (f) There is no statutory constitutional debt limitation to the Redevelopment Districts.
- (g) A statutory .67% 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 and does not include 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, 2018
(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	\$ 38,185,727	0.67%	\$ 255,844	\$ 52,140	\$ 203,704	20.38%
Park District	40,737,646	0.67%	272,942	4,925	268,017	1.80%
Redevelopment District	38,185,727	(b)	—	—	—	—
Flood Control District	40,737,646	0.67%	272,942	—	272,942	0.00%
Metropolitan Thoroughfare District	40,737,646	1.33%	541,811	24,585	517,226	4.54%
Solid Waste Special Service District	38,235,668	2.00%	764,713	—	764,713	—
Public Safety Communications and Computer Facilities District	40,737,646	0.67%	272,942	36,310	236,632	13.30%

(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)

Transportation revenue bonds					
Fiscal year	Wheel and gas tax revenue (a)	Debt service		Coverage	
		Principal	Interest		
2009	\$ 13,549	\$ 5,740	\$ 983	2.02	
2010	11,890	3,570	762	2.74	
2011	12,193	1,355	592	6.26	
2012	12,433	1,415	532	6.39	
2013	46,323	1,525	543	22.40	
2014	51,703	1,520	319	28.11	
2015	52,909	1,580	2,076	14.47	
2016	53,013	2,565	3,624	8.57	
2017	62,060	2,660	3,530	10.03	
2018	69,823	2,770	3,419	11.28	

Facilities revenue bonds					
Fiscal year	Charge back (e)	Debt service		Coverage	
		Principal	Interest		
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	
2018	1,858	1,725	101	1.02	

PILOT revenue bonds				
Payments in lieu of taxes (b)	Debt service		Coverage	
	Principal	Interest (h)		
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)
13,729	—	7,413	1.85	

Economic development bonds				
Parking fees (f)	Debt service		Coverage	
	Principal	Interest		
\$ 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	
1,584	670	914	1.00	

Property tax increment bonds				
Tax increment revenues (c)	Debt service		Coverage	
	Principal (d)	Interest		
\$ 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	
94,215	44,424	20,414	1.45	

Stormwater revenue bonds				
Net revenues of the stormwater system (g)	Debt service		Coverage	
	Principal	Interest		
\$ 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	
7,539	3,730	2,301	1.25	

Note: NA stands for not available.

- (a) 2009-2012, only wheel taxes pledge. 2013-2018, wheel taxes and gasoline taxes are pledged.
- (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>
2009	808,466	\$ 35,218,272	\$ 39,201	35.80	12	159,089	10.00 %
2010	807,584	37,657,620	41,633	33.60	12	159,865	9.70
2011	820,445	40,583,131	44,538	33.00	12	143,053	9.50
2012	834,852	42,200,406	45,897	33.70	12	146,175	9.40
2013	843,393	41,906,380	45,074	33.90	12	149,697	7.00
2014	848,788	43,178,384	46,143	34.10	12	130,007	5.80
2015	862,781	45,110,150	47,978	34.30	12	130,371	4.60
2016	855,164	46,671,667	49,439	34.30	12	131,754	3.90
2017	863,002	48,413,129	50,957	34.30	12	132,596	3.10
2018	867,125	48,413,129 (f)	50,957 (f)	34.30 (g)	12	132,838	3.40

(a) U.S. Census Bureau

(b) Bureau of Economic Analysis

(c) Stats Indiana

(d) Indiana Department of Education

(e) Bureau of Labor Statistics, December 2018 rate (not seasonally adjusted)

(f) This information was not made available by the Bureau of Economics Analysis as of the CAFR issuance date; 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, 2018

Employer	2018 (b)			Employer	2009 (c)		
	Employees	Rank	Percentage of total city employment (a)		Employees	Rank	Percentage of total city employment (a)
Indiana University Health	23,187	1	4.90%	Clarian Health Partners, Inc	12,763	1	3.08%
Ascension St. Vincent	17,398	2	3.67%	Eli Lilly and Company	11,550	2	2.79%
Community Health Network	11,328	3	2.39%	St. Vincent Hospitals & Health Services	10,640	3	2.57%
Eli Lilly and Company	10,511	4	2.22%	IUPUI	7,066	4	1.71%
Walmart	8,926	5	1.88%	FedEx	6,311	5	1.52%
Kroger Co	7,675	6	1.62%	Community Health Network	5,341	6	1.29%
Federal Express	5,000	7	1.06%	Rolls-Royce	4,600	7	1.11%
Anthem	4,866	8	1.03%	St. Francis Hospital & Health Centers	4,152	8	1.00%
Eskenazi Health	4,620	9	0.98%	WellPoint Inc.	3,950	9	0.95%
Meijer	4,594	10	0.97%	Allison Transmission/Div of GMC	3,800	10	0.92%

- (a) Percentage of total City employment is calculated by using total Employed Labor Force, which can be found at www.stats.indiana.edu.
- (b) Largest employers can be found at www.indypartnership.com (Indy Partnership).
- (c) Data presented as originally published in the 2009 Comprehensive Annual Financial Report.

