



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS
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November 4, 2013

Board of Directors
City of Indianapolis
200 E. Washington Street, Suite 2222
Indianapolis, IN 46204

We have reviewed the audit report prepared by BKD, LLP, Independent Public Accountants, for the period January 1, 2012 to December 31, 2012. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the City of Indianapolis, as of December 31, 2012 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the 12 findings in the Single Audit Report, on pages 12 through 26. Four of the findings relate deficiencies in internal controls over financial reporting. The remaining eight findings address compliance issues with specific federal programs. The auditors' opinion on compliance for one of the eight major programs is qualified.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

City of Indianapolis, Indiana

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



Gregory A. Ballard
Mayor

Jeffrey L. Spalding
Controller

Comprehensive Annual Financial Report

Year Ended December 31, 2012

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

City of Indianapolis, Indiana

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

Year Ended December 31, 2012

Office of Finance and Management

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July 2, 2013

To the Honorable Mayor Greg Ballard, Members of the City-County Council, and Citizens of Indianapolis, Indiana:

I submit to you the Comprehensive Annual Financial Report (“CAFR”) of the City of Indianapolis (“City”) for the fiscal year ended December 31, 2012. The City is a component unit of the Consolidated City of Indianapolis – Marion County Reporting Entity. This report was prepared by the Office of Finance and Management (“OFM”). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Controller of the City of Indianapolis. The data, as presented, is accurate in all material respects. It is presented in a manner designed to set forth the financial position and results of operations of the City. Disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial affairs are included.

The CAFR conforms to the standards for financial reporting of the Governmental Accounting Standards Board (“GASB”) and the Government Finance Officers Association of the United States and Canada (“GFOA”). There are three main sections to this report. The Introductory Section includes this letter, the Certificate of Achievement for Excellence in Financial Reporting, a description of the government and related taxing districts, a list of elected officials, and the City’s organizational charts. The Financial Section includes the independent auditors’ report, management’s discussion and analysis (“MD&A”), the basic financial statements for the City, and supplementary information. The Statistical Section includes selected financial and demographic information presented on a multiyear basis.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors’ reports on internal control and compliance with applicable laws and regulations, is included in a separate report.

This report contains all funds of the City. The City operates under an elected Mayor and City-County Council (29 members) form of government. The City provides services in public safety, public works, health and welfare, cultural and recreation, urban redevelopment, housing, and economic development.

ECONOMIC CONDITION AND OUTLOOK

In 2012, the main economic development goal for the City of Indianapolis was to attract businesses in targeted high-growth industries that would bring high-wage jobs for Indianapolis residents while further developing support programs for small business. This has resulted in 11,368 job commitments (3,328 new jobs/8,040 current and retained jobs) and over \$599 million in capital investment from 57 companies. These results were realized due to the partnership between the Mayor’s Office and Develop Indy, a business unit of the Indy Chamber.

Targeted industries for the City of Indianapolis complement the natural progression of industry in Indianapolis: life sciences, advanced manufacturing, digital technology, motorsports, logistics, and clean energy. Companies in these industries accounted for more than 75% of the new job commitments in 2012. The digital technology industry brought the most new jobs with 1,240 commitments. The life sciences was the next highest bringing in 629 new job commitments with advanced manufacturing creating 406 new job commitments. The average hourly wage for all new job commitments was \$25.12 in 2012.

The City managed to secure job commitments from local Indianapolis-based companies with plans for expansion, totaling 8,040 jobs. The average wage for these retained jobs was \$22.54 per hour. The largest portion of these jobs came from the life sciences industry, which retained 3,017 jobs. Digital technology companies followed suite with 1,300 jobs and another 978 jobs came from the logistics industry.

The commitment from companies to add and retain more than 11,000 jobs and invest hundreds of millions of dollars in Indianapolis is a testament to the fact that the City continues to be a great place to live and do business. Companies benefit from the City's stable, affordable and pro-growth economic environment, overall low costs of doing business, skilled workforce, and central location. Roche, Exact Target, Rolls-Royce, and Finish Line were amongst the largest announcements in Indianapolis for 2012.

Roche Diagnostics, a leader in in-vitro diagnostics, will invest \$300 million and add 100 jobs over the next 10 years at its North American headquarters on the northeast side of Indianapolis. The capital investments, which will include the refurbishing of existing buildings, purchasing of manufacturing equipment for new diabetes care test strips and upgrading of information technology equipment, will support the company's growing diagnostics and diabetes care businesses.

Email marketing company ExactTarget committed to 500 new jobs with an additional capital investment of \$55 million in investment by 2018 to further strengthen their Indianapolis roots. As a leader in online marketing solutions, these highly skilled jobs bring with them high paying wages.

Rolls-Royce added 60 new jobs and expects to retain 40 jobs along with a \$42 million investment toward a new advanced manufacturing facility by 2014. The new facility will produce components for some of the most advanced aircraft engines in the world and will employ 100 individuals once the facility is fully operational in 2014.

Finish Line, which operates more than 640 stores in malls across the country as well as a fast growing e-commerce site, announced plans to make significant investments to support its omni-channel strategy. This includes a multi-million investment to help fund a total technology transformation, including upgrading backbone computer systems such as merchandise and distribution systems. To accommodate additional employees, the company also plans to remodel and reorganize office space at its existing Indianapolis headquarters, recently renamed "Customer Central." The total expansion will result in 327 new jobs by 2015.

Since 2008, the City has secured commitments to create and retain 60,062 jobs with investments totaling \$2.6 billion.

LONG-TERM FINANCIAL PLANNING

The Office of Finance and Management ("OFM") is responsible for financial planning for the City and Marion County ("County"). OFM is also responsible for the annual budgets for all agencies, both their development and the execution. OFM employs a sophisticated modeling system to estimate property tax revenues for both the current budget year and looking several years forward. With this tool, we have more visibility into effects of property tax caps and tax increment capture than any other municipality in the State.

The City is expecting to experience a loss in property tax revenues due to property tax caps of approximately \$29 million in 2013, approximately 13% of the certified property tax levies. This impact is up from a \$23 million loss in 2012. The increased circuit breaker impact is due to increased levies in school debt service funds for 2013. Taxable assessed value (“AV”) has essentially been flat in recent years dropping 1% in 2012 and rising a half percent in 2013. The expectation is that taxable AV growth will continue in 2014 and beyond, meaning revenue loss from property caps as a percentage of total levies may have reached its peak.

This revenue loss is due to House Enrolled Act 1001, enacted by the Indiana General Assembly in 2008, which limits the property tax liability of each parcel. The law set a three (3) tiered cap on property tax liability covering the five (5) property classes – homesteads, other residential, agricultural, commercial, and industrial. These tiers are structured as follows: maximum liability equals 1% of parcel AV – homesteads; maximum liability equals 2% of parcel AV – agricultural and other residential; maximum liability equals 3% of parcel AV – commercial and industrial.

One of Mayor Ballard’s top priorities, since first taking office in 2008, has been reducing the City’s outstanding general obligation debt. He believes that maintaining the City’s AAA credit rating is integral to our on-going economic development and business attraction efforts. So the drive to lower our general obligation debt position is, in part, motivated by this economic goal. Furthermore, the Mayor views this as generally good public finance policy. As these bonds are retired, property tax rates are reduced which both: 1) eases the tax burden on local property owners; and 2) mitigates the adverse effects of the property tax caps.

From the year-end 2008 level of \$245 million in outstanding principal debt on property-tax funded general obligation bonds, the City has paid down this balance to \$160 million (excluding general obligation debt to be repaid by Citizens Energy Group (CEG) as discussed in the notes to the financial statements) at the end of 2012.

In Indiana, the State Department of Revenue serves as the collection agent for all county income taxes. Thus, each county relies on annual distributions of county income tax revenues from the State. The State Budget Agency, in collaboration with the State Department of Revenue, administers these annual distributions. These annual distributions are shared by the county governments and all townships and municipalities located within each given county. For Marion County, OFM is responsible for determining the proper allocation of county income tax revenues to all eligible entities. OFM works very closely with the State Budget Agency to track and forecast income tax collections from Marion County residents.

In April 2012 the State Department of Revenue announced it had profoundly erred in calculations of county income tax distributions to all counties for both 2011 and 2012. For Marion County, the total error was about \$55 million of income tax collected but excluded from original certified distributions. The City’s share of this additional revenue was approximately \$36 million (\$18 million of which is attributable to the 2011 certified distribution error). The State recertified Marion County distributions for 2012 to include the amount attributable for that year. In August 2012 the State announced 2013 distributions would be certified at the recertified 2012 amount. Although official certified distributions remained flat from 2012 to 2013 the City held in reserve the unanticipated revenue from the error correction to help support the 2013 budget with the belief income tax revenue had hit the bottom of the trough.

The effects of economic events on income tax collections are not revealed in annual distributions to counties until two years later. With this said, it is anticipated that the climb out of the great recession will begin to produce an organic rebound in income tax revenue in 2014 and beyond.

RELEVANT FINANCIAL POLICIES

Internal Control Structure

Management of the City is responsible to establish and maintain an internal control structure that ensures the assets of the government are protected from loss, theft, or misuse and ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Budgetary control is maintained for certain funds, at the object level of expenditure by the encumbrance of purchase orders against available appropriations. The City uses the GASB expenditure terminology (object) for financial reporting purposes and State of Indiana expenditure terminology (character) for internal accounting purposes. Capital projects reimbursable by grant revenues are encumbered for the total amount of the estimated project cost. Outstanding encumbrances to be financed from future revenues, other than approved grant revenues and certain Consolidated County budgetary account reimbursements, are recorded in their entirety as a reservation of fund balance.

MAJOR INITIATIVES

During 2009, the City began the implementation of a new financial accounting system that would create a modern approach to conducting financial operations. In 2012, the City went live with several portions of the new financial accounting system, including payroll, accounts payable, time and labor reporting, etc. The implementation of these modules has allowed the City to progressively move towards full implementation of all modules related to the new financial accounting system. Looking forward, the City will focus on ensuring current modules of the financial accounting system are running smoothly and being effective before pursuing further changes.

With the sale of the City's water utility and the wastewater collection and treatment facilities to CEG in August of 2011, fiscal year 2012 provided the opportunity to fully utilize the proceeds from the sale to engage in many RebuildIndy projects throughout the City. During 2012, the City spent \$84.7 million on infrastructure projects such as rebuilding bridges, repaving roads, upgrading sidewalks and curbs and other projects. This on-going investment has helped the City reduce the deferred maintenance of our vast infrastructure while spending one-time funding directly associated with infrastructure improvements. As 2012 saw the bulk of the RebuildIndy projects funded with sale proceeds, projects will still continue into 2013 but with a smaller balance in the RebuildIndy Fund.

CEG, as required by the sale, continues to reimburse the City for the annual debt service associated with past wastewater system investments, until the remaining principal balance is paid off in 2018. Also, CEG continues to provide payment-in-lieu-of-taxes (PILOT) to the City on wastewater and water treatment assets which were acquired during the sale.

Focusing on fiscal stability, the City continues to maintain its AAA credit rating by showing solid cash reserves, including the Fiscal Stability Fund which has a balance of approximately \$80 million at the end of 2012. The Fiscal Stability Fund was established by law and has the sole purpose of supporting a solid credit rating for the City. In 2012, the City maintained the balance in the Fiscal Stability Fund and does not plan on drawing down from the fund in the near future. In addition, in 2012 the City received income tax error payments in its favor from the state in the amount of \$36 million. These unanticipated payments were a boost to the City's overall fund balance and helped increase the amount of funding held in the City's Rainy Day Fund. The City has the opportunity in future fiscal years to utilize the Rainy Day Fund if the need arises.

Finally, the City continues to identify ways to create efficiencies and improve the delivery of services to the City with limited resources. The Office of Audit and Performance (OAP) works closely with City agencies and the City administration to create opportunities to reduce expenditures or increase revenue opportunities. Along with OAP's work, the City has found ways to reduce liabilities such as workers' compensation claims and unemployment claims in order to reduce cost and provide appropriate coverage where applicable. In addition, the City is working to do more with less by taking on current operations with a smaller workforce. In 2012 the City filled 59% of full-time non-union positions vacated during that year. While this will create savings during 2013, additional pressure on retirement benefits, health insurance costs and other employee benefits will require the City to find innovative ways to reduce costs and live within annual revenues.

OTHER INFORMATION

Audit Committee

The City's Audit Committee was formalized by City-County Council ordinance to provide an independent review body for the audit activities of the City. At December 31, 2012, the Audit Committee members were:

Mr. William Sheldrake, Chairperson	President, Policy Analytics, LLC
Mr. David Rosenberg	Director of Enterprise Development, City of Indianapolis – Marion County
Mr. David Reynolds	Indiana General Assembly
Ms. Lisa Dandridge	Midwest ISO
Ms. Pamela Hickman	City-County Councillor, City of Indianapolis – Marion County
Mr. Jack Sandlin	City-County Councillor, City of Indianapolis – Marion County
Ms. Patricia Polis McCrory	Frost Brown Todd, LLC

Certificate of Achievement

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Indianapolis for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

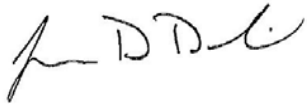
A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

This report is the combined effort of many people: Office of Finance and Management accountants, internal auditors, departmental chief fiscal officers, and others. I appreciate their diligent and conscientious work, as well as the efforts of our independent auditors, BKD LLP.

Mayor Ballard, I also appreciate your continued guidance, interest, and support of excellence in accounting and reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. D. Dudich". The signature is written in a cursive, flowing style.

Jason D. Dudich

Controller

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Indianapolis
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Emswiler

Executive Director

CITY OF INDIANAPOLIS

ORGANIZATION OF LOCAL GOVERNMENT AND TAXING DISTRICTS

Introduction

The City of Indianapolis (“City”) was originally incorporated in 1832. It is the largest city in the State of Indiana (“the State”) and the thirteenth largest city in the nation with a population of 834,852 and a metropolitan area population of approximately 1.8 million people. The City encompasses a land area of 402 square miles. The City, located at the geographic center of the state, is the State capital and also serves as the physical, economic, and cultural capital. Indianapolis has a stable and diversified economy with employment rates and income levels consistently above the national averages.

Form of Government

On January 1, 1970, the governments of the City and that of Marion County (“County”) were unified and their form of service delivery consolidated, thereby extending the City’s boundaries to generally coincide with those of the County. Four municipalities (Beech Grove, Lawrence, Speedway, and Southport) located within the County boundaries were specifically excluded from most functions of the consolidated City by the consolidating act. The consolidated government provides for a Mayor and a 29–member legislative council. The City-County Council consists of 25 councillors elected from single-member districts and 4 councillors elected at large. Because the Mayor’s powers extend to the entire county, residents of the Town of Speedway and the Cities of Beech Grove, Lawrence, and Southport, the municipalities not affected by the reorganization, vote for the Mayor as Chief County Executive as well as for the councillors at large.

