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March 18, 2021

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

We have reviewed the audit report of the Indianapolis Marion County Building Authority, which was opined on by BKD, LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. 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, 2020, 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, 2020 and 2019

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
June 30, 2020 and 2019

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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 The Indianapolis-Marion County Building Authority (Authority), a component unit of the Consolidated City of Indianapolis-Marion County, as of and for the years ended June 30, 2020 and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2020 and 2019, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and 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 fiscal year 2018 data within the management's discussion and analysis which is required by accounting principles generally accepted in the United States of America 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 audits were 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 a 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 9, 2020, 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 9, 2020

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Management's Discussion and Analysis
(Unaudited)

Introduction

The following management's discussion and analysis provides an overview of the financial position and activities of the Indianapolis-Marion County Building Authority for the year ended June 30, 2020, with selected comparative information for the year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

By agreement with the Board of Directors and Board of Trustees, the Indianapolis-Marion County Building Authority (Authority) exists for the primary purpose to finance, acquire, construct, improve, renovate, equip, operate, maintain and manage land, governmental buildings and communication systems for governmental entities within Marion County.

Overview of the Financial Statements

Authority's financial report includes three financial statements: the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

The statements of net position present information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference in these financial statement elements being reported as net position as of June 30, 2020 and 2019. Following the statements of net position are the statements of revenues, expenses and changes in net position, which provide Authority's results of operations. The statements of cash flows provide details on the Authority's sources and uses of cash.

Financial Highlights

Authority experienced a decrease in net position of \$779,905 from June 30, 2019 to June 30, 2020. The most significant cause of this decrease resulted from \$531,878 spent for construction and maintenance costs of the CCB Plaza for which funding was received in previous years.

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>
Assets and Deferred Outflows of Resources		
Current assets	\$ 8,382,366	\$ 9,357,540
Capital assets, net	254,738	275,114
Lease receivable, long-term	1,449,000	2,415,000
Deferred outflows of resources - pension	<u>587,755</u>	<u>445,362</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,673,859</u>	<u>\$ 12,493,016</u>
Liabilities and Deferred Inflows of Resources		
Current liabilities	\$ 2,693,881	\$ 2,852,153
Long-term liabilities	3,852,429	4,692,084
Deferred inflows of resources - pension	<u>331,170</u>	<u>373,395</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,877,480</u>	<u>7,917,632</u>
Net Position		
Net investment in capital assets	254,738	275,114
Restricted for City-County Building Plaza	570,619	1,102,497
Unrestricted	<u>2,971,022</u>	<u>3,197,773</u>
Total net position	<u>3,796,379</u>	<u>4,575,384</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 10,673,859</u>	<u>\$ 12,493,016</u>

The statements of net position indicate a decrease in current assets of \$975,174 from June 30, 2019 to June 30, 2020. The decrease in fiscal year 2020 is primarily due to a decrease in restricted cash as a result of fiscal year 2020 expenditures for the CCB Plaza Project.

Total assets and deferred outflows of resources decreased \$1,819,157 between June 30, 2019 and June 30, 2020. The decrease for fiscal year 2020 is due to the above mentioned change in current assets as well as a decrease in lease receivables due to the semi-annual payments of the lease during 2020.

Current liabilities decreased by \$158,272 between June 30, 2019 and June 30, 2020. The decrease in fiscal year 2020 was due to a decrease in accounts payable. Long-term liabilities decreased by \$839,655 as a result of principal payments made on the outstanding bonds during 2020 of \$790,000.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 14,606,799	\$ 14,130,776
Operating expenses	14,900,885	14,186,389
Total nonoperating revenues, net	<u>(484,919)</u>	<u>(3,078,442)</u>
Decrease in Net Position	<u>\$ (779,005)</u>	<u>\$ (3,134,055)</u>

Operating revenues increased \$476,023 from June 30, 2019 to June 30, 2020 due to an increase in the normal course of business.

Operating expenses increased \$714,496 from June 30, 2019 to June 30, 2020 consistent with the increase in operating revenue.

