



STATE OF INDIANA
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April 14, 2020

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

We have reviewed the audit report which was opined on by BKD LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Indianapolis-Marion County Building Authority as of June 30, 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

Indianapolis Marion County Building Authority

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

Independent Auditor's Report and Financial Statements

June 30, 2019

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
June 30, 2019

Contents

Independent Auditor’s Report.....	1	
 Financial Statements		
Statement of Net Position	4	
Statement of Revenues, Expenses and Changes in Net Position.....	5	
Statement of Cash Flows	6	
Notes to Financial Statements	8	
 Required Supplementary Information		
Schedule of Authority’s Proportionate Share of the Net Pension Liability.....	25	
Schedule of Authority Contributions.....	26	
 Supplementary Information		
Schedule of Statement of Net Position Information	27	
Schedule of Revenues, Expenses and Changes in Net Position Information	29	
 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> - Independent Auditor’s Report.....		30

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Indianapolis-Marion County Building Authority (Authority), a component unit of the Consolidated City of Indianapolis-Marion County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion on these financial statements based on our audit. 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indianapolis-Marion County Building Authority as of June 30, 2019, and the changes in its financial position and its cash flows 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, the Authority changed its basis of accounting from a special-purpose framework to accounting principles generally accepted in the United States of America (USGAAP). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that pension 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 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not required part of the basic financial statements.

The supplementary 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. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 5, 2019, on our consideration of the Authority'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 on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
December 5, 2019

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statement of Net Position
June 30, 2019

	2019
Assets and Deferred Outflows of Resources	
Current Assets	
Unrestricted Assets	
Cash and cash equivalents	\$ 5,137,893
Amounts receivable for alterations and improvements	283,368
Grants and capital advance receivable	31,263
Materials and supplies	413,430
Prepaid insurance and service contracts	179,951
Total unrestricted current assets	6,045,905
Restricted Assets	
Restricted cash equivalents for debt service	899,283
Restricted cash for City-County Building Plaza	1,446,352
Current portion of lease receivable	966,000
Total restricted current assets	3,311,635
Noncurrent Assets	
Noncurrent portion of lease receivable, restricted	2,415,000
Capital assets, net of accumulated depreciation	275,114
Total noncurrent assets	2,690,114
Deferred Outflows of Resources - Pension	
	445,362
Total assets and deferred outflows of resources	\$ 12,493,016
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Payable from Unrestricted Assets	
Accounts payable	\$ 1,121,339
Accrued liabilities	387,558
Total current liabilities - unrestricted	1,508,897
Payable from Restricted Assets	
Accounts payable	343,855
Interest payable	78,250
Unearned revenue on lease receivable	131,151
Current portion of long-term debt	790,000
Total current liabilities - restricted	1,343,256
Long-Term Liabilities	
Long-term debt	2,615,525
Unearned revenue on lease receivable	156,209
Net pension liability	1,920,350
Total long-term liabilities	4,692,084
Deferred Inflows of Resources - Pension	
	373,395
Net Position	
Net investment in capital assets	275,114
Restricted for City-County Building Plaza	1,102,497
Unrestricted	3,197,773
Total net position	4,575,384
Total liabilities, deferred inflows of resources and net position	\$ 12,493,016

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

	2019
Operating Revenues	
Management and maintenance fees	\$ 13,174,036
Contractual payments	85,000
Other income	871,740
Total operating revenues	14,130,776
Operating Expenses	
Air conditioning and heating repairs & maintenance	1,271,181
Building Authority office	732,593
Custodial	1,662,071
Electrical system - repairs and maintenance	455,775
Elevators	243,733
General building expense	1,839,843
Insurance	1,328,555
Plumbing - repairs and maintenance	219,943
Professional services	176,062
Painting and decorating	206,486
Structural maintenance	320,959
Utilities	3,607,923
Payroll taxes and retirement plan benefits	499,846
Depreciation	24,468
Nonrecurring repairs and replacements	759,874
Miscellaneous	837,077
Total operating expenses	14,186,389
Operating Loss	(55,613)
Nonoperating Revenues (Expenses)	
Investment income	243,890
Interest expense	(170,918)
CCB Plaza construction costs	(3,146,721)
Reimbursement of nonrecurring repairs	888,926
Nonrecurring repairs	(893,619)
Total nonoperating revenues, net	(3,078,442)
Decrease in Net Position	(3,134,055)
Net Position, Beginning of Year	7,709,439
Net Position, End of Year	4,575,384