Since adoption of the consolidated form of government for the City, governmental services within the area of Unigov are provided by 46 different units of local government, including the consolidated City, the County, 5 independent municipal corporations, 11 school corporations, 9 townships, 12 towns, the 4 municipalities excluded from the consolidated City of Indianapolis, 2 library boards, and 1 conservancy district. Within the consolidated City, special taxing districts were created to coincide with user benefit district boundaries then existing or as extended by the consolidating act. Boundaries of the various districts are such that a resident may be a member of one district and not another. Therefore, the resident’s geographic location within the County determines the governmental unit and taxing district rates to be combined in calculating the specific tax rate. As a result of the varying areas in which services are provided by the 46 different governmental units, the County is broken down into 61 different geographical areas for purposes of tax rate determination.

The maps that follow illustrate the relationship of the described taxing units.

The following taxing units are within the consolidated City, and all except the consolidated County and the special service districts can issue bonds:

	<u>Map</u>		<u>Map</u>
Civil City	2	Flood Control District	1
Consolidated County	1	Metropolitan Thoroughfare District	1
Redevelopment District	2	Police Special Service District	5
Solid Waste Collection Special Service District	7	Fire Special Service District	6
Solid Waste Disposal Special Service District	2	Park District	1
Sanitary District	8	Public Safety Communications & Computer Facilities District	1

The Metropolitan Thoroughfare District, Flood Control District, Park District, and Public Safety Communications & Computer Facilities District are special taxing districts, the boundaries of which are coterminous with the boundaries of Marion County.

The Redevelopment District and the Solid Waste Disposal District are special taxing districts, the boundaries and taxable property of which are coterminous with the boundaries of the City. The Redevelopment District includes a Consolidated Tax Allocation Area, which captures incremental increases in assessed valuation for the repayment of the Tax Increment Finance Bonds.

Other Governmental Units

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

- **Marion County** as a governmental unit provides services such as courts, sheriff, tax assessment, collection, etc., not otherwise provided by other governmental units.
- The **Capital Improvement Board of Managers** (“Board”) is a separate and distinct municipal corporation with territory coterminous to the territory of Marion County. The Board is authorized to finance, construct, equip, operate, and maintain any capital facilities or improvements of general public benefit or welfare, which would tend to promote cultural, recreational, public, or civic well-being of the community. The Board operates facilities used for sports, recreation, and convention activities in downtown Indianapolis. The **Marion County Convention and Recreational Facilities Authority** was created in 1985 under applicable State statutes to provide certain financing for projects of the Board.
- The **Indianapolis Airport Authority** (“Airport Authority”) and the **Health and Hospital Corporation of Marion County** are separate and distinct municipal corporations with territory coterminous to the territory of Marion County. The Airport Authority was established for the general purpose of acquiring, maintaining, operating, and financing airports and landing fields in and bordering on Marion County. The Airport Authority bonds are general obligations payable from unlimited ad valorem taxes assessed on all taxable property of Marion County; however, in practice, the bonds have been paid from the net revenues of the Airport Authority. The Health and Hospital Corporation was given the mandate to provide preventative and curative health programs for the residents of the County, including indigent health care.
- The **Indianapolis-Marion County Building Authority** (“Authority”) is a separate and distinct municipal corporation that acts as landlord for the City-County Building. The County pays 58% and the City pays 42% of the total lease rental. The Authority also has outstanding bonds payable from lease rentals (which are paid from taxes levied) from the County for the Marion County Jail expansion, and from the City for the central maintenance garage. Minor portions of Authority facilities are leased to other units of government and private parties.

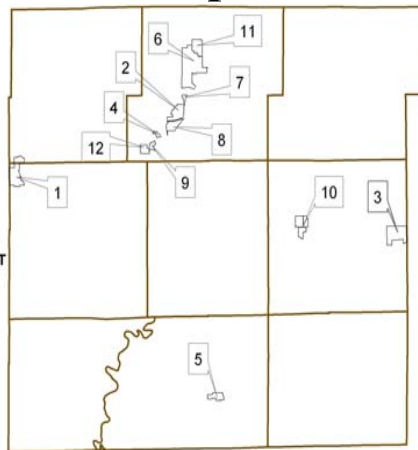
- The **Indianapolis Public Transportation Corporation** (“IndyGo”) is a separate and distinct municipal corporation with territory coterminous to the territory of the consolidated Civil City of Indianapolis. IndyGo provides public transportation service within the County.
- The **Indianapolis Marion County Public Library** is a separate and distinct municipal corporation, the territory of which includes the property in Marion County, excluding the City of Beech Grove and the Town of Speedway.

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

See the Unigov Organizational Chart and the City of Indianapolis Organizational Chart later in this section.

Map 1

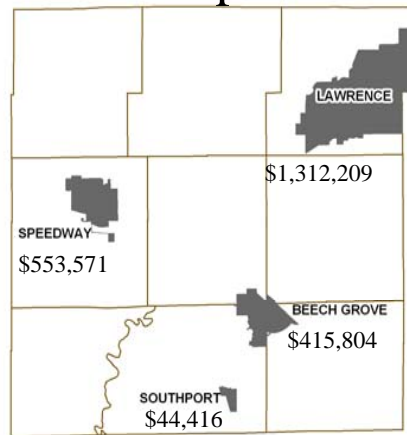
- TOWNS**
- 1 CLERMONT
 - 2 CROW'S NEST
 - 3 CUMBERLAND
 - 4 HIGHWOODS
 - 5 HOMECROFT
 - 6 MERIDIAN HILLS
 - 7 NORTH CROW'S NEST
 - 8 ROCKY RIPPLE
 - 9 SPRING HILLS
 - 10 WARREN PARK
 - 11 WILLIAMS CREEK
 - 12 WYNNEDALE



**MARION COUNTY
AND OTHER
INCLUDED TOWNS**

Marion County \$35,734,078

Map 2

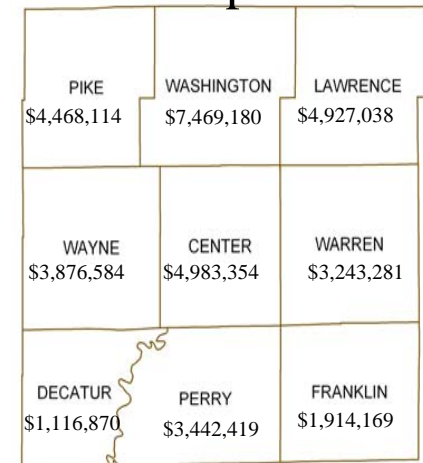


**CONSOLIDATED
CITY OF INDIANAPOLIS**

City of Indianapolis \$33,408,078

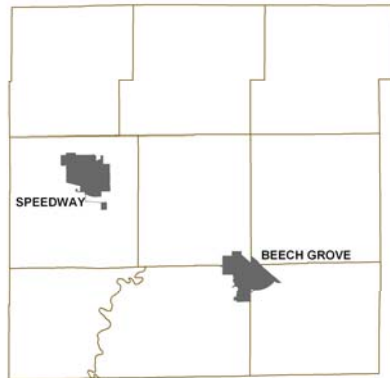
Excluded Cities & Towns \$2,326,000

Map 3



TOWNSHIPS

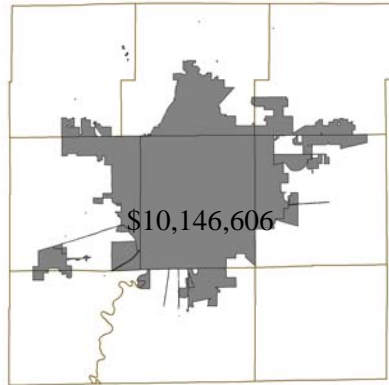
Map 4



LIBRARIES

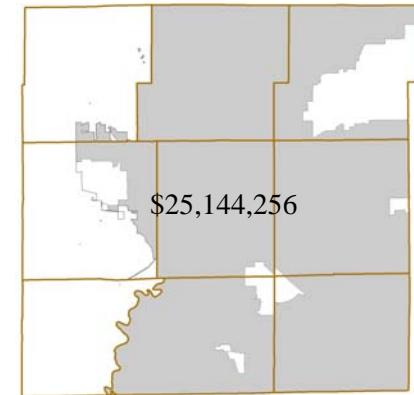
Beech Grove	\$389,149
Speedway	\$553,571
Marion County Libraries	\$34,791,357

Map 5



**INDIANAPOLIS
POLICE SERVICE DISTRICT**

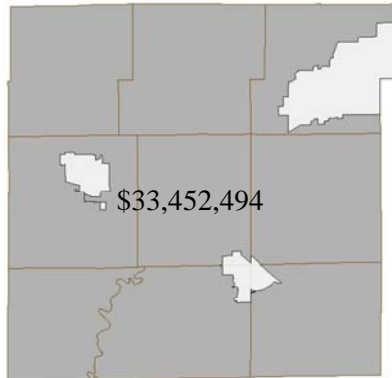
Map 6



**INDIANAPOLIS
FIRE SERVICE DISTRICT**

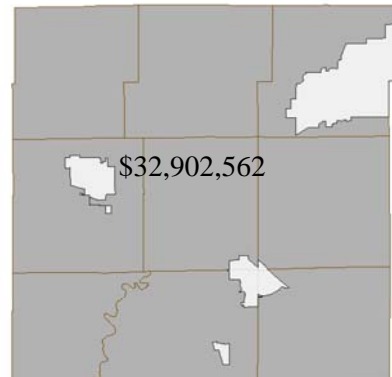
(Outside of this district, townships and excluded cities and towns provide the fire service.)