Condensed Statements of Cash Flows

	<u>2020</u>	<u>2019</u>
Net cash used in operating activities	\$ (448,648)	\$ (529,491)
Net cash provided by noncapital financing activities	29,216	21,639
Net cash used in capital and related financing activities	(648,390)	(3,200,559)
Net cash provided by investing activities	<u>42,842</u>	<u>76,070</u>
Decrease in cash	<u>\$ (1,024,980)</u>	<u>\$ (3,632,341)</u>

The condensed statements of cash flows shows a decrease in cash of \$1,024,978 in fiscal year 2020. The decrease in fiscal year 2020 is primarily due to restricted cash being expended for the CCB Plaza Project.

Capital Assets and Debt Administration

Capital Assets

The Authority holds certain equipment used for maintenance of the facilities operated under contractual relationships. Buildings and facilities for which the Authority contractually maintains and operates are not recorded within the financial statements of the Authority as they do not in-substance own the facilities. Additional information related to the Authority's capital assets can be seen within footnote 3 of the financial statements.

Long-Term Debt

The Authority presently has one bond issuance recorded related to the financing of certain portions of the Arrestee Processing Center in Indianapolis. The Authority is obligated to operate, maintain and insure this facility in association with the bonds outstanding for this property. Under the applicable agreements, the Authority is obligated to transfer full ownership of this property to the Consolidated City of Indianapolis-Marion County, upon liquidation of the related bonded indebtedness. Additional information related to the Authority's long-term debt can be seen within footnote 5 of the financial statements.

Economic Factors That Will Affect the Future

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Authority. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, your inquiries should be directed to Indianapolis Marion County Building Authority, 200 E. Washington Street, Suite 311, Indianapolis, Indiana 46204.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Unrestricted Assets		
Cash and cash equivalents	\$ 4,915,631	\$ 5,137,893
Amounts receivable for alterations and improvements	456,072	283,368
Grants and capital advance receivable	-	31,263
Materials and supplies	412,846	413,430
Prepaid insurance and service contracts	88,900	179,951
Total unrestricted current assets	5,873,449	6,045,905
Restricted Assets		
Restricted cash equivalents for debt service	926,376	899,283
Restricted cash for City-County Building Plaza	616,541	1,446,352
Current portion of lease receivable	966,000	966,000
Total restricted current assets	2,508,917	3,311,635
Noncurrent Assets		
Noncurrent portion of lease receivable, restricted	1,449,000	2,415,000
Capital assets, net of accumulated depreciation	254,738	275,114
Total noncurrent assets	1,703,738	2,690,114
Deferred Outflows of Resources - Pension		
	587,755	445,362
Total assets and deferred outflows of resources	\$ 10,673,859	\$ 12,493,016
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Payable from Unrestricted Assets		
Accounts payable	\$ 1,009,109	\$ 1,121,339
Accrued liabilities	657,551	387,558
Total current liabilities - unrestricted	1,666,660	1,508,897
Payable from Restricted Assets		
Accounts payable	45,922	343,855
Interest payable	58,500	78,250
Unearned revenue on lease receivable	92,799	131,151
Current portion of long-term debt	830,000	790,000
Total current liabilities - restricted	1,027,221	1,343,256
Long-Term Liabilities		
Long-term debt	1,781,193	2,615,525
Unearned revenue on lease receivable	63,410	156,209
Net pension liability	2,007,826	1,920,350
Total long-term liabilities	3,852,429	4,692,084
Deferred Inflows of Resources - Pension		
	331,170	373,395
Net Position		
Net investment in capital assets	254,738	275,114
Restricted for City-County Building Plaza	570,619	1,102,497
Unrestricted	2,971,022	3,197,773
Total net position	3,796,379	4,575,384
Total liabilities, deferred inflows of resources and net position	\$ 10,673,859	\$ 12,493,016