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statement of Cash Flows
Year Ended June 30, 2019

	2019
Cash Flows From Operating Activities	
Cash receipts from customers and users	\$ 14,386,790
Cash payments to vendors for goods and services	(11,129,425)
Cash payments for employees services	(3,786,856)
Net cash used in operating activities	(529,491)
Cash Flows From Noncapital Financing Activities	
Reimbursement received for nonrecurring repairs	888,926
Expenditure for nonrecurring repairs	(893,619)
Lease payments received	966,000
Interest paid on long-term debt	(189,668)
Principal payments on long-term debt	(750,000)
Net cash provided by noncapital financing activities	21,639
Cash Flows From Capital and Related Financing Activities	
Expenditures for CCB Plaza construction costs	(3,146,721)
Acquisition of capital assets	(53,838)
Net cash used in capital and related financing activities	(3,200,559)
Cash Flows From Investing Activities	
Interest received on cash and cash equivalents	76,070
Net Decrease in Cash and Cash Equivalents	(3,632,341)
Cash and Cash Equivalents, Beginning of Year	11,115,869
Cash and Cash Equivalents, End of Year	\$ 7,483,528
Cash and Cash Equivalents, End of Year, Consist of:	
Unrestricted cash and cash equivalents	\$ 5,137,893
Restricted cash equivalents for debt service	899,283
Restricted cash for City-County Building Plaza	1,446,352
Total cash and cash equivalents at year end	\$ 7,483,528

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statement of Cash Flows (Continued)
Year Ended June 30, 2019

	2019
Reconciliation of Loss From Operations to Net Cash	
Used in Operating Activities	
Operating loss	\$ (55,613)
Item not requiring (providing) cash	
Depreciation of capital assets	24,468
Amortization	(4,333)
Changes in operating assets and liabilities:	
Accounts and grants receivable	314,909
Material, supplies and other assets	(54,562)
Deferred outflows of resources - pension	278,365
Deferred inflows of resources - pension	268,205
Accrued liabilities	62,580
Accounts payable	(729,180)
Net pension liability	(634,330)
Net cash used in operating activities	\$ (529,491)
 Noncash Capital and Related Financing Activities	
Capital assets included in accounts payable at end of year	\$ 88,084

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

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

Organization

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

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

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

Basis of Accounting and Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific, investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses.

The financial statements consist of a single-purpose business-type activity and the Authority follows standards set by GASB. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

Change in Reporting Framework

Financial statements for the periods prior to 2019 were prepared on a special purpose framework other than accounting principles generally accepted in the United States of America (GAAP). During 2019, the Authority changed its financial reporting framework to GAAP. The effect of the change on beginning net position (previously reported as accumulated net revenues) at July 1, 2018 was a decrease of \$74,713,759.

Use of Estimates

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

Cash Equivalents

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019, cash equivalents consisted of money market mutual funds.

Materials and Supplies

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets acquired by the Authority for which ownership transfers to the owner of the facility or property are not capitalized on the financial statements of the Authority but are expensed as the financial benefit of those assets lies with the owner and user of the facility. The Authority's capital assets include equipment used by the Authority for maintenance of facilities under contractual relationships. The estimated useful life used by the Authority for vehicles, groundskeeping equipment, shop equipment and office equipment/furniture is 7 years.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

Capital Asset Impairment

The Authority evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. No asset impairment was recognized during the year ended June 30, 2019.