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

	<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>	<u>2018</u>
General Government	266	236	206	230	211	200	192	190	195	194
Protection of People										
Police Department	1,610	1,636	1,624	1,542	1,527	1,549	1,654	1,647	1,654	1,653
Fire Department (a)	1,116	1,300	1,268	1,221	1,155	1,173	1,180	1,184	1,184	1,179
Other (Civilian)	309	291	270	262	348	336	337	331	340	342
Public Works	618	670	661	683	620	626	632	648	649	684
Parks and Recreation	150	142	131	114	99	103	103	104	117	119
Redevelopment	222	227	226	206	204	226	237	239	254	247
Total full-time City employees	<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>	<u>4,418</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.

Source: City of Indianapolis Office of Finance & Management

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

<u>Function/program</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>	<u>2018</u>
General government										
Building permits issued	33,619	33,915	34,966	38,803	38,384	39,708	37,967	38,117	42,140	43,962
Building inspections conducted	37,224	32,370	32,034	35,509	29,891	31,026	40,088	37,681	37,645	35,875
Households assisted with entitlement grants	6,872	3,430	3,090	1,789	2,233	2,100	4,219	6,812	6,436	2,193
Police										
Physical arrests	51,944	50,264	60,883	55,965	52,337	42,293	39,417	61,059	41,310	32,578
Parking violations	8,575	8,953	7,277	3,778	2,362	3,440	6,512	7,501	7,599	6,827
Traffic violations	36,850	20,600	34,434	30,328	36,953	31,684	40,642	49,921	35,915	35,062
Fire										
Emergency responses	122,620	154,755	137,476	151,950	150,535	97,140	106,118	164,030	178,522	167,217
Dispatched fire runs	18,457	17,236	17,714	18,682	18,744	18,543	18,809	15,145	15,526	16,793
Inspections	4,663	6,936	12,524	8,231	10,960	15,228	17,678	14,049	13,687	14,398
Refuse collection										
Refuse collected (tons per day)	1,048	1,038	997	924	960	975	991	1,044	1,127	765
Leaves collected (tons per year)	7,610	6,044	7,603	4,907	6,359	5,785	5,397	3,789	3,842	4,894
Other public works										
Street resurfacing (miles)	237	515	389	139	178	254	138	157	72	114
Pothole work orders completed (a)	18,590	16,645	23,821	13,410	14,512	21,722	24,106	21,954	24,202	43,731
Parks and recreation										
Number of shelter rental reservations	2,514	2,216	2,007	2,279	2,176	2,097	2,467	2,208	2,263	2,865
Number of day camp registrations	3,135	3,403	3,428	3,143	3,107	3,213	3,226	3,077	3,010	3,079
Community park and facility attendance	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	8,393,228

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

Sources: Various City departments

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police stations	7	6	6	6	6	6	6	6	6	6
Police and emergency management vehicles and other rolling stock	2,017	2,321	2,068	2,049	1,925	1,838	1,916	2,009	2,029	2,069
Fire stations	38	45	45	44	44	44	44	43	43	43
Fire vehicles and other rolling stock	277	302	297	282	276	276	291	296	305	315
Animal control vehicles and other rolling stock	27	27	31	27	34	30	33	33	33	32
Other Public Works										
Streets (miles)	3,233	3,238	3,244	3,299	3,307	3,323	3,337	3,339	3,339	3,342
Sidewalks (miles)	2,706	2,707	2,706	2,815	3,097	3,199	3,224	3,247	3,251	3,252
Bridges	512	512	512	527	541	541	540	538	539	539
Traffic signal installations	1,127	1,128	1,128	1,130	1,132	1,136	1,141	1,147	1,147	1,151
Miles of storm sewers and drainage	1,513	1,517	1,517	1,525	1,536	1,540	1,544	1,545	1,550	1,552
Public works vehicle and other rolling stock	582	546	673	672	652	644	605	590	593	682
Cultural and Recreation										
Parks	206	207	207	207	207	208	208	207	210	210
Park properties – acreage	11,140	11,168	11,168	11,161	11,161	11,186	11,186	11,254	11,254	11,254
Playgrounds	128	127	127	126	126	126	126	125	125	126
Golf courses	13	13	13	13	13	13	13	13	13	13
Swimming pools – outdoors	16	16	16	16	16	16	16	16	18	18
Swimming pools – indoors	5	5	5	5	5	5	5	5	4	4
Recreational centers	25	25	25	24	24	24	24	23	23	23