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Management and maintenance fees	\$ 13,961,350	\$ 13,174,036
Contractual payments	85,000	85,000
Other income	560,449	871,740
Total operating revenues	14,606,799	14,130,776
Operating Expenses		
Air conditioning and heating repairs & maintenance	1,586,937	1,271,181
Building Authority office	814,372	732,593
Custodial	1,683,681	1,662,071
Electrical system - repairs and maintenance	498,385	455,775
Elevators	262,754	243,733
General building expense	1,574,109	1,839,843
Insurance	1,425,618	1,328,555
Plumbing - repairs and maintenance	183,905	219,943
Professional services	136,069	176,062
Painting and decorating	235,800	206,486
Structural maintenance	402,876	320,959
Utilities	3,534,030	3,607,923
Payroll taxes and retirement plan benefits	602,007	499,846
Depreciation	48,804	24,468
Nonrecurring repairs and replacements	946,526	759,874
Miscellaneous	965,012	837,077
Total operating expenses	14,900,885	14,186,389
Operating Loss	(294,086)	(55,613)
Nonoperating Revenues (Expenses)		
Investment income	173,993	243,890
Interest expense	(132,418)	(170,918)
CCB Plaza construction costs	(531,878)	(3,146,721)
Reimbursement of nonrecurring repairs	586,751	888,926
Nonrecurring repairs	(581,367)	(893,619)
Total nonoperating revenues, net	(484,919)	(3,078,442)
Decrease in Net Position	(779,005)	(3,134,055)
Net Position, Beginning of Year	4,575,384	7,709,439
Net Position, End of Year	3,796,379	4,575,384

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Cash receipts from customers and users	\$ 14,552,661	\$ 14,386,790
Cash payments to vendors for goods and services	(10,778,509)	(11,129,425)
Cash payments for employees services	(4,222,800)	(3,786,856)
Net cash used in operating activities	(448,648)	(529,491)
Cash Flows From Noncapital Financing Activities		
Reimbursement received for nonrecurring repairs	586,751	888,926
Expenditure for nonrecurring repairs	(581,367)	(893,619)
Lease payments received	966,000	966,000
Interest paid on long-term debt	(152,168)	(189,668)
Principal payments on long-term debt	(790,000)	(750,000)
Net cash provided by noncapital financing activities	29,216	21,639
Cash Flows From Capital and Related Financing Activities		
Expenditures for CCB Plaza construction costs	(531,878)	(3,146,721)
Acquisition of capital assets	(116,512)	(53,838)
Net cash used in capital and related financing activities	(648,390)	(3,200,559)
Cash Flows From Investing Activity		
Interest received on cash and cash equivalents	42,842	76,070
Net Decrease in Cash and Cash Equivalents	(1,024,980)	(3,632,341)
Cash and Cash Equivalents, Beginning of Year	7,483,528	11,115,869
Cash and Cash Equivalents, End of Year	\$ 6,458,548	\$ 7,483,528
Cash and Cash Equivalents, End of Year, Consist of:		
Unrestricted cash and cash equivalents	\$ 4,915,631	\$ 5,137,893
Restricted cash equivalents for debt service	926,376	899,283
Restricted cash for City-County Building Plaza	616,541	1,446,352
Total cash and cash equivalents at year end	\$ 6,458,548	\$ 7,483,528

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Statements of Cash Flows (Continued)
Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Loss From Operations to Net Cash Used in Operating Activities		
Operating loss	\$ (294,086)	\$ (55,613)
Item not requiring (providing) cash		
Depreciation of capital assets	48,804	24,468
Accretion	(4,332)	(4,333)
Changes in operating assets and liabilities:		
Accounts and grants receivable	(141,441)	314,909
Material, supplies and other assets	91,635	(54,562)
Deferred outflows of resources - pension	(142,393)	278,365
Deferred inflows of resources - pension	(42,225)	268,205
Accrued liabilities	269,993	62,580
Accounts payable	(322,079)	(729,180)
Net pension liability	87,476	(634,330)
Net cash used in operating activities	\$ (448,648)	\$ (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, 2020 and 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, 2020 and 2019

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, 2020, 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.

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 impairments were recognized during the years ended June 30, 2020 or 2019.

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Notes to Financial Statements
June 30, 2020 and 2019

Compensated Absences

Substantially all employees receive compensation for paid time off (PTO). PTO earned is based on length of service. Vacation leave which has been earned but not paid has been accrued.