Compensated Absences

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

Cost-Sharing Defined-Benefit Pension Plan

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

Management Fee and Maintenance Fee Income

The Authority is authorized to enter into management contracts with eligible governmental entities. As of June 30, 2019, the Authority has entered into management contracts which expire on various dates through June 30, 2023. The contracts provide for the construction, operation and/or maintenance of various facilities for use by departments and other entities of the City of Indianapolis (City) and Marion County (County). The City and the County advance funds to the Authority for construction of the facilities and, with respect to all of the properties, designates the Authority as its manager and agent for the purpose of maintaining and managing the facilities. The Authority manages and maintains various facilities that are owned and/or under the control of the City and County and receives payments based on approved budgets and charged to cover the cost of operation and maintenance of the facilities. Agreements between the Authority and the City or County provide for annual adjustments based upon operating expense budgets for the facilities and contain periodic renewals.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

Unearned Income

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

Original Issue Discounts and Premiums

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

Deferred Outflows of Resources

The Authority reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statement of net position.

Deferred Inflows of Resources

The Authority reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statement of net position.

Net Position

Net position of the Authority is classified in three components on its statement of net position.

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Authority, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

Note 2: Deposits, Investments and Investment Income

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

Cash deposits	\$ 6,584,245
Money market mutual funds	<u>899,283</u>
Total deposits and investments	<u><u>\$ 7,483,528</u></u>

The above amounts are reflected as cash and cash equivalents in the statement of net position as follows:

Unrestricted cash and cash equivalents	\$ 5,137,893
Restricted cash equivalents for debt service	899,283
Restricted cash for City-County Building Plaza	<u>1,446,352</u>
Total cash and cash equivalents	<u><u>\$ 7,483,528</u></u>

Deposits

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

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

Investments

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

At June 30, 2019, the Authority had the following investment securities, all of which mature within one year:

Money market mutual funds	\$ <u>899,283</u>
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Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority is limited to investing in municipal securities of Indiana issuers that have not defaulted during the previous 20 years and other securities with a stated maturity of not more than two years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code. The Authority's investment policy for interest rate risk requires compliance with the provisions of Indiana statutes. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy for credit risk requires compliance with the provisions of Indiana statutes. Further, Indiana statutes require that if the Authority invests in money market mutual funds, the underlying securities must be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service. At June 30, 2019, the Authority's investments in money market mutual funds were rated AAA by Standard & Poor's.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral that is in the possession of an outside party. The Authority's investment in money market mutual funds was not subject to custodial credit risk at June 30, 2019, as their existence is not evidenced by securities that exist in physical book entry form. The Authority's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

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

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

Investment Income

Investment income for the year ended June 30, 2019 consisted of:

Interest and dividend income	\$ 76,070
Interest recognized on unearned lease receivable	<u>167,820</u>
	<u>\$ 243,890</u>

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

Note 3: Capital Assets

Capital assets activity for the year ended June 30, 2019 was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Vehicles and groundskeeping equipment	\$ 171,281	\$ 141,922	\$ -	\$ -	\$ 313,203
Less: Accumulated depreciation for vehicles and groundskeeping equipment	13,621	24,468	-	-	38,089
	<u>\$ 157,660</u>	<u>\$ 117,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,114</u>

Note 4: Retirement Plan

Plan Description

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

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

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

Funding Policy

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

The employer defined-benefit contribution rate is based on an actuarial valuation and is adopted, and may be amended, by the INPRS Board. For 2019, the Authority contributed 11.20% of employee compensation to the plan. The DC 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 Authority has elected not to do. In addition, under certain circumstances, employees may elect to make additional voluntary contributions of up to 10% of their compensation into their DC AccountASA. An employee's contribution and interest credits belong to the employee and do not belong to the state or the Authority.

Retirement Benefits

The PERF Hybrid Plan retirement benefit consists of the sum of a defined-pension benefit provided by employer contributions plus the amount credited to the employee's DC 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 DC 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 DC 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 DC account. A nonvested employee who terminates employment prior to retirement may withdraw his/her DC 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 months in a covered position may reclaim his/her forfeited creditable service.