Sources: Various City departments

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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, 2018

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
December 31, 2018

Contents

Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards.....	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> - Independent Auditor's Report	4
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.....	6
Schedule of Findings and Questioned Costs.....	9
Summary Schedule of Prior Audit Findings.....	13

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture:				
Indiana State Department of Education Child and Adult Care Food Program	10.558	NA	\$ -	\$ 855,848
Indiana State Department of Education <i>Summer Food Service Program for Children (Child Nutrition Cluster)</i>	10.559	NA	-	445,756
Total U.S. Department of Agriculture			<u>-</u>	<u>1,301,604</u>
U.S. Department of Commerce				
Economic Adjustment Assistance (<i>Economic Development Cluster</i>)	11.307	NA	-	62,268
Total U.S. Department of Commerce			<u>-</u>	<u>62,268</u>
U.S. Department of Housing and Urban Development:				
Community Development Block Grants/Entitlement Grants (<i>CDBG Entitlement Cluster</i>)	14.218		5,559,995	6,825,770
Emergency Solutions Grants Program	14.231		1,045,810	1,092,286
Home Investment Partnership Programs	14.239		2,551,870	2,864,509
Housing Opportunities for Persons with AIDS	14.241		1,125,906	1,160,418
Community Development Block Grants Section 108 Loan Guarantees	14.248		-	9,575,000
Continuum of Care Program	14.267		4,659,069	4,699,742
Total U.S. Department of Housing and Urban Development			<u>14,942,650</u>	<u>26,217,725</u>
U.S. Department of Justice:				
Indiana State Police Missing Children's Assistance	16.543	A2-17-100-013	-	28,918
Indiana Criminal Justice Institute Crime Victim Assistance	16.575	5677, 30764	-	158,195
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		74,726	352,901
Indiana Criminal Justice Institute Project Safe Neighborhoods RSN	16.609	6451	925	90,330
Public Safety Partnership and Community Policing Grants	16.710		-	412,071
Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	6049	-	36,987
Edward Byrne Memorial Justice Assistance Grant Program	16.738		757,743	866,554
			Total 16.738	<u>903,541</u>
Criminal and Juvenile Justice and Mental Health Collaboration	16.745		-	81,118
Second Change Act Reentry Initiative	16.812		-	219,652
Equitable Sharing Program	16.922		-	1,181,673
Total U.S. Department of Justice			<u>833,394</u>	<u>3,428,399</u>
U.S. Department of Transportation:				
Indiana Department of Transportation Highway Planning and Construction (<i>Highway Planning and Construction Cluster</i>)	20.205	A249-15-G140009, IN-03-0109-04, A249-14-320694 A249-12-320271 A, IN-03-X109-03, A249-17-G170029, A249-15-L140012, A249-19-L180111, A249-15-L150105, A249-13-320212A, A249-15-L150108, A249-15-L150110	-	3,317,466

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, 2018

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>Highway Safety Cluster:</i>				
Indiana Criminal Justice Institute State and Community Highway Safety	20.600	6660, 33588	\$ -	\$ 276,303
Indiana Criminal Justice Institute Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	6690	-	293,815
Indiana Criminal Justice Institute National Priority Safety Programs	20.616	6816, 6802, 7021	-	226,793
Total Highway Safety Cluster			<u>-</u>	<u>796,911</u>
Total U.S. Department of Transportation			<u>-</u>	<u>4,114,377</u>
U.S. Department of Treasury				
Equitable Sharing Program	21.016		-	560,621
Total U.S. Department of Treasury			<u>-</u>	<u>560,621</u>
Environmental Protection Agency:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		-	148,601
Total Environmental Protection Agency			<u>-</u>	<u>148,601</u>
U.S. Department of Energy				
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		-	435,000
Total U.S. Department of Energy			<u>-</u>	<u>435,000</u>
U.S. Department of Education				
Indiana Department of Education Charter Schools	84.282	U282A170017	-	5,175
Performance Partnership Pilots for Disconnected Youth	84.420		159,048	159,048
Total U.S. Department of Education			<u>159,048</u>	<u>164,223</u>
Executive Office of the President				
High Intensity Drug Trafficking Areas	95.001		-	135,762
Total Executive Office of the President			<u>-</u>	<u>135,762</u>
U.S. Department of Homeland Security:				
National Urban Search and Rescue (US&R) Response System	97.025		-	2,945,918
Indiana Department of Homeland Security Urban Areas Security Initiative- FFY 2017 Funding	97.067	23194, 23196	-	157,144
Indiana State Police Homeland Security Grant Program	97.067	10016SHSP000000	-	515
			Total 97.067	<u>-</u>
				<u>157,659</u>
Staffing for Adequate Fire and Emergency Response (SAFER)				
	97.083		-	125,351
Total U.S. Department of Homeland Security			<u>-</u>	<u>3,228,928</u>
Total Expenditures of Federal Awards			<u>\$ 15,935,092</u>	<u>\$ 39,797,508</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, 2018