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, 2020, 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, 2020 and 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, 2020 and 2019

Note 2: Deposits, Investments and Investment Income

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

	2020	2019
Cash deposits	\$ 5,532,172	\$ 6,584,245
Money market mutual funds	926,376	899,283
Total deposits and investments	\$ 6,458,548	\$ 7,483,528

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

	2020	2019
Unrestricted cash and cash equivalents	\$ 4,915,631	\$ 5,137,893
Restricted cash equivalents for debt service	926,376	899,283
Restricted cash for City-County Building Plaza	616,541	1,446,352
Total cash and cash equivalents	\$ 6,458,548	\$ 7,483,528

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.

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At June 30, 2020 and 2019, the Authority had the following investment securities, all of which mature within one year:

	2020	2019
Money market mutual funds	\$ 926,376	\$ 899,283

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, 2020 and 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, 2020 and 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.

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Investment Income

Investment income for the years ended June 30, 2020 and 2019 consisted of:

	2020	2019
Interest and dividend income	\$ 42,842	\$ 76,070
Interest recognized on unearned lease receivable	131,151	167,820
	\$ 173,993	\$ 243,890

Note 3: Capital Assets

Capital assets activity for the years ended June 30, 2020 and 2019 was:

	2020				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Vehicles and groundskeeping equipment	\$ 313,203	\$ 28,428	\$ -	\$ -	\$ 341,631
Less: Accumulated depreciation for vehicles and groundskeeping equipment	38,089	48,804	-	-	86,893
	\$ 275,114	\$ (20,376)	\$ -	\$ -	\$ 254,738
	2019				
	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
	\$ 157,660	\$ 117,454	\$ -	\$ -	\$ 275,114

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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.

The employer defined-benefit contribution rate is based on an actuarial valuation and is adopted, and may be amended, by the INPRS Board. For 2020 and 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 Account ASA. An employee's contribution and interest credits belong to the employee and do not belong to the state or the Authority.

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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.

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

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

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Disability and Survivor Benefits

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

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

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

Contributions

Employer contribution rates are adopted annually by the INPRS Board for PERF. The contributions are actuarially determined based on the funding policy, actuarial assumptions and actuarial methods established by the INPRS Board. Contributions determined by the actuarial valuation become effective either 12 or 18 months after the valuation date, depending on the applicable employer. In the case of the Authority, contribution rates and amounts determined by the June 30, 2019 actuarial valuation and adopted by the INPRS Board therefore become effective on January 1, 2020. The Authority's approved contribution rate from July 1, 2019 through June 30, 2020 was 11.20% and was unchanged from fiscal year 2019. For the years June 30, 2020 and 2019, contributions to the pension plan from the Authority were \$414,231 and \$354,487, respectively.

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

At June 30, 2020 and 2019, the Authority reported a liability of \$2,007,826 and \$1,920,350 for its proportionate share of the net pension liability. The 2020 net pension liability was measured as of June 30, 2019, and 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, 2020, the Authority's proportion was 0.06075%, which was an increase of 0.00422% from its proportion of 0.05653% measured as of June 30, 2019.

For the years ended June 30, 2020 and 2019, the Authority recognized pension expense of \$317,089 and \$266,727, respectively. At year end, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,167	\$ -
Changes of assumptions	447	218,266
Net differences between projected and actual earnings on pension plan investments	-	94,905
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	119,910	17,999
Authority's contributions subsequent to the measurement date	414,231	-
Total	\$ 587,755	\$ 331,170

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June 30, 2020 and 2019

	2019	
	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

At June 30, 2020 and 2019, the Authority reported \$414,231 and \$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, 2020, related to pensions will be recognized in pension expense as follows:

2021	\$ (46,304)
2022	(109,806)
2023	5,833
2024	(7,369)
	\$ (157,646)

Actuarial Assumptions

The total pension liability in the June 30, 2019 and 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, 2019 and 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, 2019 and 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2010 through June 30, 2014.