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

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

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

Disability and Survivor Benefits

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

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

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

Contributions

Employer contribution rates are adopted annually by the INPRS Board for PERF. The contributions are actuarially determined based on the funding policy, actuarial assumptions and actuarial methods established by the INPRS Board. Contributions determined by the actuarial valuation become effective either 12 or 18 months after the valuation date, depending on the applicable employer. In the case of the Authority, contribution rates and amounts determined by the June 30, 2018 actuarial valuation and adopted by the INPRS Board therefore become effective on January 1, 2019. The Authority's approved contribution rate from July 1, 2019 through June 30, 2019 was 11.20% and was unchanged from fiscal year 2018. For the year ended June 30, 2019, contributions to the pension plan from the Authority were \$354,487.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

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

At June 30, 2019, the Authority reported a liability of \$1,920,350 for its proportionate share of the net pension liability. The 2019 net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those respective dates. Member census data as of the year preceding the measurement date was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. Wages reported by the Authority relative to the collective wages of the plan served as the basis to determine the Authority's proportionate share. This basis of allocation is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2019, the Authority's proportion was 0.05653%, which was a decrease of 0.00073% from its proportion of 0.05726% measured as of June 30, 2018.

For the year ended June 30, 2019, the Authority recognized pension expense of \$266,727. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,114	\$ 131
Changes of assumptions	4,575	308,339
Net differences between projected and actual earnings on pension plan investments	56,873	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	4,313	64,925
Authority's contributions subsequent to the measurement date	354,487	-
Total	\$ 445,362	\$ 373,395

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

At June 30, 2019 and 2018, the Authority reported \$354,487, as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred inflows and outflows of resources at June 30, 2019, related to pensions will be recognized in pension expense as follows:

2018	\$ (8,042)
2019	(90,836)
2020	(149,631)
2021	(34,011)
	\$ (282,520)
	\$ (282,520)

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

Mortality rates for the June 30, 2018 valuation were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration’s 2014 Trustee Report.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2010 through June 30, 2014.

For the actuarial valuation as of June 30, 2018, an actuarial audit was completed, which included updating the following assumptions: the COLA assumption was changed due to passage of Senate Enrolled Act No. 373. In lieu of a 1.0% COLA beginning on January 1, 2020, INPRS assumes the COLA will be replaced by a 13th check for 2020 and 2021. The COLA assumption, thereafter, would be 0.4% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	22%	4.4%
Private equity	14%	5.4%
Fixed income - ex-inflation linked	20%	2.2%
Fixed income - inflation linked	7%	80.0%
Commodities	8%	2.3%
Real estate	7%	6.5%
Absolute return	10%	2.7%
Risk parity	12%	5.2%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the year ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

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

The Authority's proportionate share of the net pension liability at June 30, 2019 has been calculated using a discount rate of 6.75%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate of 1% higher and 1% lower than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the net pension liability	\$ 3,022,939	\$ 1,920,350	\$ 1,000,910

Pension Plan Fiduciary Net Position

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

Note 5: Bond and Note Indebtedness

	2019
Arrestee Processing Center Bonds of 2003	
Bonds, maturing January 15, 2020 and January 15, 2023.	
Interest at 4.50% to 5.00% due semiannually on July 1 and January 1	\$ 3,390,000
Unamortized premium	15,525
	\$ 3,405,525

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

Debt service requirements to maturity for the Authority indebtedness at June 30, 2019 follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 790,000	\$ 156,500	\$ 946,500
2021	830,000	117,000	947,000
2022	865,000	79,650	944,650
2023	<u>905,000</u>	<u>40,725</u>	<u>945,725</u>
	<u>\$ 3,390,000</u>	<u>\$ 393,875</u>	<u>\$ 3,783,875</u>

Note 6: Financing Lease

Pursuant to a Master Lease Agreement dated December 31, 1996, with amendments and addendums through July 31, 2003, the Authority has leased the Arrestee Processing Center (APC) to the County. Under the lease agreement, the County has the option to purchase the leased facility at a price equal to the amount required to provide for payment or redemption of all related outstanding bonds of the Authority, otherwise, ownership of the APC automatically transfers to the County upon full redemption of the underlying bonds. The County is obligated to pay the expenses of the Authority and to insure and maintain the leased facilities. This lease provides for fixed annual rentals, payable in semiannual installments of \$483,000. The County's lease payment obligations are payable from and secured by a pledge of certain taxes to be received annually by the County. Future minimum lease payments due from the County at June 30, 2019, together with amounts representing interest are as follows:

2020	\$ 966,000
2021	966,000
2022	966,000
2023	<u>483,000</u>
	<u>3,381,000</u>
Current portion	<u>(966,000)</u>
Noncurrent lease receivable	<u>\$ 2,415,000</u>

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

Note 7: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Authority for the year ended June 30, 2019:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt (bonds payable)	\$ 4,140,000	\$ -	\$ (750,000)	\$ 3,390,000	\$ 790,000
Unamortized premium on bonds payable	19,858	-	(4,333)	15,525	-
Unearned revenue on lease receivable	455,180	-	(167,820)	287,360	131,151
Net pension liability	2,554,680	-	(634,330)	1,920,350	-
	<u>\$ 7,169,718</u>	<u>\$ -</u>	<u>\$ (1,556,483)</u>	<u>\$ 5,613,235</u>	<u>\$ 921,151</u>

Note 8: Risk Management

The Authority is exposed to various risks of loss from torts; thereof, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The Authority purchases commercial insurance policies for all risks of loss. Certain of these policies allow for deductibles, which range from \$10,000 to \$100,000 per occurrence. Settled claims have not exceeded this commercial coverage in any of the past three years.

Note 9: Conduit Debt Obligations

In March 2010, the Authority issued \$106,250,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2010 B-1, and \$359,330,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2010 B-2 (collectively, the Series 2010B Bonds) for the purpose of financing the acquisition, construction and equipping of certain hospital and healthcare facilities for Health and Hospital Corporation of Marion County, Indiana (Corporation). In April 2013, the Authority issued an additional \$42,460,000 in Indianapolis-Marion County Building Authority Wishard Hospital Project Bonds, Series 2013 A (the Series 2013A Bonds). The Series 2010B and 2013A Bonds are special limited obligations of the Authority, payable solely from, and secured by, a pledge of lease rental revenues to be received by the Authority from the Corporation in accordance with a Master Lease agreement, Amendment and Addendums between the two entities, dated March 1, 2010; December 31, 2012; and April 30, 2013. The lease rentals are payable from ad valorem property taxes to be levied on all taxable property within Marion County, Indiana, to the extent other revenues of the Corporation are not sufficient to fund such payments. The Series 2010B Bonds and Series 2013A Bonds do not constitute a debt or pledge of the faith and credit of the Authority and are therefore not reported in the Authority's financial statements. At June 30, 2019, approximately \$450 million in bonds remain outstanding.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

In April 2019, the Authority issued \$610,645,000 in Indianapolis-Marion County Building Authority Community Justice Campus Bonds, Series 2019A for the purpose of financing the acquisition, construction and equipping of certain courthouse and jail facilities for City of Indianapolis, Indiana (City) and the County of Marion, Indiana (County). Also in April 2019, the Authority issued \$13,745,000 in Indianapolis-Marion County Building Authority Community Justice Campus Bonds, Series 2019B for the purpose of financing the acquisition and construction of an assessment and intervention center for the City and County. The Series 2019A and 2019B Bonds are collectively referred to as the 2019 Bonds. The Series 2019 Bonds are special limited obligations of the Authority, payable solely from, and secured by, a pledge of lease rental revenues to be received by the Authority from the City and County in accordance with a Master Lease agreement, between the Authority and the City and County, dated April 1, 2019. The lease rentals are payable from ad valorem property taxes to be levied on all taxable property within Marion County, Indiana, to the extent other revenues of the City and County are not sufficient to fund such payments. The Series 2019 Bonds do not constitute a debt or pledge of the faith and credit of the Authority and are therefore not reported in the Authority's financial statements. At June 30, 2019, approximately \$624 million bonds have been drawn on these projects and remain outstanding.