Map 7



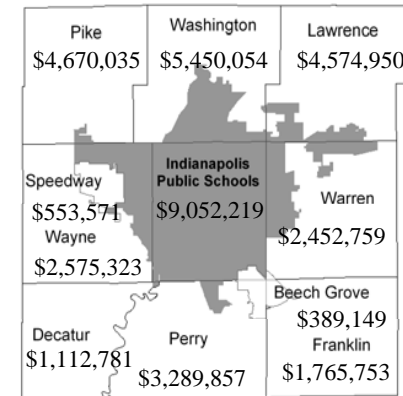
**INDIANAPOLIS SOLID WASTE
SPECIAL SERVICE DISTRICT**

Map 8



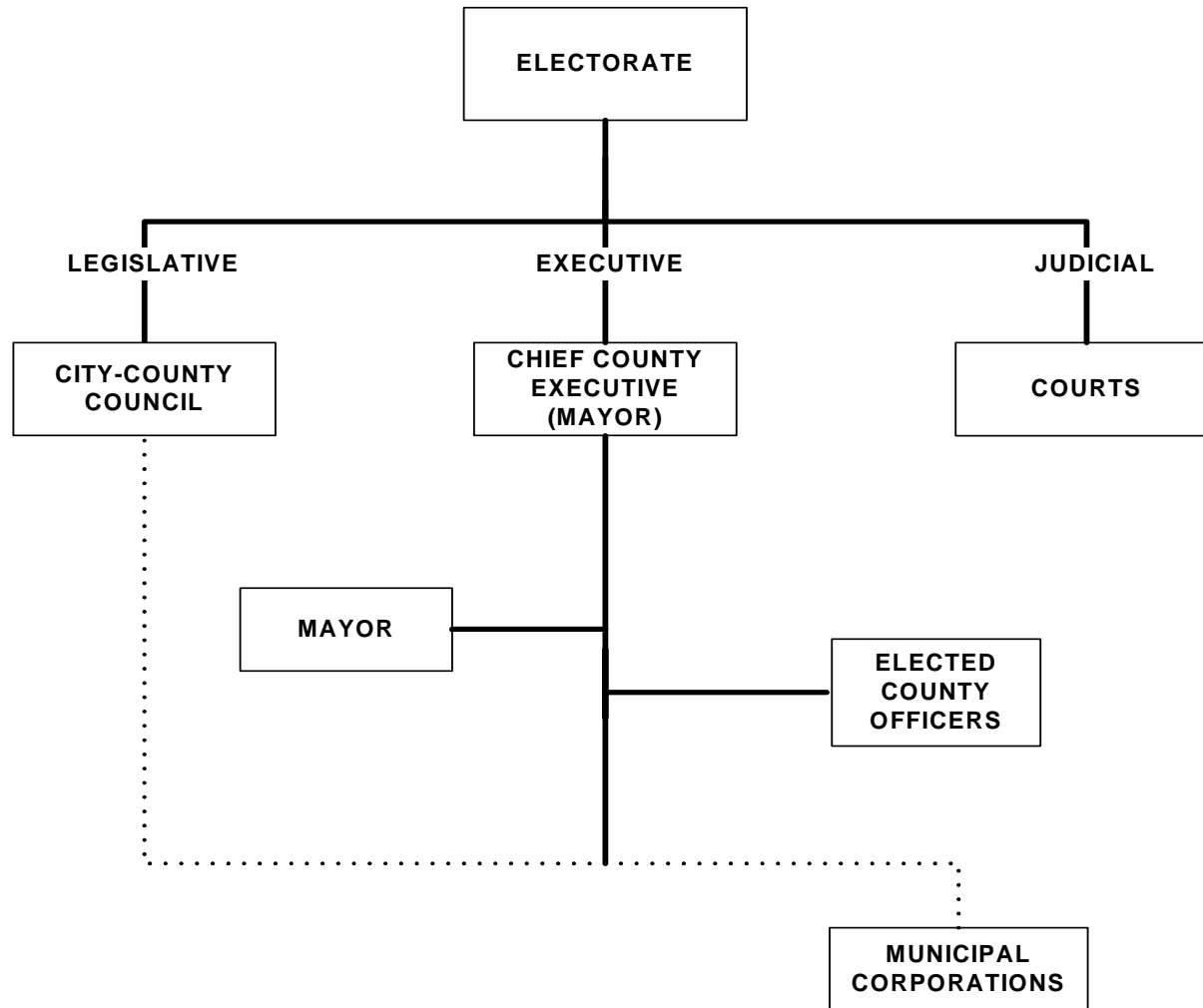
**INDIANAPOLIS
SANITARY DISTRICT**

Map 9

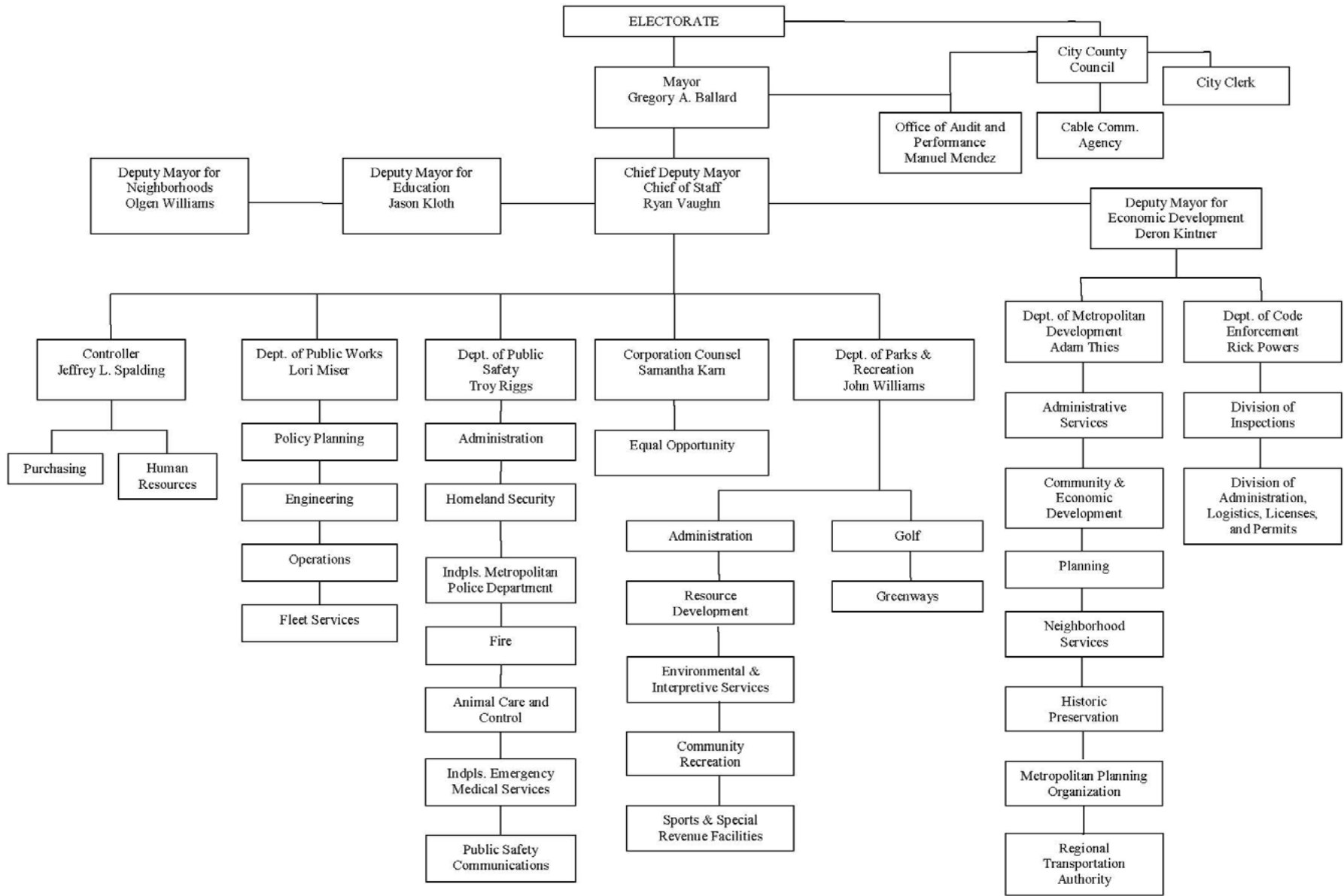


SCHOOL DISTRICTS

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



City of Indianapolis Organization Chart
December 31, 2012



CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS
December 31, 2012

ELECTED OFFICIALS*

Name	Title	Service	Occupation
Gregory A. Ballard	Mayor	4	Mayor and Chief County Executive
Maggie Lewis	City-County Council President	5	Executive Director, Dove Recovery House for Women
John Barth	City-County Council Vice President	1	Vice President of Compliance and Regulatory Affairs
Zach Adamson	City-County Councillor	1	Owner, Just Hair
Vernon Brown	City-County Councillor	9	Indianapolis Fire Department Battalion Chief
Virginia J. Cain	City-County Councillor	9	Homemaker and Community Organizer
Jeffrey Cardwell	City-County Councillor	5	Small Business Owner
Jose Evans	City-County Councillor	5	CEO, Evans & Associates
Aaron Freeman	City-County Councillor	3	Self-Employed Attorney at Law
William Gooden	City-County Councillor	1	Attorney
Monroe Gray, Jr.	City-County Councillor	21	Retired
Pamela Hickman	City-County Councillor	1	Retired, Co-owner, Patora Fine Jewelers
Jason Holliday	City-County Councillor	1	Account Executive, Ray's Trash Service
Ben Hunter	City-County Councillor	5	Public Safety Director, Butler University
Robert Lutz	City-County Councillor	6	Self-Employed Attorney at Law
Brian Mahern	City-County Councillor	5	Policy Analyst, Indiana Utility Regulatory Commission
Angela Mansfield	City-County Councillor	9	Attorney and Certified Public Accountant
Frank Mascari	City-County Councillor	1	Jeweler, Spalding Jewelry
Janice McHenry	City-County Councillor	5	Retired
Michael McQuillen	City-County Councillor	5	Owner, PoliticalParade.com
Jeff Miller	City-County Councillor	1	Capgemini Consulting
Mary Bridget Moriarty Adams	City-County Councillor	25	Human Resources Manager, Marion County Assessor's Office
William C. Oliver	City-County Councillor	9	Retired
Vop Osili	City-County Councillor	1	Architect/Principal, A+X Design and Development
Marilyn Pfisterer	City-County Councillor	9	Retired
Leroy Robinson	City-County Councillor	1	Administrator – Dean of Students, MSD Pike Township
Jack Sandlin	City-County Councillor	3	Consultant, Jack Sandlin & Associates
Christine Scales	City-County Councillor	5	Retired

CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS (Cont.)

December 31, 2012

Name	Title	Service	Occupation
Joseph Simpson	City-County Councillor	1	Director of Administration, Indiana Legal Services
Steve Talley	City-County Councillor	1	Financial Analyst, Department of Public Safety
Claudia O. Fuentes	Ex-Officio City Treasurer	1	Marion County Treasurer

* The term of office for all elected officials expires December 31, 2015, except for the Marion County Treasurer, whose term expires December 31, 2016.

APPOINTED OFFICIALS

Name	Position	Number of Years in This Position	Number of Years Associated with City of Indianapolis – Marion County
Ryan Vaughn	Chief Deputy Mayor/Chief of Staff	1	6
Olgen Williams	Deputy Mayor for Neighborhoods	5	5
Jason Kloth	Deputy Mayor for Education	1	1
Deron Kintner	Deputy Mayor for Economic Development	1	4
Jeffrey Spalding *	Controller-Office of Finance and Management	3	3
Samantha Karn	Corporation Counsel	4	5
Adam Thies	Director of Metropolitan Development	1	1
Lori Miser	Director of Public Works	1	19
Troy Riggs	Director of Public Safety	1	1
John Williams	Director of Parks and Recreation	1	12
Rick Powers	Director of Code Enforcement	3	12
NaTrina Debow	Clerk of the City-County Council	1	8
Manuel Mendez	Director of Office of Audit and Performance	3	4

* Jeffrey Spalding was succeeded by Jason D. Dudich on May 13, 2013.

CERTIFIED PUBLIC ACCOUNTANTS BKD, LLP

CONSOLIDATED CITY OPERATIONS

EXECUTIVE & LEGISLATIVE

The Mayor is the chief executive officer of the consolidated City. The Mayor may serve unlimited four-year terms and enjoys wide appointive powers, including the right to name deputy mayors, department heads, and many board and commission members (the deputy mayor and department director appointments are subject to approval by a majority of the City-County Council). The Mayor also appoints the Controller and the Corporation Counsel for the consolidated City.

The Mayor controls the major administrative functions of the consolidated City through five departments as follows: Metropolitan Development, Public Works, Public Safety, Code Enforcement, and Parks and Recreation, each headed by a director, and through special taxing and service districts. Transactions for the Mayor's office are accounted for in the Consolidated County subfund of the General Fund. The Mayor heads a cabinet of appointed Deputy Mayors, Corporation Counsel, Controller, and Department Directors. The Office of Audit and Performance is independent of any City department, as is the Office of the Corporation Counsel and the Office of Finance and Management. These divisions report directly to the Mayor.

City-County Council

The Council staff provides efficient and economical administrative support to the local legislative branch of government. The Council is responsible for adoption of appropriations and tax rates supporting the City and County annual budgets, and reviews and recommends the five Municipal Corporations' annual budgets. The Council also confirms appointments of individuals to the positions of Deputy Mayor and Directors of UNIGOV Departments. They also enact legislation and appoint individuals to various boards and commissions of local government. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

Cable Communications Agency

The Cable Communications Agency oversees cable franchise compliance and contractual obligations, as well as prepares and supervises renewal of franchise agreements. Through WCTY/Channel 16 and Government TV2, the Cable Communications Agency provides City-County government information to Marion County citizens and supplements public safety education. Agency staff makes recommendations for the best usage of communications equipment through research of new communication models and technologies. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

Office of the Corporation Counsel

The Office of the Corporation Counsel provides legal counseling and representation for all agencies of City and County government and is headed by Corporation Counsel who is appointed by the Mayor. The Office of the Corporation Counsel is divided into four sections: Counseling, City Prosecutor, Equal Opportunity, and Litigation. Transactions for this Office are accounted for in the Consolidated County subfund of the General Fund. The responsibilities of the Office are governed by Indiana statute, which vests the Office with the authority to represent and defend the City and County and its officers in causes of action in which they are parties by virtue of their official capacity and to compromise litigation and effect settlement of pending litigation. In addition, the Office furnishes legal advice and formal opinions and conducts legal proceedings. The City Prosecutor's Office, also a part of the Office of the Corporation Counsel, initiates legal action for the purpose of enforcing City ordinances. The

preparation of nonfiscal ordinances for introduction before the City-County Council and the drafting of legislative proposals in the Indiana General Assembly are also functions of the Office of the Corporation Counsel.

Office of Finance and Management

The Office of Finance and Management is charged with the fiscal management of City and County government. Appointed by the Mayor, the City Controller ensures that financial assets of the government are protected. The office is responsible for the annual City and County budgets, financial reporting, accounting policy for the City and County, cash management, disposal of surplus assets, and federal audit relationships with transactions accounted for in the Consolidated County subfund of the General Fund.

The Division of Purchasing, which reports to the City Controller, acts as the central purchasing agent for all City and County government offices with transactions accounted for in the Consolidated County subfund of the General Fund. The division has responsibility for obtaining all necessary materials, equipment, and services.

The Human Resources division reports to the City Controller. This division is responsible for all personnel-related functions for the City, the County, the police department, and the fire department. The Human Resources division provides analysis of personnel changes, recommendations for pay grades, performance reviews of employees, and upkeep of employee information, benefits, and job status.

DEPARTMENT OF METROPOLITAN DEVELOPMENT

The Department of Metropolitan Development's primary objectives are to provide improved service delivery through effective communications, collaboration, and developmental assistance to promote partnership between the public and City government to facilitate quality housing and economic growth throughout the county. The department follows policy established by the Metropolitan Development Commission and coordinates the activities of its operating divisions: Administrative Services, Community Economic Development, Planning, Metropolitan Planning Organization, Neighborhood Services, Historic Preservation Commission, and Regional Transportation Authority. The Metropolitan Development Commission is the policy-making body of the Department of Metropolitan Development and receives staff support from the department. The Commission is composed of nine members, four of whom are appointed by the Mayor, three by the City-County Council, and two by the Board of County Commissioners.

Division of Administrative Services

The Division of Administrative Services provides managerial and financial support to other divisions in the Department of Metropolitan Development. Financial staff also offers financial management support, in the form of budgeting, financial reporting, payroll, and accounts payable/receivable management to the other department divisions consistent with established policies by federal, state, and local regulations. Transactions for this division are accounted for in the Redevelopment subfund of the General Fund.

Division of Community Economic Development

The Community Economic Development division has the responsibility of administering all U.S. Department of Housing and Urban Development grants, with transactions accounted for in the Federal and State Grants Special Revenue Funds and the Consolidated County and Redevelopment subfunds of the General Fund. The division supports activities of community development, affordable housing, neighborhood capacity building, human services, neighborhood strategic programming, and capital improvements projects. The division also administers the Unsafe Building Program in conjunction with the Health and Hospital Corporation of Marion County. Additionally, the division promotes economic development by leveraging private and public resources in support of developing affordable housing and new employment opportunities in neighborhoods, as well as managing department-owned properties throughout the City.

Division of Planning

The Division of Planning has wide-ranging responsibilities in areas of social, physical, and economic planning. It analyzes present community conditions and makes projections of future development, recommending various plans for private and public action. The division processes all land use petitions for public hearing, and reviews, revises, and updates zoning ordinances to reflect the needs of the community. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County subfund of the General Fund.

Metropolitan Planning Organization

Previously a section within the Division of Planning, this group became a separate division in 2010. The division is responsible for transportation planning activities as the Metropolitan Planning Organization (MPO) for the Indianapolis Urbanized Area. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County and Transportation subfunds of the General Fund.

Neighborhood Services

The Division of Neighborhood Services is responsible for facilitating and enhancing communications between the public and government. Staff is responsible for identifying and assisting in addressing the needs of township residents, community organizations and businesses; enlisting citizen and business participation with government and increasing public awareness of the programs and services offered by the City. Transactions are accounted for in the Consolidated County subfund of the General Fund.

Indianapolis Historic Preservation Commission

The Indianapolis Historic Preservation Commission is a semi-autonomous agency of City-County government, charged with the responsibility of designating and administering local historic areas, both districts and individual structures; promoting the preservation and re-use of historic structures; and offering technical assistance to Marion County residents and property owners. Indianapolis Historic Preservation Commission transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County subfund of the General Fund.

Regional Transportation Authority

Regional Transportation Authority is the administrative staff in support of the Central Indiana Regional Transportation Authority (CIRTA). CIRTA's mission is to develop a comprehensive system of transportation alternatives for central Indiana residents. CIRTA was created by State statute in 2004 and is governed by a 16-member board of directors who represent all nine counties in the region (Marion, Hamilton, Hancock, Shelby, Johnson, Morgan, Hendricks, Boone, and Madison), as well as municipalities and the labor organization for transportation workers. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County and Transportation subfunds of the General Fund.

DEPARTMENT OF CODE ENFORCEMENT

The Department of Code Enforcement (DCE) efficiently enforces land use requirements, business licensing, and environmental laws and facilitates responsible development, through permits, licenses, inspections, and enforcement efforts. This comprehensive strategy results in a safer environment as well as an improvement in the quality of life for the citizens of the Consolidated City of Indianapolis-Marion County.

Department Structure

DCE comprises two divisions, each with its own operational goals and activities while being unified by a common vision.

Administration, Logistics, Licenses, and Permits Division

This division provides service through the following bureaus: the Bureau of Administration and Financial Services provides administrative support for DCE and is responsible for providing financial and operational support; the Bureau of Logistical Services is responsible for DCE facilities management, technology management, document management, and information systems management; and the Bureau of Licenses and Permit Services is responsible for issuance of licenses, registrations, and permits. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

Inspections Division

This division provides service through the following bureaus: the Bureau of Construction Services performs inspections in construction areas for the purpose of securing safe construction in addition to ensuring proper safety and maintenance of existing structures and infrastructure; the Bureau of Environmental Services is responsible for conducting inspections and enforcing applicable provisions of statutes and/or ordinances relating to the protection of the environment; and the Bureau of Property Safety and Maintenance Services performs inspections and enforces provisions relating to the development, condition, maintenance, and/or use of real estate. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

DEPARTMENT OF PUBLIC WORKS

The Department of Public Works (DPW) is responsible for the following: street and traffic signal maintenance, trash collection and disposal, flood control maintenance, snow removal, and environmental remediation. DPW also has responsibility for the acquisition and maintenance of vehicles and heavy equipment used by City and County agencies. Park maintenance and forestry are also included in the DPW's set of responsibilities and duties. The department has four major divisions: Policy and Planning, Engineering, Operations, and Fleet Services. During 2011, the responsibility for the City's sanitary sewer collection system and water treatment facilities were transferred to Citizen's Energy Group (CEG). This arrangement was effective August 26, 2011. Portions of the monetary proceeds, resulting from this transaction, were approved, by City-County Council, to establish the Rebuild Indy Fund. This fund is being used in future years to fund capital improvements. In 2010, management of the Parking Meter operations was placed with Park Indy, LLC. The private group is now responsible for management of the system, including installation and repair of parking meter equipment, collection of revenue, and coordination with public business community. DPW is responsible for management of this contractual relationship. Portions of the monetary proceeds, resulting from this transaction, were approved, by City-County Council, to be used to fund capital improvements.