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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

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%	4.9%
Private equity	14%	7.0%
Fixed income - ex-inflation linked	20%	2.5%
Fixed income - inflation linked	7%	1.3%
Commodities	8%	2.0%
Real estate	7%	6.7%
Absolute return	10%	2.9%
Risk parity	12%	5.3%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the years ended June 30, 2020 and 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.

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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, 2020 has been calculated using a discount rate of 6.75%. The following presents the Authority's proportionate share of the June 30, 2020 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	\$ 3,224,595	\$ 2,007,826	\$ 992,948

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

	2020	2019
Arrestee Processing Center Bonds of 2003:		
Bonds, maturing January 15, 2023. Interest at 4.50% due semiannually on July 1 and January 1	\$ 2,600,000	\$ 3,390,000
Unamortized premium	11,193	15,525
	\$ 2,611,193	\$ 3,405,525

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

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Debt service requirements to maturity for the Authority indebtedness at June 30, 2020 follows:

	Principal	Interest	Total
2021	\$ 830,000	\$ 117,000	\$ 947,000
2022	865,000	79,650	944,650
2023	905,000	40,725	945,725
	\$ 2,600,000	\$ 237,375	\$ 2,837,375

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, 2020, together with amounts representing interest are as follows:

2021		\$ 966,000
2022		966,000
2023		483,000
		2,415,000
Current portion		(966,000)
Noncurrent lease receivable		\$ 1,449,000

Indianapolis-Marion County Building Authority
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Notes to Financial Statements
June 30, 2020 and 2019

Note 7: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Authority for the years ended June 30, 2020 and 2019:

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt (bonds payable)	\$ 3,390,000	\$ -	\$ (790,000)	\$ 2,600,000	\$ 830,000
Unamortized premium on bonds payable	15,525	-	(4,332)	11,193	-
Unearned revenue on lease receivable	287,360	-	(131,151)	156,209	92,799
Net pension liability	1,920,350	441,963	(354,487)	2,007,826	-
	<u>\$ 5,613,235</u>	<u>\$ 441,963</u>	<u>\$ (1,279,970)</u>	<u>\$ 4,775,228</u>	<u>\$ 922,799</u>

	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.

Indianapolis-Marion County Building Authority
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Notes to Financial Statements
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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, 2020, approximately \$436 million in bonds remain outstanding.

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, 2020, approximately \$624 million in bonds remain outstanding.

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Notes to Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019:

- Money market mutual funds of \$926,376 and \$899,283 as of June 30, 2020 and 2019, respectively, are valued using quoted market prices (Level 1 inputs).

Note 11: Commitments and Contingencies

Litigation

The Authority is periodically 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.

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, 2020. Construction for the project began at the end of fiscal year 2016. Construction costs related to the project were approximately \$500,000 and \$3.1 million for the years ended June 30, 2020 and 2019, respectively, 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 and the remaining funds will be utilized for programming and security of the Plaza.

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*

	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.06075%	0.05653%	0.05726%	0.06043%	0.05765%	0.05649%	0.05785%
Authority's proportionate share of the net pension liability	\$ 2,007,826	\$ 1,920,350	\$ 2,554,680	\$ 2,742,582	\$ 2,348,025	\$ 1,484,521	\$ 1,981,408
Authority's covered payroll	\$ 3,165,062	\$ 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	63%	67%	91%	95%	85%	54%	71%
Plan fiduciary net position as a percentage of the total pension liability	80%	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: none

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*

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 414,231	\$ 354,487	\$ 320,895	\$ 314,507	\$ 324,384	\$ 302,614	\$ 275,556
Contributions in relation to the contractually required contribution	<u>414,231</u>	<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>	<u>\$ -</u>
Authority's covered payroll	\$ 3,698,486	\$ 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%	11.20%	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
June 30, 2020