Note 10: Disclosures About Fair Value of Assets and Liabilities

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

The Authority has the following recurring fair value measurements as of June 30, 2019:

- Money market mutual funds of \$899,283 as of June 30, 2019, are valued using quoted market prices (Level 1 inputs).

Note 11: Commitments and Contingencies

Litigation

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

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2019

Note 12: City-County Building Plaza Renovation Project

The Authority has received approximately \$10.5 million for the renovation of the City-County Building Plaza through June 30, 2019. Construction for the project began at the end of fiscal year 2016. Construction costs related to the project were \$3.1 million for the year ended June 30, 2019, and has been included as nonoperating revenue within the statement of revenue, expenses and changes in net position. The Plaza renovation was completed during 2019.

Required Supplementary Information

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedules of Required Supplementary Information
Schedule of Authority's Proportionate Share of the Net Pension Liability
Indiana Public Employees' Retirement Fund of Indiana (PERF)
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.05653%	0.05726%	0.06043%	0.57650%	0.05649%	0.57850%
Authority's proportionate share of the net pension liability	\$ 1,920,350	\$ 2,554,680	\$ 2,742,582	\$ 2,348,025	\$ 1,484,521	\$ 1,981,408
Authority's covered payroll	\$ 2,884,234	\$ 2,808,098	\$ 2,896,284	\$ 2,757,303	\$ 2,757,770	\$ 2,777,339
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	67%	91%	95%	85%	54%	71%
Plan fiduciary net position as a percentage of the total pension liability (**)	79%	73%	71%	73%	81%	79%

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

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

Notes to Schedule:

Benefit changes: none

Changes in actuarial methods: none

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

0.4% beginning January 1, 2022

0.5% beginning January 1, 2034

0.6% beginning January 1, 2039

**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 total were transferred to the appropriate DC fund as of January 1, 2018.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedules of Required Supplementary Information
Schedule of Authority Contributions
Indiana Public Employees' Retirement Fund of Indiana (PERF)
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 354,487	\$ 320,895	\$ 314,507	\$ 324,384	\$ 302,614	\$ 275,556
Contributions in relation to the contractually required contribution	<u>354,487</u>	<u>320,895</u>	<u>314,507</u>	<u>324,384</u>	<u>302,614</u>	<u>275,556</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 3,165,062	\$ 2,884,234	\$ 2,808,098	\$ 2,896,284	\$ 2,757,303	\$ 2,757,770
Contributions as a percentage of covered payroll	11.20%	11.13%	11.20%	11.20%	10.97%	9.99%

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

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

Supplementary Information

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Statement of Net Position Information

	Total	City-County Building	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail	Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Development Properties	City Market
Current Assets											
Unrestricted Assets											
Cash and cash equivalents	\$ 5,137,893	\$ 2,605,700	\$ 269,411	\$ 480,542	344,287	\$ 102,336	\$ 358,588	\$ 412,393	\$ 423,200	\$ 107,535	\$ 33,901
Amounts receivable for alterations and improvements	283,368	283,368	-	-	-	-	-	-	-	-	-
Grants and capital advance receivable	31,263	26,378	-	-	-	-	-	-	885	4,000	-
Materials and supplies	413,430	413,430	-	-	-	-	-	-	-	-	-
Prepaid insurance and service contracts	179,951	149,237	2,653	3,630	12,452	-	2,304	4,946	3,733	996	-
Total unrestricted current assets	6,045,905	3,478,113	272,064	484,172	356,739	102,336	360,892	417,339	427,818	112,531	33,901
Restricted Assets											
Restricted cash equivalents for debt service	899,283	-	899,283	-	-	-	-	-	-	-	-
Restricted cash for City-County Building Plaza	1,446,352	1,446,352	-	-	-	-	-	-	-	-	-
Current portion of lease receivable	966,000	-	966,000	-	-	-	-	-	-	-	-
Total restricted current assets	3,311,635	1,446,352	1,865,283	-	-	-	-	-	-	-	-
Noncurrent Assets											
Noncurrent portion of lease receivable, restricted	2,415,000	-	2,415,000	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	275,114	267,617	-	7,497	-	-	-	-	-	-	-
Total noncurrent assets	2,690,114	267,617	2,415,000	7,497	-	-	-	-	-	-	-
Deferred Outflows of Resources											
	445,362	445,362	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows	\$ 12,493,016	\$ 5,637,444	\$ 4,552,347	\$ 491,669	\$ 356,739	\$ 102,336	\$ 360,892	\$ 417,339	\$ 427,818	\$ 112,531	\$ 33,901