The Board of Public Works is the supervisory and policy-making body of the DPW. The board consists of seven members and meets twice per month. The Director of the DPW serves as the chair of the board; three members are appointed by the Mayor and three by the City-County Council. Appointees serve one-year terms at the pleasure of the appointing authority. The board holds any hearings required by law, and approves the award of all contracts.

Policy and Planning Division

The Administrative Services section manages the administration for the entire department. This includes financial and budget planning, asset management, and contractual agreements. Administrative transactions are accounted for in the Consolidated County Subfund of the General Fund, the Stormwater subfund of the General Fund, and the Federal Grants Special Revenue Fund. The section's services include the general services for budget preparation, contract administration, general accounting services, goods procurement, payroll management, data management and entry, property management, and personnel coordination and management.

The Administrative Services Section has three main areas of responsibility:

1. *Financial Services.* This section provides purchasing, accounting, and financial reporting services to all areas within the department.
2. *Business Services.* This section provides the necessary administrative functions for the department in the areas of data management, payroll, revenue collection and accounting, and other administrative services and processes.
3. *Contract Services.* This section provides administrative support and review for service contracts with the department. This section manages the processes involved with procurement and contract execution, including the Board of Public Works. The day-to-day management of the contracts remains with the operational areas responsible for solid waste removal, mowing, and street sweeping.

The Public Information Services sections assists the DPW and the City by arranging and executing public meetings, media services, public speaking, departmental presentations, and neighborhood coordination. They provide public access to the many programs administered by the Engineering and Operations Divisions and throughout the DPW. This section disseminates information through the media, written publications, correspondence, and by telephone on engineering projects. This section also provides neighborhood services and citizen's relations services.

As an outgrowth of the Strategic Planning section, the Office of Sustainability was established in 2008. This office and the SustainIndy initiative, which has strong ties to the City's environmental agenda, is housed and budgeted in DPW. The charge of SustainIndy includes public-private coordination of environmentally responsible actions that impact community awareness, economic development, and quality of life in Indianapolis for today and in the future. More information regarding this initiative can be found at <http://www.sustainindy.org>.

The Office of Environmental Services (OES) was restructured, during 2009, with the management of air quality, water and land pollution abatement, and environmental remediation projects being redistributed to the State of Indiana's Department of Environmental Management (IDEM) and then recently created City Department of Code Enforcement. In 2011, the former OES staff involved with water quality was moved to CEG. The remaining former OES staff members, who are primarily involved with managing the hazardous household waste and other land pollution abatement programs, are now with the Solid Waste section. The transactions of this division are accounted for in the Solid Waste Collection, Park, and Consolidated County subfunds of the General Fund.

Engineering Division

Engineering plans, designs, constructs, reconstructs, and maintains all streets, storm sewers, roads, bridges, and thoroughfares. The department is also responsible for access control, traffic control, and street lights on the same. Excluded from the Department's control are:

1. Interstate, U.S., and State routes under the jurisdiction of the Indiana Department of Transportation; and
2. Local streets within the other incorporated cities and towns within the County.

This section's general services include development of programs and projects, inventories, transportation studies, design contract administration, service contract negotiation, construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies. Transactions for this section are recorded in the City and County Cumulative Capital Projects Funds and the Transportation, and Storm Water Management, and Rebuild Indy subfunds of the General Fund.

The Engineering Administration Section provides the necessary administrative support for implementation of the department's programs to expand and protect the City's transportation and storm water networks.

The Construction Services Section provides the necessary project scope and design criteria and determines the project schedule. Consultant selection is also a primary task for this group. This section also provides the technical expertise to accomplish all design and construction contract management for the transportation and flood control projects. This section is responsible for supervising and administering all construction contracts for transportation and storm water network improvements.

The Storm Water Engineering Section provides services including the development of programs and projects, inventories, studies, design contract administration, and service contract negotiation related to the drainage programs of the City. This also includes the review and approval of private development projects and providing technical expertise to other divisions and agencies.

The Transportation Engineering Section provides services including the development of programs and projects, inventories, transportation studies, design contract administration, and service contract negotiation related to the transportation programs of the City. This also includes construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies.

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

Operations Division

The Solid Waste Services section is responsible for collecting trash from five of the twelve solid waste districts, and managing contracts for collection in the other seven districts. The section also monitors the financial and technical aspects of the resource recovery waste districts. Approximately 250,000 tons of trash is collected annually. Household refuse is disposed of at the Indianapolis Resource Recovery Facility where the waste is burned and steam is generated. The steam is sold to a local power company. The Solid Waste Management section also monitors the financial and technical aspects of the resource recovery facility's operations. Other waste, such as construction debris, is taken to the Southside Landfill. Other services of the Solid Waste Management include the removal of dead animal carcasses from the public right of way and operation of drop-off recycling programs. Section transactions are accounted for in the Solid Waste Collection and the Solid Waste Disposal subfunds of the General Fund.

The Maintenance Services Section has six main areas of responsibility:

1. *Traffic Operations.* Responsible for the implementation and operation of all traffic control features of the transportation network. Ensures traffic safety and guides motorists throughout the City through signals, signs, and pavement markers.
2. *Street Maintenance.* Responsible for the maintenance of all roads, bridges, and other transportation facilities under the City's jurisdiction. Also responsible for preventative maintenance and snow and ice removal on City streets.
3. *Grass and Weeds.* Responsible for mowing of levees, parkways, and private weed enforcement lots.
4. *Building and Grounds.* Responsible for maintaining DPW facilities and the Monon Trail.
5. *Customer Services.* Responds within three days to citizen complaints that are called into the Mayor's Action Center such as cave-ins, flooding and drainage problems, street and sidewalk problems, illegal dumping, and graffiti. Service requests are directed to the Township Coordinators who complete over 20,000 inspections per year. Customer Services also works closely with the utility companies and other City and County departments.
6. *Park Maintenance and Forestry.* Maintains the grounds and facilities of the City's park system. Also manages the urban canopy, through the Forestry Section.

The section's general services include road and bridge maintenance and reconstruction, resurfacing, curb and sidewalk replacement and repair, street repair, weed control, mowing, road side drainage, shoulder maintenance, pavement joint maintenance, guard rail installation and repair, emergency maintenance functions (barricading and temporary repairs), snow and ice removal, litter pick-up in the downtown area, traffic signal installation, modernization and maintenance, pavement markings, and traffic sign manufacturing and installation. Transactions for this section are recorded in the Transportation, Solid Waste Collection, and Storm Water Management subfunds of the General Fund, the Parking Special Revenue Fund, the Consolidated County Subfund of the General Fund, and the Park General subfund.

The Indianapolis Fleet Services (IFS) is responsible for the maintenance; fueling, monitoring, and repair of all vehicles and other equipment owned by the City and has all powers and duties necessary for operation of a municipal garage. IFS also maintains and supplies fuel for vehicles and equipment owned by a number of other governmental agencies on a contractual basis. Transactions for this Division are accounted for in the Consolidated County subfund of the General Fund. The costs associated with maintaining and fueling city-owned vehicles and equipment are charged back to the departments that own the equipment.

DEPARTMENT OF PUBLIC SAFETY

This department maintains order and protects the rights and property of the citizens of Indianapolis. The director retains responsibility for major policy decisions, budgeting, long-range planning, and the day-to-day coordination of six departmental divisions: Fire, Metropolitan Police, Homeland Security, Animal Care and Control, Public Safety Communications, and Indianapolis Emergency Medical Services. The director of the Department of Public Safety serves as the Mayor's appointee on many commissions and councils at the national, state, and local levels in order to coordinate the activities of Public Safety Department divisions with various other state and local criminal justice agencies.

The director appoints the Metropolitan Police, Fire, Public Safety Communications and Emergency Medical Services Chiefs for the consolidated City. The director also supervises the hiring, promotion, affirmative action, and discipline of all department divisions with the advice and assistance of two statutory boards and several non-statutory citizen boards and committees. The statutory boards include a five-member Board of Public Safety and a six-member Fire Merit Board. Transactions for this division are recorded in the Consolidated County subfund of the General Fund.

The Board of Public Safety is comprised of the Director of Public Safety and four other members, two of whom are appointed by the Mayor and two others by the City-County Council. Board members serve one-year terms at the pleasure of the Mayor or the Council.

The board studies issues related to the Department of Public Safety, which the director brings before the members; it also indicates areas requiring further study to the director. The board approves the award and amendment of contracts by the department for purchase or lease of capital equipment or other property where the contract is required to be bid under Indiana Code 36-1-12. The board also approves the employment of persons engaged by the department to render professional or consulting services.

In addition, the Citizens Police Complaint Office functions out of the Director's Office and staffs three civilian employees and is governed by the Citizens Police Complaint Review Board.

Indianapolis Metropolitan Police Department (IMPD)

This division is primarily responsible for enforcement of laws to protect life and property while creating and maintaining active police/community partnerships and assisting citizens in identifying and solving problems to improve the quality of life in their neighborhoods. The IMPD was established January 1, 2007 through the consolidation of the Indianapolis Police Department and the law enforcement force of the Marion County Sheriff. On January 1, 2007, IMPD assumed all law enforcement functions for the consolidated City. Transactions are accounted for in the Metropolitan Police sub-fund of the General Fund, which is funded from the consolidated City district that includes the entire County except for the excluded cities and towns. A portion of police operations are funded through Special Revenue Funds, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund. The Police Special Service District exists only for the purpose of the police pensions.

Indianapolis Fire Department (IFD)

This division's services include fire prevention, firefighting, and emergency rescue. The division also administers immediate first aid services, inspects buildings, investigates suspected cases of arson, gives fire and safety instructions, and provides fire and rescue training for other fire departments. The division is funded from a special service district of the consolidated City and coordinates fire protection with the Township and Volunteer Fire Departments of the District. Transactions are accounted for in the Fire subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

Division of Homeland Security

This division functions as the local Homeland Security agency. It coordinates all government and non-government organizations that deal with emergency situations, and provides unique civil preparedness skills and capabilities not available under other organizations. Transactions are accounted for in the Consolidated County, Metropolitan Police, and Fire subfunds of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

Animal Care and Control Division

This division is responsible for protecting the public from injuries, property damage, and disease caused by stray animals. Transactions are accounted for in the Consolidated County sub-fund of the General Fund. The division has the authority to capture, impound, and destroy stray animals, including wildlife.

Public Safety Communications (PSC)

This division is responsible for providing, operating, and maintaining the critical communications, data systems, and infrastructure used by emergency first responders in Marion County. PSC also is responsible for the operation of the Computer Aided Dispatch (CAD) system, Records Management Systems (RMS), a paging system, and a Firehouse alerting System. In support of our customers, and the systems that they use, we provide a 24 / 7 Customer Service Desk with personnel that are trained to mitigate problems at the customer level. Transactions are accounted for in the Public Safety Communications subfund of the General Fund

Indianapolis Emergency Medical Services (IEMS)

This division was formed to continue and advance high-quality emergency medical services care and create efficiencies for these services in Marion County. IEMS is the primary provider of ambulance and emergency medical services in Marion County. The division was formed through a collaborative effort between the Department of Public Safety and the Health and Hospital Corporation of Marion County. IEMS began operations on December 26, 2010.

DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation (Indy Parks and Recreation) provides clear leadership and well-defined direction for enhancing the quality of life for Indianapolis and Marion County residents by offering park and recreation resources that 1) provide and/or facilitate quality recreation and leisure opportunities; 2) encourage and support natural and cultural resource stewardship and environmental education; 3) include safe, clean and well-maintained park facilities for the community's use and enjoyment; and 4) promote and facilitate mutually beneficial countywide partnerships. Indy Parks and Recreation offers recreational opportunities at regional, community, neighborhood, and nature parks, as well as at schools and other facilities. The parks system includes 8 greenways, 24 recreation centers, 21 aquatic centers, 13 golf courses, 440 sports fields and courts, and 126 playgrounds. City ordinances and state statutes are enforced by Indy Parks and Recreation to protect public parklands and facility use. The Department's organization consists of seven divisions including Administration, Community Recreation, Sports and Special Revenue Facilities, Golf, Environmental and Interpretive Services, Resource Development, and Greenways. Transactions for this department are recorded in the Parks Fund, Consolidated County Fund, Parks Special Recreation Non Reverting Fund, City Cumulative Capital Fund and the Federal and State of Indiana Grants Special Revenue Funds.

Administration Division

Administration provides departmental level leadership, management, and oversight of the business operating elements. The Administration Division includes a variety of functions essential to the organization including finance, marketing and public relations, grants, alliances and partnerships, and a variety of other special projects. This division facilitates and coordinates the implementation of cross-divisional activities.

Community Recreation Division

The Community Recreation Division provides recreational services and opportunities to Marion County residents. Community Recreation's core areas include community centers, neighborhood parks, arts services, day camps, and after-school, therapeutic and senior programs.

Sports and Special Revenue Facilities Division

The Sports and Special Revenue Facilities Division provides sports programs and special facilities combined with educational opportunities for volunteers, coaches, and staff. The facilities include indoor and outdoor aquatic centers, sports courts and fields, ice rink, Velodrome, Skate Park, and BMX track.

Golf Division

The Golf Division offers golf opportunities for people of all ages and physical abilities throughout the Indianapolis community. This division manages municipal courses as well as plans and oversees capital improvements at each course. It manages course operating contracts, service contracts, and course management contracts.

Environmental and Interpretive Services Division

The Environmental and Interpretive Services Division provides quality environmental education and interpretive programs to the community through nature centers and the hub naturalist program.

Resource Development Division

Resource Development steers the direction of the department through resource planning, capital asset development, and sustainable strategic tactics. In addition to the planning tasks, this division is also responsible for land acquisition and real estate management.

Greenways Division

The Greenways Division manages, improves, and maintains the greenways system within Marion County to provide recreational and fitness opportunities, promote open space conservation, link neighborhoods with parks and other community assets, and provide environmental education for the public concerning the greenways system.