	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	\$ 4,915,631	\$ 1,956,873	\$ 398,272	\$ 511,178	\$ 385,932	\$ 104,669	\$ 341,606	\$ 435,573	\$ 468,220	\$ 262,842	\$ 50,466
Amounts receivable for alterations and improvements	456,072	456,072	-	-	-	-	-	-	-	-	-
Grants and capital advance receivable	-	-	-	-	-	-	-	-	-	-	-
Materials and supplies	412,846	412,846	-	-	-	-	-	-	-	-	-
Prepaid insurance and service contracts	88,900	54,493	4,151	4,232	12,504	-	2,700	5,094	4,730	996	-
Total unrestricted current assets	5,873,449	2,880,284	402,423	515,410	398,436	104,669	344,306	440,667	472,950	263,838	50,466
Restricted Assets											
Restricted cash equivalents for debt service	926,376	-	926,376	-	-	-	-	-	-	-	-
Restricted cash for City-County Building Plaza	616,541	616,541	-	-	-	-	-	-	-	-	-
Current portion of lease receivable	966,000	-	966,000	-	-	-	-	-	-	-	-
Total restricted current assets	2,508,917	616,541	1,892,376	-	-	-	-	-	-	-	-
Noncurrent Assets											
Noncurrent portion of lease receivable, restricted	1,449,000	-	1,449,000	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	254,738	248,741	-	5,997	-	-	-	-	-	-	-
Total noncurrent assets	1,703,738	248,741	1,449,000	5,997	-	-	-	-	-	-	-
Deferred Outflows of Resources											
	587,755	587,755	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows	\$ 10,673,859	\$ 4,333,321	\$ 3,743,799	\$ 521,407	\$ 398,436	\$ 104,669	\$ 344,306	\$ 440,667	\$ 472,950	\$ 263,838	\$ 50,466

Indianapolis-Marion County Building Authority
(A Component Unit of the Consolidated City of Indianapolis-Marion County)
Schedule of Statement of Net Position Information (Continued)
June 30, 2020

	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	\$ 1,009,109	\$ 543,478	\$ 16,239	\$ 45,179	\$ 161,226	\$ -	\$ 41,777	\$ 88,791	\$ 79,794	\$ 28,295	\$ 4,330
Accrued liabilities	657,551	657,551	-	-	-	-	-	-	-	-	-
Total current liabilities - unrestricted	1,666,660	1,201,029	16,239	45,179	161,226	-	41,777	88,791	79,794	28,295	4,330
Payable From Restricted Assets											
Accounts payable	45,922	45,922	-	-	-	-	-	-	-	-	-
Interest payable	58,500	-	58,500	-	-	-	-	-	-	-	-
Unearned revenue on lease receivable	92,799	-	92,799	-	-	-	-	-	-	-	-
Current portion of long-term debt	830,000	-	830,000	-	-	-	-	-	-	-	-
Total current liabilities - restricted	1,027,221	45,922	981,299	-	-	-	-	-	-	-	-
Long-Term Liabilities											
Long-term debt	1,781,193	-	1,781,193	-	-	-	-	-	-	-	-
Unearned revenue on lease receivable	63,410	-	63,410	-	-	-	-	-	-	-	-
Net pension liability	2,007,826	2,007,826	-	-	-	-	-	-	-	-	-
Total long-term liabilities	3,852,429	2,007,826	1,844,603	-	-	-	-	-	-	-	-
Deferred Inflows of Resources											
	331,170	331,170	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	6,877,480	3,585,947	2,842,141	45,179	161,226	-	41,777	88,791	79,794	28,295	4,330
Net Position											
Net investment in capital assets	254,738	248,741	-	5,997	-	-	-	-	-	-	-
Restricted for City-County Building Plaza	570,619	570,619	-	-	-	-	-	-	-	-	-
Unrestricted	2,971,022	(71,986)	901,658	470,231	237,210	104,669	302,529	351,876	393,156	235,543	46,136
Total net position	3,796,379	747,374	901,658	476,228	237,210	104,669	302,529	351,876	393,156	235,543	46,136
Total liabilities, deferred inflows of resources and net position	\$ 10,673,859	\$ 4,333,321	\$ 3,743,799	\$ 521,407	\$ 398,436	\$ 104,669	\$ 344,306	\$ 440,667	\$ 472,950	\$ 263,838	\$ 50,466