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Statement of Net Position Information (Continued)

	Total	City-County Building	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail	Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Development Properties	City Market
Current Liabilities											
Payable from Unrestricted Assets											
Accounts payable	\$ 1,121,339	\$ 605,996	\$ 15,997	\$ 54,081	\$ 178,744	\$ -	\$ 61,239	\$ 83,252	\$ 94,300	\$ 22,757	\$ 4,973
Accrued liabilities	387,558	387,558	-	-	-	-	-	-	-	-	-
Total current liabilities - unrestricted	1,508,897	993,554	15,997	54,081	178,744	-	61,239	83,252	94,300	22,757	4,973
Payable from Restricted Assets											
Accounts payable	343,855	343,855	-	-	-	-	-	-	-	-	-
Interest payable	78,250	-	78,250	-	-	-	-	-	-	-	-
Unearned revenue on lease receivable	131,151	-	131,151	-	-	-	-	-	-	-	-
Current portion of long-term debt	790,000	-	790,000	-	-	-	-	-	-	-	-
Total current liabilities - restricted	1,343,256	343,855	999,401	-	-	-	-	-	-	-	-
Long-Term Liabilities											
Long-term debt	2,615,525	-	2,615,525	-	-	-	-	-	-	-	-
Unearned revenue on lease receivable	156,209	-	156,209	-	-	-	-	-	-	-	-
Net pension liability	1,920,350	1,920,350	-	-	-	-	-	-	-	-	-
Total long-term liabilities	4,692,084	1,920,350	2,771,734	-	-	-	-	-	-	-	-
Deferred Inflows of Resources											
Total liabilities and deferred inflows of resources	7,917,632	3,631,154	3,787,132	54,081	178,744	-	61,239	83,252	94,300	22,757	4,973
Net Position											
Net investment in capital assets	275,114	267,617	-	7,497	-	-	-	-	-	-	-
Restricted for City-County Building Plaza	1,102,497	1,102,497	-	-	-	-	-	-	-	-	-
Unrestricted	3,197,773	636,176	765,215	430,091	177,995	102,336	299,653	334,087	333,518	89,774	28,928
Total net position	4,575,384	2,006,290	765,215	437,588	177,995	102,336	299,653	334,087	333,518	89,774	28,928
Total liabilities, deferred inflows of resources and net position	\$ 12,493,016	\$ 5,637,444	\$ 4,552,347	\$ 491,669	\$ 356,739	\$ 102,336	\$ 360,892	\$ 417,339	\$ 427,818	\$ 112,531	\$ 33,901