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Financial Section

Independent Auditor's Report

Mr. Jason. D. Dudich, Controller and the Audit Committee
City of Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Indianapolis (City), a component unit of the Consolidated City of Indianapolis-Marion County, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Indianapolis Housing Agency, the sole discretely presented component unit of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Indianapolis Housing Agency, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Indianapolis as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The 2011 financial statements, before they were restated for the matter discussed in Note 1.A., were audited by other auditors and their report thereon, dated July 2, 2012, expressed an unmodified opinion.

As part of our audit of the 2012 financial statements, we also audited the adjustment described in Note 1.A. that was applied to restate the 2011 financial statements. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2011 financial statements of the City other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2011 financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary, pension and other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
July 2, 2013

Management's
Discussion and Analysis

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

This Comprehensive Annual Financial Report presents an analysis of the financial activities of the City of Indianapolis ("City") for the year ended December 31, 2012 based on currently known facts, decisions, and conditions. For a comprehensive understanding of the financial statements, please review the transmittal letter at the front of this report, along with the City's financial statements, including the footnotes that follow the basic financial statements.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the City's assets exceeded its liabilities at December 31, 2012 by \$408.4 million, which represents the total net position of the City's governmental activities. Included in this net position amount is a \$337.6 million unrestricted deficit due mainly to an unfunded net pension obligation of \$401.1 million. Without this unfunded pension obligation, the net position amount would be an unrestricted surplus of \$63.5 million. The State of Indiana in 2008, agreed to reimburse the cities and towns of Indiana for pension costs for members of the pre-1977 pensions plans effective January 1, 2009. See the pension note to the financial statements for further discussion of the City's pension plans.
- On a government-wide basis, for 2012, the City's total expenses were \$898.7 million or \$112.1 million more than the \$786.6 million generated in charges for services, grants, taxes, and other revenues.
- As of December 31, 2012, the City's governmental funds reported combined ending fund balances of \$604.1 million. Of this amount, \$1.9 million was nonspendable, \$294.0 million was restricted, \$134.2 million was committed, \$96.7 million was assigned, and \$77.3 million was unassigned.
- The unassigned fund balance for the general fund was \$82.9 million or 14% of total general fund expenditures.
- The general fund revenues were \$39.7 million higher than original budget estimates.
- In 2012, the City issued \$42.3 million in governmental activities debt which included \$24.4 million for refunding of bonds, \$2.7 million for redevelopment, and \$15.2 million for economic development.
- Effective January 1, 2012, the Indianapolis Housing Agency ("Housing Agency") is included as a discretely presented component unit of the City because it possesses the corporate powers that would distinguish it as being a legally separate entity and because the Mayor and Council appoint a voting majority of the Housing Agency's governing body and can remove a board member at will. Prior to 2012, the Housing Agency had been reported as an enterprise fund of the City. This correction resulted in the elimination of the City's business-type activities and sole enterprise fund and the reclassification of the Housing Agency's beginning of year net position of \$103.7 million to the component unit discrete presentation in the City's statement of activities.

OVERVIEW OF FINANCIAL STATEMENTS

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

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, capital projects, and permanent). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, revenue debt service fund, federal grants fund, and economic development capital projects fund which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds are provided in the form of combining statements as supplementary information.

2. *Proprietary Funds.* Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following type of proprietary funds:
 - *Internal Service Funds* are used to report activities that provide services for certain City programs and activities. The City uses internal service funds to provide for the financing of workers' compensation, auto liability, employee health insurance, and public liability self-insurance for all City departments, as well as for the centralization of certain payments of awards, refunds, and indemnities.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

3. *Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of individuals or units of other governments. The City is the trustee or fiduciary responsible for assets that can be used for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City's pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the basic financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the general fund, federal grants special revenue fund, and required supplementary information pertaining to the City's progress in funding its obligation to provide pension and postretirement benefits to its employees.

Additional Supplementary Information

The combining statements provide subfund-level detail for the general fund and fund-level detail for all nonmajor governmental funds, internal service funds, pension trust funds, and agency funds. Also in this section are comparisons of actual to budget for all other annually budgeted funds.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's governmental activities net position at December 31, 2012 and 2011 were \$408.4 million and \$520.5 million, respectively.

	Governmental activities 2012	Governmental activities 2011
	<u>2012</u>	<u>2011</u>
Assets:		
Current and other assets	\$ 800,606	\$ 964,565
Capital assets, net of accumulated depreciation	1,446,382	1,402,395
Total assets and deferred outflow of resources	<u>2,246,988</u>	<u>2,366,960</u>
Liabilities:		
Long-term liabilities	1,711,712	1,716,643
Other liabilities	126,926	129,820
Total liabilities and deferred inflow of resources	<u>1,838,638</u>	<u>1,846,463</u>
Net position:		
Net investment in capital assets	621,413	605,824
Restricted	124,511	188,976
Unrestricted (deficit)	(337,574)	(274,303)
Total net position	<u>\$ 408,350</u>	<u>\$ 520,497</u>

ANALYSIS OF NET POSITION

As noted earlier, net position may serve as a useful indicator of a government's financial position. The largest portion of the City's net position reflects its investments of \$621.4 million in capital assets (e.g., net book value of land, buildings, equipment, and infrastructure), less related outstanding debt used to acquire those assets. The 2011 balance was \$605.8 million. The increase is primarily due to capital asset additions exceeding disposals and depreciation during 2012. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities. Included in the City's total net position is \$124.5 million, versus \$189.0 million in 2011, which represents resources that are subject to external restrictions on how they may be used.

All net position generated by governmental activities are either externally restricted, restricted by enabling legislation, or invested in capital assets. Consequently, unrestricted governmental net position showed a \$337.6 million deficit at the end of the year as compared to a \$274.3 million deficit for the prior year. This deficit does not mean the City does not have resources available to pay its bills. Rather, it is the result of having long-term commitments that are greater than currently available resources, mainly net pension obligations of \$401.1 million for police and firefighters hired before May 1, 1977 and postemployment obligation of \$87.6 million.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

Changes in net position. The City's total revenue (including transfers) on a government-wide basis for 2012 was \$786.6 million and \$870.6 million for 2011. Taxes represent 62% of the City's revenue (53% for 2011). Another 11 % of revenue (21% in 2011) came from fees charged for services, and the remainder came from grants and contributions, interest earnings, and miscellaneous revenues. The total decrease in charges for services of \$203.8 million was mainly due the sale of the water utility and wastewater collection and treatment facilities to Citizens Energy Group (CEG) in August 2011. The decrease of \$24.5 million in capital grants and contributions can be attributed to the decrease of grant contributions from the State of Indiana for public work projects. In addition, the decrease of \$17.5 million in operating grants and contributions can be attributed to reduction in grants.

The total cost of all programs and services was \$898.7 million for 2012 (\$1,085.5 million for 2011). The decrease was due to the sale of the water utility and wastewater collection and treatment facilities' to CEG in August 2011. The City's expenses cover a range of typical City services.

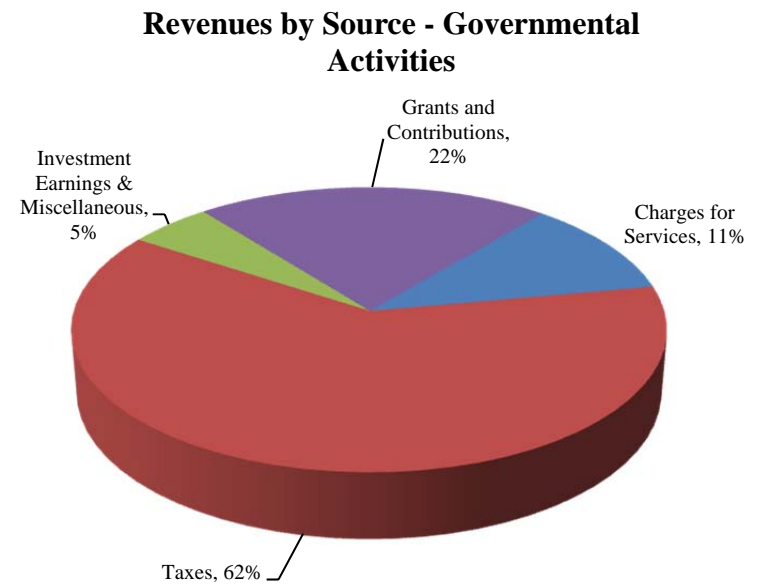
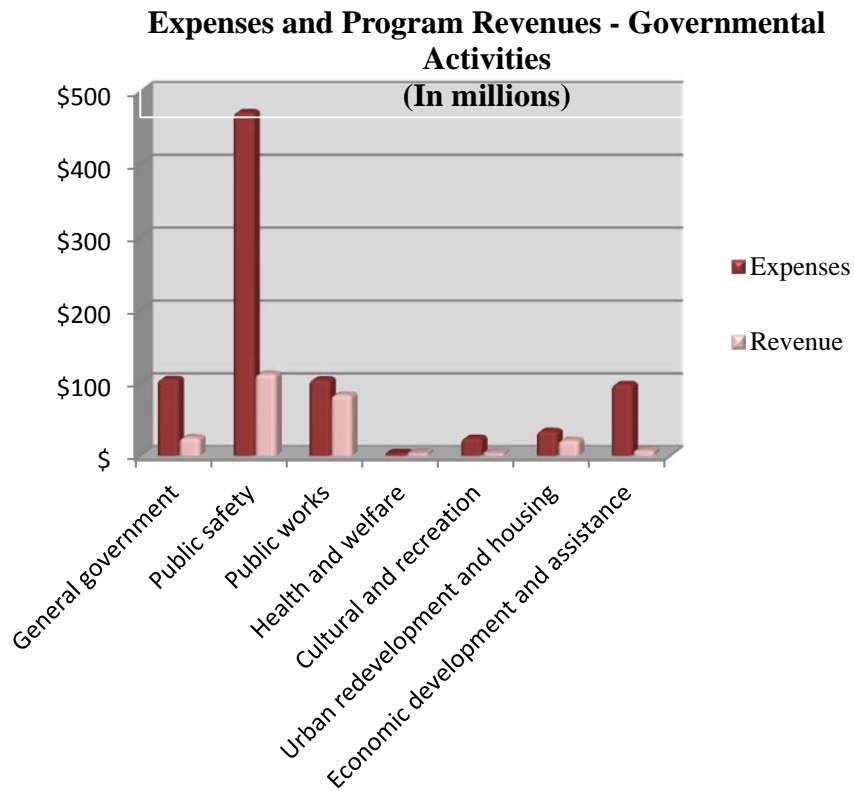
Schedule of Changes in Net Position
For the Year Ended December 31, 2012 and 2011
(dollars in thousands)

	<u>Governmental activities 2012</u>	<u>Governmental activities 2011</u>	<u>Business-type activities 2011</u>	<u>Total 2011</u>
Revenues:				
Program revenues				
Charges for services	\$ 89,726	\$ 185,264	\$ 108,281	\$ 293,545
Operating grants and contributions	143,556	161,033	—	161,033
Capital grants and contributions	27,176	51,681	—	51,681
General revenues:				—
Property tax	277,122	256,517	—	256,517
Other taxes	208,773	203,038	—	203,038
Other general revenues	40,247	27,647	721	28,368
Total revenues	<u>786,600</u>	<u>885,180</u>	<u>109,002</u>	<u>994,182</u>
Expenses:				
General government	105,393	60,880	—	60,880
Public safety	471,761	442,327	—	442,327
Public works	104,763	252,332	—	252,332
Health and welfare	3,904	4,496	—	4,496
Cultural and recreation	24,651	30,705	—	30,705
Urban redevelopment and housing	33,969	47,262	—	47,262
Economic development and assistance	98,386	79,164	—	79,164
Interest	55,920	69,382	—	69,382
Waterworks	—	—	98,952	98,952
Total expenses	<u>898,747</u>	<u>986,548</u>	<u>98,952</u>	<u>1,085,500</u>
Transfers	—	(18,777)	18,777	—
Special item – gain on sale of water and wastewater utilities	—	4,186	35,001	39,187
Change in net position	<u>(112,147)</u>	<u>(115,959)</u>	<u>63,828</u>	<u>(52,131)</u>
Net position, beginning of year, as restated	<u>520,497</u>	<u>636,456</u>	<u>(63,828)</u>	<u>572,628</u>
Net position, ending	<u>\$ 408,350</u>	<u>\$ 520,497</u>	<u>\$ —</u>	<u>\$ 520,497</u>

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

Governmental activities. Governmental activities decreased the City's net position by \$112.1 million compared to a decrease of \$116.0 million in the prior year. Total expenses for governmental activities for 2012 were \$898.7 million, a decrease of \$87.8 million from the prior year mainly due to the sale of the wastewater collection and treatment facilities' to CEG in August 2011 and the reduction of the related expenses. Charges for service decreased approximately \$95.5 million primarily due to the sale of the wastewater collection and treatment facilities.

The following charts provide the City's governmental program revenues and expenses by function and revenues by source for 2012. As shown, public safety is the largest function of expense. General revenues such as property tax are not shown by program, but are included in the revenues by source chart to show their significance. Taxes are used to support program activities city-wide.



CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The focus of the City's governmental funds is to provide information on inflows and balances of resources that are available for spending. An unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2012, the unassigned fund balance of the general fund was \$82.9 million while the total general fund balance was \$348.7 million (as compared to \$372.4 million in 2011). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 14% of total general fund expenditures and transfers out (as compared to 12% for 2011), while total fund balance represents 58% (53% for 2011) of total general fund expenditures and transfers out. The fund balance in the City's general fund decreased by \$23.7 million or 6% from the prior year fund balance.

The revenue debt service fund ended the year with a \$154.7 million fund balance (as compared to \$182.6 million in 2011) which was restricted for debt service. The fund balance for the revenue debt service fund decreased by \$27.9 million due mainly to transfers made for capital projects. The federal grants fund balance increased by \$2.0 million which can be attributable to the timing of reimbursements from the federal government. The economic development capital projects fund ended the year with a restricted fund balance of \$25.3 million and a total fund balance of \$25.3 million, a decrease of \$53.2 million over the prior year. The reduction is due to spending down the bond proceeds received by this fund.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the pension trust funds for police and firefighters hired before May 1, 1977. At the end of 2012, the net position of these pension funds were \$1.2 million, which represents a decrease of \$2.2 million in total net position during the year. Effective January 1, 2009, all pension payments are funded by the State of Indiana. No further funding is required by the City.

The City is the custodian of certain agency funds, and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of other entities, there are no net assets. At the end of 2012, the combined gross assets of the agency funds totaled \$15.7 million (\$18.9 million in 2011). This amount is composed of activity from the following agency funds: Sanitation 15 Year Law, UAL Personal Property, E-911 Allocation, DPS Retiree Health Insurance, IPD Confiscated Cash, and Other.

General Fund Budgetary Highlights

The final budget for the City's general fund represents the original budget plus any adjustments to appropriations during the year. It does not include encumbrances carried over from the prior year. In 2012, there was a \$28.9 million decrease in appropriations to the original general fund budget consisting primarily of \$36.8 million for capital outlays. This was due to a reduction in the appropriation of the Rebuild Indy subfund which was reallocated to the 2013 Rebuild Indy subfund budget.