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
Year Ended June 30, 2020

	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	\$ 13,961,350	\$ 5,976,740	\$ 409,300	\$ 955,500	\$ 2,417,000	\$ 54,300	\$ 726,100	\$ 1,344,300	\$ 1,393,700	\$ 569,810	\$ 114,600
Contractual payments	85,000	85,000	-	-	-	-	-	-	-	-	-
Other income	560,449	560,449	-	-	-	-	-	-	-	-	-
Total operating revenues	14,606,799	6,622,189	409,300	955,500	2,417,000	54,300	726,100	1,344,300	1,393,700	569,810	114,600
Operating Expenses											
Air conditioning and heating repairs & maintenance	1,586,937	775,182	24,567	77,268	297,530	-	78,755	168,080	136,278	1,740	27,537
Building Authority office	814,372	434,973	14,614	56,307	108,274	-	49,259	75,113	58,218	14,614	3,000
Custodial	1,683,681	951,687	15,435	112,483	63,253	-	97,230	231,580	202,335	1,818	7,860
Electrical system - repairs and maintenance	498,385	104,388	14,430	61,787	95,411	-	30,080	73,788	95,910	16,143	6,448
Elevators	262,754	198,428	6,871	3,138	22,554	-	8,772	6,074	6,407	2,410	8,100
General building expense	1,574,109	1,019,010	33,049	77,413	166,719	52,465	42,047	66,803	85,303	26,387	4,913
Insurance	1,425,618	466,068	42,536	159,547	257,830	-	116,185	167,294	179,823	21,335	15,000
Plumbing - repairs and maintenance	183,905	52,808	9,564	12,892	35,247	-	15,070	22,733	18,828	5,405	11,358
Professional services	136,069	58,868	7,400	15,000	21,280	-	6,666	14,671	11,584	600	-
Painting and decorating	235,800	113,715	4,378	22,308	35,039	-	20,116	21,833	14,886	1,125	2,400
Structural maintenance	402,876	165,172	6,653	29,636	81,138	-	30,628	37,673	43,901	4,881	3,194
Utilities	3,534,030	1,519,144	84,987	173,953	983,054	-	127,211	309,031	336,650	-	-
Payroll taxes and retirement plan benefits	602,007	223,392	12,500	59,200	113,100	-	44,700	64,200	68,400	8,800	7,715
Depreciation	48,804	47,305	-	1,499	-	-	-	-	-	-	-
Nonrecurring repairs and replacements	946,526	872,323	-	25,559	-	-	10,783	32,657	5,204	-	-
Miscellaneous	965,012	370,528	3,934	31,553	80,356	-	47,607	38,128	73,063	319,843	-
Total operating expenses	14,900,885	7,372,991	280,918	919,543	2,360,785	52,465	725,109	1,329,658	1,336,790	425,101	97,525
Operating Profit (Loss)	(294,086)	(750,802)	128,382	35,957	56,215	1,835	991	14,642	56,910	144,709	17,075
Nonoperating Revenues (Expenses)											
Investment income	173,993	18,380	140,479	2,683	3,000	498	1,885	3,147	2,728	1,060	133
Interest expense	(132,418)	-	(132,418)	-	-	-	-	-	-	-	-
CCB Plaza construction costs	(531,878)	(531,878)	-	-	-	-	-	-	-	-	-
Reimbursement of nonrecurring repairs	586,751	586,751	-	-	-	-	-	-	-	-	-
Nonrecurring repairs	(581,367)	(581,367)	-	-	-	-	-	-	-	-	-
Total nonoperating revenues, net	(484,919)	(508,114)	8,061	2,683	3,000	498	1,885	3,147	2,728	1,060	133
Increase (Decrease) in Net Position	(779,005)	(1,258,916)	136,443	38,640	59,215	2,333	2,876	17,789	59,638	145,769	17,208
Net Position, Beginning 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
Net Position, End of Year	\$ 3,796,379	\$ 747,374	\$ 901,658	\$ 476,228	\$ 237,210	\$ 104,669	\$ 302,529	\$ 351,876	\$ 393,156	\$ 235,543	\$ 46,136

**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, 2020, 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 9, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Indianapolis, Indiana
December 9, 2020