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, 2018. 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 federal loan program listed subsequently is administered directly by the City, and balance and transactions relating to this program are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2018, consist of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2018
14.248	Community Development Block Grants Section 108 Loan Guarantees	\$ 9,575,000

4. 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, 2018 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, 2019, which contained an emphasis of a matter paragraph regarding a change in accounting principle as well as a reference to the report of other auditors. Other auditors audited the financial statements of 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 opinions 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.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

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 Finding

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

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
June 28, 2019

**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, 2018. 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 \$61,796,483 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended December 31, 2018. 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 *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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, 2018.

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, 2018, 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, 2019, which contained an unmodified opinion on those financial statements. 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, 2019

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

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 were:
 Unmodified Qualified Adverse Disclaimer

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2018

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

7. The City's major programs were:

Cluster/Program	CFDA Number
Emergency Solutions Grants Program	14.231
Community Development Block Grant Section 108 Loan Guarantees	14.248
Continuum of Care Program	14.267
National Urban Search and Rescue (US&R) Response System	97.025

8. The threshold used to distinguish between Type A and Type B programs was \$1,193,925.

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, 2018

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2018-001	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City’s internal control environment over financial reporting did not detect certain adjustments that were needed to prevent the financial statements from being materially misstated. These adjustments included entries to notes payable, capital lease obligations, capital assets, and environmental remediation obligations. (Material Weakness when considered in combination)</p> <p>Context: The City’s Office of Finance and Management (OFM) is primarily responsible for the financial reporting process. The financial records are maintained on a cash basis throughout the year. At year end, OFM converts the cash basis fund financial statements to the modified accrual basis of accounting. Additionally, a manual conversion process occurs outside the accounting system to convert the fund financial statements to the government-wide financial statements.</p> <p>Effect: Misstatements in the financial statements.</p> <p>Cause: The City’s internal control environment did not identify these adjustments in a timely manner because certain account reconciliations, analyses and financial data were not always subjected to a timely secondary review.</p> <p>Recommendation: OFM should establish and maintain an effective secondary review process over financial reporting and continue to improve the processes in place for capturing financial information from other City departments and agencies in a timely manner.</p> <p>Views of Responsible Officials and Planned Corrective Action: There have been major improvements in the number of audit adjustments that have been discovered during the audit process. The control issue for 2018 as described primarily contains financial reporting items that related to 2017 that were discovered by the City financial reporting team and corrected for 2018 and as such are not audit adjustments. This can be directly attributed to the financial reporting division improving detailed review processes relative to capital assets and other areas. We continue working on improving the controls and oversight related to financial reporting.</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, 2019.</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, 2018

Findings Required to be Reported by *Uniform Guidance*

Reference Number	Finding
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No matters are reportable.

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018

Reference Number	Summary of Finding	Status
2017-001	<p>Financial Reporting</p> <p>The City’s Office of Finance and Management (OFM) is primarily responsible for the financial reporting process. The financial records are maintained on a cash basis throughout the year. At year end, OFM converts the cash basis fund financial statements to the modified accrual basis of accounting. Additionally, a manual conversion process occurs outside the accounting system to convert the fund financial statements to the government-wide financial statements. During the 2017 audit, a material adjustment to capital assets was identified that affected the City’s financial statements.</p>	Partially Resolved See finding 2018-001
2017-002	<p>Financial Reporting - Information Technology</p> <p>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. 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>	Resolved
2017-003	<p>Financial Reporting - Information Technology</p> <p>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 or purposed changes before being placed into production. 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>	Resolved