Excluding prior year encumbrances, the original general fund expenditures budget for 2012 was \$603.5 million. The final general fund expenditures budget was \$574.7 million. Actual expenditures were \$539.8 million. Of the total \$34.9 million underspent from the final budget, \$6.3 million was in public safety, \$4.2 million was in public works, \$20.6 million was in capital expenditures, and \$3.0 million was in general government. General revenues were originally estimated at \$421.1 million, final estimated at \$463.3 million, and the actual was \$460.8 million.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had a net investment of \$1.4 billion in capital assets at December 31, 2012 (net of accumulated depreciation of \$2.2 billion) in a broad range of capital assets. This amount represents a net increase for the current year (including additions and deductions) of \$44.0 million.

	Governmental activities 2012	Governmental activities 2011
Land	\$ 50,289	\$ 48,915
Construction in progress	236,585	179,976
Buildings	239,889	245,857
Improvements	66,722	68,212
Equipment	70,800	77,306
Infrastructure	782,097	782,129
Total	<u>\$ 1,446,382</u>	<u>\$ 1,402,395</u>

Major capital asset additions in 2012 for governmental activities included:

- \$128.0 million of additions to construction in progress, principally infrastructure, and equipment. Reductions to construction in progress were \$71.4 million which was transferred into infrastructure.
- \$5.0 million of additions to buildings, principally energy retrofit projects at various sites, and improvements at parks and recreation facilities.
- \$12.6 million of additions to equipment, principally for public safety and public works vehicles.
- \$92.8 million of additions to infrastructure, principally \$9.5 million for drains and \$62.1 million for streets, curbs, and sidewalks and \$7.7 million for bridges.

Donated capital assets for governmental activities were \$2.8 million, principally infrastructure and vehicles. Depreciation expense for 2012 for governmental activities was \$112.8 million.

At December 31, 2012, the City had commitments related to ongoing capital asset construction projects of \$72.3 million.

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

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

Long-term Debt

At the end of 2012, the City had outstanding long-term debt and other long-term obligations for governmental activities of \$1.71 billion, compared to \$1.72 billion at December 31, 2011 as shown below:

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

	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>% Change</u>
Governmental activities:			
Serial bonds payable	\$ 210,616	\$ 218,188	(3.5) %
Tax increment bonds payable	632,594	650,409	(2.7)
Revenue bonds payable	264,850	271,313	(2.4)
Deferred loss on refunding	(7,096)	(5,793)	22.5
Deferred discounts	(100)	(416)	(76.0)
Deferred premiums	33,947	35,140	(3.4)
Long-term notes payable and certificates of participation	46,150	37,300	23.7
Capital lease payable	8,175	8,175	—
Net pension obligation	401,116	396,147	1.3
Postemployment benefit obligation	87,645	73,213	19.7
Early retirement obligation	—	879	(100.0)
Compensated absences	33,815	32,088	5.4
Total	<u>\$ 1,711,712</u>	<u>\$ 1,716,643</u>	

The increase in the net pension obligation reflects the pay-as-you-go pension plan, which is not funded and continues to grow each year.

Bonds

On September 25, 2012, the City issued its Redevelopment District TIF Revenue Bonds, Series 2012 A, in the amount of \$2,715 to the Bond Bank, which issued its related Series 2012 A bonds in the amount of \$2,715, respectively. The proceeds from the bonds were used to repay the Redevelopment Note Series, 2007 E (ERTEL).

On November 1, 2012, the City issued Economic Development Tax Increment Revenue Bond Anticipation Notes, Series 2012 A (“Series 2012 A BANs”) in the amount of \$15,200. The proceeds are being used to design, construct, and equip a new five-story parking garage facility, containing approximately 1,020 spaces. These notes have a maturity date of July 1, 2013 and subsequent to December 31, 2012 and as later described in the notes to the basic financial statements, the City refinanced the Series 2012 A BANs through the issuance of its Economic Development Tax Increment Revenue Bonds, Series 2013 A.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2012

On December 20, 2012, the City issued its Special Program Refunding Bonds, Series 2012 A and B, in the amounts of \$7,690 and \$16,725 to the Bond Bank, which issued its related Series 2012 I and 2012 J Bonds in the amount of \$7,690 and \$16,725, respectively. The proceeds from these bonds, together with other available funds on hand, were used to refund all of the City's outstanding Economic Development Series 2004 B and 2004 C Bonds, which had outstanding principal amounts of \$9,300 and \$19,153, respectively.

Other Long-Term Debt

During 2007, the City implemented the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. At December 31, 2012, the net postemployment benefit obligation was \$87.6 million.

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

Bond ratings. The City's general obligation bonds are rated AAA by Standards & Poor's, AAA by Fitch, and Aaa by Moody's. The City's other debt, principally revenue bonds and notes, are rated to reflect the creditworthiness of the supporting revenue.

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

ECONOMIC FACTORS AND THE 2013 BUDGET

The 2013 original budget for all annually budgeted funds was \$736.5 million. Revisions of \$7.2 million have been made through June 2013 which was primarily due to increases in the federal grants fund appropriation.

The 2013 general fund original budget was \$571.8 million, a decrease of 5% from the 2012 original general fund budget of \$603.5 million. Revisions (additions) of \$.37 million have been made through June 2013.

Unemployment rates were as follows:

	May 2013	May 2012
City of Indianapolis	7.4%	7.3%
State of Indiana	8.3%	7.9%
United States	7.3%	8.2%

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

REQUESTS FOR INFORMATION

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

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Basic Financial Statements

CITY OF INDIANAPOLIS
Statement of Net Position
December 31, 2012
(In thousands)

	Primary Government	Component Unit
	Governmental activities	Indianapolis Housing Agency
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
Assets:		
Equity in pooled cash	\$ 297,295	\$ 11,376
Cash and investments with fiscal agents	208,883	12,936
Investments	195,204	802
Property taxes receivable	9,173	—
Accounts receivable, less allowance for uncollectibles	22,466	1,985
Due from federal and state governments	16,019	200
Other assets	—	3,042
Long-term receivables, less allowance for uncollectibles	37,188	5,884
Restricted assets	—	4,091
Deferred bond and note issuance costs	14,289	—
Capital assets:		
Land	50,289	17,232
Infrastructure, net of accumulated depreciation	782,097	—
Other capital assets, net of accumulated depreciation	377,411	140,787
Construction in progress	236,585	3,641
Total assets	2,246,899	201,976
Deferred outflow of resources	89	—
Total assets and deferred outflow of resources	\$ 2,246,988	\$ 201,976

(Continued)

CITY OF INDIANAPOLIS
Statement of Net Position
December 31, 2012
(In thousands)

	Primary Government	Component Unit
	Governmental activities	Indianapolis Housing Agency
LIABILITIES AND DEFERRED INFLOW OF RESOURCES		
Liabilities:		
Accounts payable and other current liabilities	\$ 82,602	\$ 6,235
Accrued interest payable	21,839	4
Unearned revenue	3,196	—
Customer deposits	—	136
Other liabilities	—	803
Derivative instrument – interest rate swap	89	—
Long-term liabilities:		
Due within one year	99,376	42,079
Due in more than one year	1,612,336	22,951
Total liabilities	1,819,438	72,208
Deferred inflow of resources	19,200	—
Total liabilities and deferred inflow of resources	1,838,638	72,208
NET POSITION		
Net investment in capital assets	621,413	91,505
Restricted for:		
Capital projects	48,342	—
Debt service	21,803	—
Section 8 vouchers and VASH	—	4,273
Other purposes by grantors	11,212	—
Other purposes by contributor – nonexpendable	372	—
Statutory restrictions	42,782	—
Unrestricted (deficit)	(337,574)	33,990
Total net position	\$ 408,350	\$ 129,768

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

CITY OF INDIANAPOLIS
Statement of Activities
Year ended December 31, 2012
(In thousands)

	Program revenues				Net (expense) revenue and changes in net position	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government	Component Unit
					Governmental activities	Indianapolis Housing Agency
Functions/Programs						
Governmental activities:						
General government	\$ 105,393	\$ 20,982	\$ 1,088	\$ 3,127	\$ (80,196)	\$ —
Public safety	471,761	27,576	68,416	16,456	(359,313)	—
Public works	104,763	35,520	40,783	7,509	(20,951)	—
Health and welfare	3,904	74	4,537	—	707	—
Cultural and recreation	24,651	3,426	1,425	16	(19,784)	—
Urban redevelopment and housing	33,969	1,357	20,281	68	(12,263)	—
Economic development and assistance	98,386	791	7,026	—	(90,569)	—
Interest	55,920	—	—	—	(55,920)	—
Total governmental activities	<u>\$ 898,747</u>	<u>\$ 89,726</u>	<u>\$ 143,556</u>	<u>\$ 27,176</u>	<u>(638,289)</u>	<u>—</u>
Component Unit						
Indianapolis Housing Agency	\$ 67,040	\$ 6,719	\$ 51,650	\$ 14,773		6,102
Total component units	<u>\$ 67,040</u>	<u>\$ 6,719</u>	<u>\$ 51,650</u>	<u>\$ 14,773</u>		<u>6,102</u>
General revenues:						
Taxes:						
Property tax					277,122	—
Wheel tax					12,433	—
Local income tax					174,342	—
Other taxes					21,998	—
Grants and contributions not restricted by function					12,745	—
Investment earnings not restricted by function					3,481	—
Miscellaneous					24,021	1,846
Total general revenues					<u>526,142</u>	<u>1,846</u>
Change in net position					(112,147)	7,948
Net position, beginning of year, as restated					<u>520,497</u>	<u>121,820</u>
Net position, ending					<u>\$ 408,350</u>	<u>\$ 129,768</u>

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

CITY OF INDIANAPOLIS
Balance Sheet – Governmental Funds
December 31, 2012
(In thousands)

	<u>General</u>	<u>Revenue Debt Service</u>	<u>Federal Grants</u>	<u>Economic Development Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Equity in pooled cash	\$ 224,578	\$ 14,110	\$ —	\$ —	\$ 52,375	\$ 291,063
Cash and investments with fiscal agents	9,480	133,364	—	25,301	40,405	208,550
Investments	147,672	9,052	—	—	34,388	191,112
Property taxes receivable	7,887	—	—	—	1,286	9,173
Accounts receivable, less allowance of \$808	19,564	149	—	—	1,048	20,761
Due from other funds	12,506	—	—	—	—	12,506
Due from federal and state governments	108	—	15,894	—	17	16,019
Long-term receivables, less allowance of \$24,934	—	—	263	—	1,500	1,763
Total assets	<u>\$ 421,795</u>	<u>\$ 156,675</u>	<u>\$ 16,157</u>	<u>\$ 25,301</u>	<u>\$ 131,019</u>	<u>\$ 750,947</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Matured bonds payable	\$ —	\$ 1,370	\$ —	\$ —	\$ 27,076	\$ 28,446
Matured interest payable	—	614	—	—	10,402	11,016
Accounts payable and other accrued liabilities	27,929	—	6,330	—	5,637	39,896
Accrued payroll and payroll taxes	30,789	—	236	—	—	31,025
Due to other funds	—	—	3,258	—	5,186	8,444
Deferred and unearned revenue	14,354	—	11,885	—	1,771	28,010
Total liabilities	<u>73,072</u>	<u>1,984</u>	<u>21,709</u>	<u>—</u>	<u>50,072</u>	<u>146,837</u>
Fund balances:						
Nonspendable	—	—	—	—	1,872	1,872
Restricted	34,950	154,691	—	25,301	79,109	294,051
Committed	134,151	—	—	—	—	134,151
Assigned	96,691	—	—	—	—	96,691
Unassigned	82,931	—	(5,552)	—	(34)	77,345
Total fund balances (deficits)	<u>348,723</u>	<u>154,691</u>	<u>(5,552)</u>	<u>25,301</u>	<u>80,947</u>	<u>604,110</u>
Total liabilities and fund balances	<u>\$ 421,795</u>	<u>\$ 156,675</u>	<u>\$ 16,157</u>	<u>\$ 25,301</u>	<u>\$ 131,019</u>	<u>\$ 750,947</u>

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

CITY OF INDIANAPOLIS
Reconciliation of the Balance Sheet for Governmental Funds
to the Statement of Net Position
December 31, 2012
(In thousands)

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

Fund balances – total governmental funds	\$	604,110
Capital assets not reported in the fund statements		1,446,382
Net assets of internal service funds		(3,381)
Long-term receivable from sale of wastewater collection and treatment facilities assets for future general obligation debt service		35,425
Deferred inflow of resources - parking meter concession agreement		(19,200)
Long-term liabilities not in the fund statements (excludes matured bonds payable)		(1,683,266)
Deferred revenues in the fund statements not in the statement of net assets		24,814
Deferred bond and note issuance costs not in the fund statements		14,289
Accrued interest payable not in the fund statements (excludes matured interest payable)		<u>(10,823)</u>
Net position of governmental activities	\$	<u><u>408,350</u></u>

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

CITY OF INDIANAPOLIS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2012
(In thousands)

	<u>General</u>	<u>Revenue Debt Service</u>	<u>Federal Grants</u>	<u>Economic Development Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	\$ 324,225	\$ 76,163	\$ —	\$ —	\$ 87,278	\$ 487,666
Licenses and permits	14,632	—	—	—	—	14,632
Charges for services	58,799	—	69	—	2,339	61,207
Intergovernmental revenues	109,550	167	56,043	—	5,602	171,362
Intragovernmental revenues	1,650	—	—	—	—	1,650
Traffic violations and court fees	2,890	—	2,163	—	1,654	6,707
Interest and other operating revenues	18,574	1,998	48	124	16,886	37,630
Total revenues	<u>530,320</u>	<u>78,328</u>	<u>58,323</u>	<u>124</u>	<u>113,759</u>	<u>780,854</u>
Expenditures:						
Current:						
General government	23,943	—	660	—	412	25,015
Public safety	365,697	—	17,522	—	31,237	414,456
Public works	98,169	—	2,532	—	105	100,806
Health and welfare	149	—	3,716	—	—	3,865
Cultural and recreation	13,824	—	755	—	—	14,579
Urban redevelopment and housing	4,705	—	22,669	—	—	27,374
Economic development and assistance	1,711	8,000	1,215	68,404	15,906	95,236
Debt service:						
Redemption of bonds and notes	172	35,568	—	—	32,374	68,114
Interest on bonds and notes	94	20,903	—	—	29,895	50,892
Bond and note issuance costs	—	98	—	162	354	614
Operating lease payments and administration	476	910	—	—	14,953	16,339
Capital outlays	82,402	—	7,466	—	61,360	151,228
Total expenditures	<u>591,342</u>	<u>65,479</u>	<u>56,535</u>	<u>68,566</u>	<u>186,596</u>	<u>968,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,022)</u>	<u>12,849</u>	<u>1,788</u>	<u>(68,442)</u>	<u>(72,837)</u>	<u>(187,664)</u>

(Continued)

CITY OF INDIANAPOLIS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2012
(In thousands)