Indianapolis-Marion County Building Authority

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

Schedule of Revenues, Expenses and Changes in Net Position Information

	Total	City-County Building	Arrestee Processing Center	Riverside and Belmont Garages	Marion County Jail	Marion County Jail II	Public Safety Training Academy	Juvenile Justice Complex	Public Safety Properties	Department of Metropolitan Development Properties	City Market
Operating Revenues											
Management and maintenance fees	\$ 13,174,036	\$ 5,634,400	\$ 398,276	\$ 922,100	\$ 2,335,100	\$ 54,300	\$ 698,300	\$ 1,302,800	\$ 1,348,200	\$ 365,960	\$ 114,600
Contractual payments	85,000	85,000	-	-	-	-	-	-	-	-	-
Other income	871,740	865,008	95	37	-	-	6,600	-	-	-	-
Total operating revenues	14,130,776	6,584,408	398,371	922,137	2,335,100	54,300	704,900	1,302,800	1,348,200	365,960	114,600
Operating Expenses											
Air conditioning and heating repairs & maintenance	1,271,181	518,216	23,980	75,209	278,526	-	71,420	153,034	127,042	1,672	22,082
Building Authority office	732,593	410,414	13,931	47,732	92,314	-	41,766	65,298	46,600	12,276	2,262
Custodial	1,662,071	934,485	18,534	106,546	74,458	-	96,580	229,481	192,197	1,880	7,910
Electrical system - repairs and maintenance	455,775	30,517	14,500	62,588	104,596	-	29,761	77,689	107,112	17,509	11,503
Elevators	243,733	189,692	7,649	2,678	17,109	-	2,418	5,955	5,327	2,495	10,410
General building expense	1,839,843	1,222,793	35,160	76,008	164,128	53,514	60,237	84,987	99,262	30,686	13,068
Insurance	1,328,555	403,163	39,652	156,648	249,742	-	112,240	162,179	173,724	19,957	11,250
Plumbing - repairs and maintenance	219,943	93,384	8,476	10,546	38,795	-	14,332	20,008	18,556	5,442	10,404
Professional services	176,062	106,689	7,300	14,650	20,640	-	6,383	14,100	5,700	600	-
Painting and decorating	206,486	83,973	3,600	21,831	35,762	-	19,821	22,584	16,138	850	1,927
Structural maintenance	320,959	96,606	6,577	27,618	77,066	-	26,682	35,087	40,911	6,655	3,757
Utilities	3,607,923	1,514,465	84,573	204,245	1,000,646	-	132,922	315,656	355,416	-	-
Payroll taxes and retirement plan benefits	499,846	130,242	12,300	58,000	110,900	-	43,700	62,900	67,200	8,600	6,004
Depreciation	24,468	22,969	-	1,499	-	-	-	-	-	-	-
Nonrecurring repairs and replacements	759,874	730,683	-	-	-	-	-	14,027	15,164	-	-
Miscellaneous	837,077	362,430	3,580	27,076	30,324	-	45,230	44,279	79,912	244,246	-
Total operating expenses	14,186,389	6,850,721	279,812	892,874	2,295,006	53,514	703,492	1,307,264	1,350,261	352,868	100,577
Operating Profit (Loss)	(55,613)	(266,313)	118,559	29,263	40,094	786	1,408	(4,464)	(2,061)	13,092	14,023
Nonoperating Revenues (Expenses)											
Investment income	243,890	39,826	179,930	4,233	4,720	836	3,203	4,756	4,435	1,839	112
Interest expense	(170,918)	-	(170,918)	-	-	-	-	-	-	-	-
CCB Plaza construction costs	(3,146,721)	(3,146,721)	-	-	-	-	-	-	-	-	-
Reimbursement of nonrecurring repairs	888,926	339,384	-	-	-	-	-	-	-	549,542	-
Nonrecurring repairs	(893,619)	(344,077)	-	-	-	-	-	-	-	(549,542)	-
Total nonoperating revenues, net	(3,078,442)	(3,111,588)	9,012	4,233	4,720	836	3,203	4,756	4,435	1,839	112
Increase (Decrease) in Net Position	(3,134,055)	(3,377,901)	127,571	33,496	44,814	1,622	4,611	292	2,374	14,931	14,135
Net Position, Beginning of Year	7,709,439	5,384,191	637,644	404,092	133,181	100,714	295,042	333,795	331,144	74,843	14,793
Net Position, End of Year	\$ 4,575,384	\$ 2,006,290	\$ 765,215	\$ 437,588	\$ 177,995	\$ 102,336	\$ 299,653	\$ 334,087	\$ 333,518	\$ 89,774	\$ 28,928

**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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Indianapolis-Marion County Building Authority (Authority), which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2019. Our report contained an "Other Matter" paragraph regarding omission of required supplementary information, as well as an "Emphasis of Matter" paragraph related to a change in the financial reporting framework used by the Authority.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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*.

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
December 5, 2019