	<u>General</u>	<u>Revenue Debt Service</u>	<u>Federal Grants</u>	<u>Economic Development Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):						
Sales of capital assets	\$ 1,560	\$ —	\$ —	\$ —	\$ 48	\$ 1,608
Bonds and notes issued	—	2,715	—	15,200	—	17,915
Premium on bonds and notes issued	—	—	—	—	2,509	2,509
Refunding bonds issued	—	—	—	—	24,415	24,415
Payment to refunded bond escrow agent	—	—	—	—	(28,453)	(28,453)
Transfers in	41,743	5,392	6	—	18,172	65,313
Transfers out	(5,945)	(48,842)	—	(4)	(10,522)	(65,313)
Total other financing sources (uses)	<u>37,358</u>	<u>(40,735)</u>	<u>6</u>	<u>15,196</u>	<u>6,169</u>	<u>17,994</u>
Net change in fund balances	(23,664)	(27,886)	1,794	(53,246)	(66,668)	(169,670)
Fund balances (deficits) at beginning of year	<u>372,387</u>	<u>182,577</u>	<u>(7,346)</u>	<u>78,547</u>	<u>147,615</u>	<u>773,780</u>
Fund balances (deficits) at end of year	<u>\$ 348,723</u>	<u>\$ 154,691</u>	<u>\$ (5,552)</u>	<u>\$ 25,301</u>	<u>\$ 80,947</u>	<u>\$ 604,110</u>

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

CITY OF INDIANAPOLIS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year ended December 31, 2012
(In thousands)

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

Net change in fund balances – total governmental funds	\$	(169,670)
Depreciation expense reported in the statement of activities but not in the fund statements		(112,819)
Capital outlay expenditures, exceeding capitalization threshold, reported in the fund statements but reported as additions to capital assets in the statement of activities		165,296
Donations of capital assets not recorded in the fund statements		13,959
Loss on disposal of capital assets not recorded in the fund statements		(22,450)
Revenues in the statement of activities that do not provide current financial resources and are deferred in the fund statements		24,814
Revenues in the statement of activities that do not provide current financial resources, representing a long-term receivable from sale of wastewater collection and treatment facilities		(6,378)
Revenues in the fund statements but not in the current year statement of activities due to the current financial resources focus of the governmental funds		(28,663)
Bond and notes issued, including deferred premiums, reported as financing sources in the fund statements but as additions to long-term liabilities in the statement of activities		(44,839)
Bond and note principal payments, and principal refunded reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of activities		96,567
Amortization of deferred inflow of resources related to the parking meter agreement reported as expenses in the statement of activities but not in the fund statements		400
Change in net assets of internal service funds reported with governmental activities		(3,702)
Amortization of bond premium, discount, and loss on refunding reported in the statement of activities but not in the fund statements		4,689
Increase in compensated absences that is not reported in the fund statements		(1,727)
Amortization of bond and note issuance costs reported in the statement of activities but not in the fund statements, as these amounts are reported when debt is issued		(3,061)
Capital appreciation bond interest expense that is reported as interest accretes for the statement of activities but not the fund statements, as there is no cash outflow		(7,341)
Current year bond and note issuance costs that are deferred and amortized for the statement of activities but reported when paid in the fund statements		614
Accrued interest on bonds and notes payable through December 31, 2012 reported as expenses in the statement of activities but not the fund statements, net of matured interest payable		(10,823)
Accrued interest at December 31, 2012 not reported in the current year statement of activities but reported in the fund statements, as amounts were paid in the current year		11,509
Net increase in the postemployment benefit obligation and early retirement obligation that are not reported in the fund statements		(13,553)
Increase in the net pension obligation that is not reported in the fund statements		<u>(4,969)</u>
Change in net position of governmental activities	\$	<u><u>(112,147)</u></u>

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

CITY OF INDIANAPOLIS
Statement of Net Position
Proprietary Funds
December 31, 2012
(In thousands)

		Governmental activities – Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash	\$	6,232
Cash with fiscal agents		333
Investments		4,092
Accounts receivable		1,705
Total assets		<u>12,362</u>
LIABILITIES		
Accounts payable and other accrued liabilities		11,681
Due to other funds		4,062
Total liabilities		<u>15,743</u>
NET POSITION		
Unrestricted (deficit)		<u>(3,381)</u>
Total net position (deficit)	\$	<u><u>(3,381)</u></u>

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

CITY OF INDIANAPOLIS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended December 31, 2012
(In thousands)

		Governmental activities – Internal Service Funds
		<u> </u>
Operating revenues:		
Charges to other funds	\$	18,678
Operating expenses:		
Claims		22,177
Administration		209
Total operating expenses		<u>22,386</u>
Operating loss		<u>(3,708)</u>
Nonoperating revenues:		
Interest income		<u>6</u>
Changes in net position		(3,702)
Net position, beginning of year		<u>321</u>
Total net position (deficit), end of year	\$	<u><u>(3,381)</u></u>

CITY OF INDIANAPOLIS
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2012
(In thousands)

		Governmental activities – Internal Service Funds
		<u> </u>
Cash flows from operating activities:		
Receipts from users	\$	16,995
Payments for administration		(209)
Payments for claims		<u>(18,095)</u>
Net cash used in operating activities		<u>(1,309)</u>
Cash flows from investing activities:		
Sales and maturities of investments		5,191
Investment purchases		(4,092)
Interest on investments		<u>6</u>
Net cash provided by investing activities		<u>1,105</u>
Net decrease in cash		(204)
Cash, beginning of year		<u>6,769</u>
Cash, end of year	\$	<u><u>6,565</u></u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$	(3,708)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Change in assets and liabilities:		
Accounts receivable		(1,683)
Accounts payable and other accrued liabilities		<u>4,082</u>
Net cash used in operating activities	\$	<u><u>(1,309)</u></u>

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

CITY OF INDIANAPOLIS
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2012
(In thousands)

	ASSETS		Police and Firefighters' Pre-1977 Pension Trust Funds		Agency Funds
Equity in pooled cash		\$	722	\$	9,183
Investments			475		6,031
Accounts receivable			—		478
Total assets			1,197	\$	15,692
	LIABILITIES				
Accounts payable and other accrued liabilities			12	\$	15,692
Total liabilities			12	\$	15,692
	NET POSITION				
Held in trust for pension benefits		\$	1,185		

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

CITY OF INDIANAPOLIS
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
Year ended December 31, 2012
(In thousands)

		Police and Firefighters Pre-1977 Pension Trust Funds
ADDITIONS		
State of Indiana pension subsidy received from the General Fund	\$	55,433
Total additions		55,433
DEDUCTIONS		
Benefits		57,625
Total deductions		57,625
Change in plan net position		(2,192)
Net position – beginning of year		3,377
Net position – end of year	\$	1,185

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Indianapolis (“City”), located in Marion County, Indiana, was originally incorporated in 1832. On January 1, 1970, the government of the City, as defined by the Consolidated First-Class Cities and Counties Act, adopted by the 1969 Indiana General Assembly, and Marion County (“County”) were unified (“Consolidated City”). Their form of service delivery was consolidated and certain of the City’s service boundaries were extended to generally coincide with those of the County. Four other municipalities located within the County boundaries are specifically excluded from most functions of the Consolidated City by the consolidating act.

The City operates under an elected Mayor/City-County Council (29 members) form of government and provides the following services: public safety (police and fire), culture and recreation, community development and welfare (including planning and zoning), highways and streets, environmental service (solid waste collection and disposal), and general administrative services.

For financial reporting purposes, the City is considered to be a component unit of the Consolidated City of Indianapolis – Marion County Reporting Entity (unified government, commonly referred to as “Unigov”), as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. The elected officials, the Mayor and the City-County Council (“Council”), serve as the executive and legislative body, respectively, for both the City and the County. The City is considered a legally separate organization for which its elected officials are financially accountable. This accountability is evidenced by the elected officials’ ability to: (a) approve the budget of the City; (b) veto, override, or modify the budget; and (c) establish tax levies. Additionally, the Mayor appoints the City’s deputy mayors and the City’s department directors subject to the approval of the Council, and also appoints the City Controller and Corporation Counsel.

The City’s financial reporting entity has been determined in accordance with governmental accounting standards defining the reporting entity and identifying entities to be included in its basic financial statements. The Indianapolis Housing Agency (“Housing Agency”), is responsible for the management, operation, maintenance, and administration of public housing and public housing projects. The Housing Agency has a separate Board of Commissioners, which comprises nine members. The Mayor appoints five members while the Council appoints two members. The remaining two members are appointed from the family housing community and one from the senior community. Effective January 1, 2012, the Housing Agency is included as a discretely presented component unit of the City because it possesses the corporate powers that would distinguish it as being a legally separate entity and because the Mayor and Council appoint a voting majority of the Housing Agency’s governing body and can remove a board member at will. Prior to 2012, the Housing Agency had been reported as an enterprise fund of the City. This correction resulted in the elimination of the City’s business-type activities and sole enterprise fund and the reclassification of the Housing Agency’s beginning of year net position of \$103,671 to the component unit discrete presentation in the City’s statement of activities.

The Housing Agency has established a nonprofit entity, Insight Development Corporation, Inc. (“Insight”) (formerly known as Partners for Affordable Housing, Inc.), which is legally separate from the Housing Agency, and which is exempt from federal income tax under Section 501(c)(3). The purpose of Insight is to foster low-income housing in and around Indianapolis. Insight has as its sole member the Housing Agency and its board consists of six members, two of which are Housing Agency board members. Accordingly, Insight is considered to be a component unit of the Housing Agency and its financial information is included in the discretely presented financial information herein reported for the Housing Agency.

The Housing Agency and Insight issue separate financial statements, which can be obtained by writing to Indianapolis Housing Agency, 1919 North Meridian Street, Indianapolis, Indiana 46202.

The City’s financial reporting entity also includes the Circle Area Community Development Corporation (“CAC”), which was incorporated on July 22, 1997. CAC is reported as a blended component unit. The purpose of CAC is to benefit, perform, and carry out the charitable, educational, and other public purposes of the City. Specific purposes include encouraging, supporting, and assisting in activities, projects, and programs that promote the social welfare, beautify the public areas, and improve the effectiveness of infrastructure and foster, develop, and maintain economic development and rehabilitation in and around downtown Indianapolis.

B. Government-wide and Fund Financial Statements

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

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

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

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

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

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

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

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

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

GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions* (“GASB Statement No. 33”), groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as local income tax) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Local income tax held by the State of Indiana (“State”) is not recorded as revenue until amounts are approved for distribution by the State since the amounts are not estimable until that time. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of exchange.

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

Voluntary nonexchange transactions, such as grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

CITY OF INDIANAPOLIS

Notes to Financial Statements

December 31, 2012

(Dollars in Thousands)

All proprietary funds, pension trust funds and the discretely presented component unit financial statements are accounted for using the same measurement focus and basis of accounting as the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, except as to the accounting for certain pension costs. The City records pension payments made by the State of Indiana on its behalf as both a revenue and an expenditure. Unfunded pension obligations are recorded in the government-wide statements in the long-term liabilities due in more than one year.

All agency funds are purely custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for under the accrual basis of accounting.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Revenue Bond Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on debt of the Tax Increment Districts and on debt issued for construction of certain City golf courses and for certain other small public works projects.

The *Federal Grants Special Revenue Fund* accounts for all grants received from the U.S. Departments of Housing and Urban Development, Justice, Transportation, Homeland Security, and other miscellaneous federal agencies.

The *Economic Development Capital Projects Fund* accounts for all financial resources relating to projects funded through economic development bonds of the City.

Additionally, the City reports the following fund types:

Internal Service Funds account for the accumulation of resources to provide for the financing of workers' compensation and auto liability, and health self-insurance for all City departments, as well as provide for the centralization of certain payments of awards, refunds, and indemnities.

Fiduciary Funds are classified into subgroupings – Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Agency Funds are custodial in nature (assets equal liabilities) and account for moneys held on behalf of contractors, retirement boards, the E-911 dispatch program, and for confiscated items related to public safety activities. Pension Trust Funds are those funds held in trust for disbursement to covered employees. The City records expenditures for pension obligations as payments are made to pensioners or to the State of Indiana for state-administered plans.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all local taxes. State-shared revenues, such as cigarette tax, are reported as grants and contributions not restricted to specific functions, unless they are restricted to specific functions, such as gasoline tax, in which case they are reported as operating grants and contributions.

Indirect costs are included as part of the program expenditures reported for individual functions and activities.

D. Cash, and Investments

Investments are stated at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. At December 31, 2012, the City has \$51,141 invested in TrustIndiana, an external investment pool administered by the State of Indiana. Consistent with the provisions of a 2a-7 like pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, the portfolio securities are valued at amortized cost, which approximates fair value. The amortized cost valuation methods involve initially valuing a security at its cost on the date of purchase and thereafter accreting to maturity and discount or amortizing to maturity any premium. The City records its investment in the external pool at its share value. The Indiana Treasurer of State has been designated by State statute as the administrator of the pool and has general oversight over the daily operation of the pool.

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When funds pool cash for investments, income from the pooled investments is allocated to the funds based on the participating fund's average daily equity balance. An individual fund's negative position in the pool is reflected as an interfund liability.

E. Receivables

All trade and property tax receivables are shown net of an allowance, if any, for uncollectible balances.

Property taxes are levied as of January 1 on property values assessed as of March 1 of the previous year. The tax levy is divided into two billings due on May 10 and November 10 each year.

Noncurrent portions of long-term receivables in the governmental funds are reported on their balance sheets, notwithstanding their measurement focus. The noncurrent portion of the receivables that will ultimately result in the recognition of revenue has been reported as deferred revenue. Noncurrent portions of other long-term receivables (e.g., loans receivable and nonfinancial assets held for sale) are offset by nonspendable fund balance accounts since they are not considered available spendable resources.

F. Inventory

Inventories of the governmental funds are recorded as expenditures when purchased; it is not recorded on the statement of net position or the governmental funds balance sheet, as amounts are not considered material.

G. Capital Assets

Capital assets, which include land, land improvements, buildings, equipment, and infrastructure (e.g., streets, bridges, storm drains, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with cost or donated value beyond prescribed levels and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The prescribed capitalization levels for the City are as follows:

- All land acquired by the City is capitalized. Land improvements of \$25 or greater are capitalized.
- All new construction of City buildings is capitalized. Rehabilitation of \$75 or greater is capitalized.
- Equipment and vehicles of \$5 or greater are capitalized.
- Infrastructure projects of \$25 or greater are capitalized. Infrastructure assets acquired before January 1, 2002 have been capitalized if estimated historical cost or donated value was near or above the criteria for major infrastructure as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* ("GASB Statement No. 34").
- Assets such as computer software and easements are required to be reported as capital assets under GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. All permanent easements have historically been capitalized. Other intangible assets are capitalized if the historical cost or donated value is \$100 or greater. The City has chosen not to report, retroactively to 1980, intangible assets having indefinite useful lives and those considered to be internally generated, except for certain computer software and right-of-way easements to which recognition criteria could be effectively applied.

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Depreciation is calculated using the straight-line method and no salvage value. Depreciation lives are as follows:

Land improvements	30 years individual depreciation
Buildings	50 years individual depreciation
Building improvements	20 years individual depreciation
Equipment and vehicles	3 to 20 years individual depreciation
Streets, curbs, sidewalks, and traffic signals	30 years group depreciation
Bridges and storm lift stations	60 years individual depreciation
Storm mains, manholes, inlets, and culverts	60 years group depreciation

H. Property Taxes

Property taxes levied for all governmental entities located within the County are collected by the Treasurer of Marion County, Indiana (“Treasurer”). These taxes are then distributed by the Auditor of Marion County, Indiana (“Auditor”) to the City and the other governmental entities at June 30 and December 31 of each year. The City and the other governmental entities can request advances of their portion of the collected taxes from the Treasurer once the levy and tax rates are certified by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance typically certifies the levy on or before February 15 of the year following the property tax assessment.

The City’s 2012 property taxes were levied based on assessed valuations determined by the Auditor as of the 2011 assessed valuations, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2012 property taxes was March 1, 2011 (assessment date); however, the City does not recognize a receivable on the lien date, as the amount of property tax to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Taxable property is assessed at 100% of the true tax value. In 2012, the first half of the year 2012 taxes were due and payable to the Treasurer in May 2012. The second half of the year 2012 taxes was due and payable to the Treasurer in November 2012. Property taxes outstanding at December 31, 2012, net of allowance for uncollectible accounts, are recorded as a receivable in the governmental fund and government-wide financial statements. However, for the governmental fund financial statements, all property tax receivable amounts are recorded as deferred revenues.

I. Deferred and Unearned Revenue

Deferred revenue is reported in the fund financial statements for receivables that are not considered available at year-end or for which eligibility requirements have not been met.

Unearned revenue, on the other hand, is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be considered earned due to eligibility requirements.

J. Risk Management

The City is insured for property and certain liability losses, subject to certain deductible amounts, except that it is self-insured for auto liability, a high deductible health insurance plan, general liability (excluding certain other catastrophes), workers’ compensation inpatient services, and services delivered at a site other than that provided for in the workers’ compensation agreement. Expenses are recorded when a determinable loss is probable and the amount of the loss can be estimated.

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The change in claims for 2012 and 2011, including an estimate of incurred but not reported claims, is as follows:

	<u>Risk Management</u>	<u>Public Liability Self-Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
Unpaid claims, December 31, 2010	\$ 2,417	\$ 4,980	\$ 1,052	\$ 8,449
Incurred claims and changes in estimates	6,837	2,566	9,177	18,580
Claims paid	<u>(6,468)</u>	<u>(2,975)</u>	<u>(9,027)</u>	<u>(18,470)</u>
Unpaid claims, December 31, 2011	2,786	4,571	1,202	8,559
Incurred claims and changes in estimates	4,274	8,575	12,450	25,299
Claims paid	<u>(4,569)</u>	<u>(5,592)</u>	<u>(12,016)</u>	<u>(22,177)</u>
Unpaid claims, December 31, 2012	<u>\$ 2,491</u>	<u>\$ 7,554</u>	<u>\$ 1,636</u>	<u>\$ 11,681</u>

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

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

The City has elected to be self-insured through a high-deductible health insurance plan that is offered to current and eligible retired employees. There is a \$100 stop-loss coverage for each employee per annum. The City has contracted with a third party to service its health insurance claims. The City records a liability for the estimated outstanding claims at year-end in the self-insurance fund, which is included in accounts payable and other current liabilities in the statement of net position. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the past three years.

K. Compensated Absences

City employees earn benefit leave days (in lieu of all vacation, sick, and other accrued leave time), which accumulate to a maximum of 37 days per year, depending on length of service. 176 hours earned benefit leave can be carried forward to subsequent years, and an additional 80 hours can be carried forward upon appropriate approval. Accumulated unused sick leave earned before September 1, 1994 is payable only upon the death or retirement of an employee, and only half the accumulated sick leave is then payable.

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated benefit and sick leave days are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. The entire cost of benefit and sick leave is recorded in the government-wide financial statements. Certain amounts have been recorded in the governmental fund financial statements, since such amounts came due (matured, for example, as a result of employee resignations and retirements) during the year ended December 31, 2012.

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L. Estimates and Uncertainties

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported changes in amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

M. Interfund Transactions

All outstanding balances between funds are reported as “due to/from other funds.”

Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures if they involved organizations external to the City. Certain internal payments are treated as a reduction of expense, such as reimbursements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

N. Amortization of Bond Costs and Deferred Amounts on Refundings

In the government-wide financial statements and the proprietary fund types in the fund financial statements, bond or note discounts and premiums are recorded as a reduction or addition to the debt obligation, and debt issuance costs are recorded as deferred charges. Discounts and premiums are amortized as a component of interest expense over the term of the related bonds using the effective-interest method, while debt issuance costs and deferred gains/losses on refunding are amortized are similarly amortized using the straight-line method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Deferred Inflow of Resources

In accordance with GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (“GASB Statement No. 60”), the City has recorded upfront payments received under a parking meter concession agreement as a deferred inflow of resources on the government-wide statement of net position. The deferred inflow of resources is being amortized using the straight-line method over the term of the agreement.

P. Net Position/Fund Balances

During 2012, the City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement has been applied retrospectively and had no impact on the City’s net position, changes in net position or financial reporting disclosures.

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

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

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

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

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

- 1) *Nonspendable* – This consists of resources that are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- 2) *Restricted* – This consists of resources that can be spent only for the specific purpose stipulated by constitution, external parties (e.g., grantors, creditors, or other governments), or enabling legislation.
- 3) *Committed* – This consists of resources that can only be used for specific purposes pursuant to formal action of the government’s highest level of decision-making authority. The City’s highest level of decision-making level authority rests with the Council. Resources are reported as committed by the Council through passage of an ordinance. The Council can modify or rescind a commitment of resources through passage of a new ordinance.
- 4) *Assigned* – This consists of resources constrained by the government’s intention to use them for specific purposes, but are neither restricted nor committed. Assignments are made by the City Controller. Within the assigned fund balance for the General Fund are encumbrances of \$41,495, which have been assigned to cover future purchases.
- 5) *Unassigned* – This consists of residual fund balances that do not meet the criteria of nonspendable, restricted, committed, or assigned.

Effective August 2011, the Council established the Fiscal Stability Subfund under Fiscal Ordinance No. 11, which is reported in the Consolidated County Subfund of the City’s General Fund. At December 31, 2012, the unassigned fund balance of the Fiscal Stability Subfund is \$80,246.

The City’s policy is to apply expenditures to restricted resources first, then committed, then assigned, and finally to unassigned, as applicable.

Q. Implementation of GASB Statement No. 62

During 2012, the City adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in 7 of that Statement to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. This Statement has been applied retrospectively and had no impact on the City’s net position, changes in net assets or financial reporting disclosures.

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R. Future Adoption of Accounting Pronouncements

GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No 27*, Statement No. 69, *Government Combinations and Disposal of Government Operations* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The City intends to implement these GASB Statements, as applicable, on their respective effective dates.

2. Cash Deposits and Investments

As of December 31, 2012, the City had the following cash deposits and investments:

Cash and investments	\$	492,499
Cash and investments with fiscal agents		208,883
Cash and investments – Fiduciary Funds		<u>16,411</u>
Total cash and investments	\$	<u><u>717,793</u></u>

Deposits

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

The City’s total cash deposits at December 31, 2012 were \$241,453. The City’s cash deposits are insured up to \$250 at financial institutions insured by the Federal Deposit Insurance Corporation’s (FDIC). Any cash deposits in excess of the \$250 FDIC limits are partially or fully collateralized by the depository institution and insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Investments

Indiana statutes authorize the City to invest in United States obligations and issues of federal agencies, Indiana municipal securities, secured repurchase agreements fully collateralized by U.S. Treasury or U.S. agency obligations, certificates of deposit and open-end money market mutual funds.

It is the policy of the City to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state/local statutes governing the investment of public funds. The primary objectives, in priority order, of the City’s investment activities shall be:

Safety: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.

Return on Investments: The City’s investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City’s investment risk constraints and the cash flow characteristics of the portfolio.

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Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City's investment policy provides that the City seeks to minimize the risk that the market value of securities in its portfolio will decrease due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. All City investments must mature within two years from date of investment unless managed by a bank's trust department and then the maturity length can be longer.

Below is a segmented time distribution for the City's debt investments at December 31, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	Greater than 10
Government Sponsored-Enterprises:				
Federal Farm Credit Bank	\$ 29,997	\$ 5,000	\$ 24,997	\$ —
Federal Home Loan Bank	17,552	2,553	14,999	—
Federal Home Loan Mortgage Corporation	27,548	2,567	24,981	—
Total U.S. Government-sponsored enterprise securities	<u>75,097</u>	<u>10,120</u>	<u>64,977</u>	<u>-</u>
United States Treasury Notes	79,981	54,999	24,982	—
United States Treasury Bills	10,000	10,000	—	—
United States Government Backed:				
Guaranteed Investment Contracts	1,064	—	—	1,064
Money Market Mutual Funds	109,160	109,160	—	—
Repurchase Agreements	129,409	129,409	—	—
Mutual Funds	372	372	—	—
Money Market Mutual Funds	20,116	20,116	—	—
State External Investment Pool – TrustIndiana	51,141	51,141	—	—
	<u>\$ 476,340</u>	<u>\$ 385,317</u>	<u>\$ 89,959</u>	<u>\$ 1,064</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies. The City uses the highest integrity when choosing an instrument of investment. The City keeps its credit risk as it pertains to investments at a low rate by requiring all investments of the City be rated in the three highest ratings categories by Moody's Investor Service ("Moody's"), Standard & Poor's Corporation ("Standard & Poor's"), or Fitch's Ratings Service ("Fitch").

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At December 31, 2012, the City's investments were rated by Moody's, Standard & Poor's, or Fitch as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Ratings Moody's / S&P</u>
U.S. Government-Sponsored Enterprises Securities:		
Federal Farm Credit Bank	\$ 29,997	Aaa /AA +
Federal Home Loan Bank	17,552	Aaa /AA +
Federal Home Loan Mortgage Corporation	27,548	Aaa /AA +
Total U.S. Government-Sponsored Enterprise Securities	75,097	
United States Treasury Notes	79,981	Aaa/AA+
United States Treasury Bills	10,000	Aaa/AA+
United States Government Backed:		
Guaranteed Investment Contracts	1,064	Not Rated
Money Market Mutual Funds	109,160	Aaa /AAA
Repurchase Agreements	129,409	P-1/A-1+
Mutual Funds	372	AAA
Money Market Mutual Funds	20,116	Aaa/AAA
State External Investment Pool – TrustINDiana	51,141	Not Rated
	\$ 476,340	

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty. The City's investment policy requires that repurchase agreements be covered by adequate pledge collateral. In order to anticipate market changes and provide a level of security for all funds, the fair value (including accrued interest) of the collateral should be at least 102%.

At December 31, 2012, all City investments and all collateral securities pledged against City investments are held by the counterparty's trust department or agent in the City's name except for \$91,683, which is not held in the City's name. The City's investments in money market mutual funds and the state external investment pool were not subject to custodial credit risk at December 31, 2012, as their existence is not evidenced by securities that exist in physical book entry form.

Concentration of Credit Risk

The City policy provides that the City may invest up to 30% of their investment pool in negotiable certificates of deposit having maturities of less than two years and in multiples of one million dollars providing that market yields on certificates of deposit exceed treasury bills of comparable maturity duration. The City has no investments in negotiable certificates of deposit at December 31, 2012.

At December 31, 2012, the following investments represent more than 5% of total investments:

U.S. Government-Sponsored Enterprise Securities:	
Federal Home Credit Bank	6%
Federal Home Loan Mortgage Company	6%
Repurchase agreements held by JPMorgan Chase	12%

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Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City's investment policy prohibits investments in foreign investments.

3. Receivables Disaggregation

Accounts receivable as of December 31, 2012, for the City, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total Accounts Receivable</u>
Governmental Activities:			
General Fund	\$ 5,731	\$ 14,641	\$ 20,372
Revenue Debt Service Fund	—	149	149
Other Nonmajor Governmental Funds	608	440	1,048
Internal Service Fund	—	1,705	1,705
Total receivables	<u>6,339</u>	<u>16,935</u>	<u>23,274</u>
Allowance for uncollectible accounts	(808)	—	(808)
Total governmental activities	<u>\$ 5,531</u>	<u>\$ 16,935</u>	<u>\$ 22,466</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Accounts receivable includes amounts due from other governments, which represents local income and other taxes (excluding property taxes).

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4. Due from Federal and State Governments

Amounts due under federal and state grants at December 31, 2012 were as follows:

	Governmental Activities		
	General	Federal Grants	Other Nonmajor Governmental
Reimbursements under federal grants:			
Department of Housing and Urban Development (HUD)	\$ 35	\$ 6,767	\$ —
Department of Justice (DOJ)	54	2,054	—
Environmental Protection Agency (EPA)	—	189	—
Department of Transportation (DOT)	19	3,018	—
Fish and Wildlife Service	—	3	—
Department of Education (DOE)	—	28	—
Department of Homeland Security (DHS)	—	3,835	—
Reimbursements under State of Indiana grants	—	—	17
	\$ 108	\$ 15,894	\$ 17

At December 31, 2012, the City had available lines of credit or grant authorizations from HUD totaling \$15,891.

5. Long-term Receivables

Long-term receivables as of December 31, 2012 consist of the following:

The City has U.S. Department of Housing and Urban Development (“HUD”) loans outstanding at December 31, 2012 of \$24,747 including accrued interest of \$6,273. The City has provided a reserve of \$24,484 for these receivables given the uncertainty of collection. Many of these loans bear interest at rates ranging from 0% to 10% and mature over the next 30 years. Generally, principal and interest payments are based upon defined net cash flows and are deferred until sufficient cash flow is available. All deferred principal and interest are due at maturity. Loan repayments to the City are restricted for community and economic development purposes that would otherwise be eligible for reimbursement by HUD under Title I of the Housing and Community Development Act of 1974.

The City has loaned Comlux Realty, LLC (“Comlux”) \$6,500 under a Project and Loan Agreement dated August 1, 2011. The loan proceeds were used to finance the construction, acquisition, design, renovation, and equipping of an existing airport hangar building. Upon completion, the new development facilities will allow for 112 new full-time employees. Over the term of this agreement, which expires in 2021, the City will forgive up to \$500 of the loan if Comlux maintains at least 112 full-time employees at the facilities. During 2012, \$4,500 of the loan was repaid and \$50 was forgiven. At December 31, 2012, the City has recorded a \$450 reserve against the long-term receivable and the outstanding balance is \$1,950.

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On August 11, 2010, the City entered into two Asset Purchase Agreements with Citizens Energy Group (“CEG”) to sell the City’s water utility and the wastewater collection and treatment facilities. The primary assets sold included the waterworks production and distribution systems, and the wastewater collection and treatment system, including the advanced wastewater treatment facilities. On July 13, 2011, the IURC approved the sale of the City’s water utility and the wastewater collection and treatment facilities to CEG. The sale of the City’s water utility and wastewater collection and treatment facilities to CEG was closed on August 26, 2011.

In connection with the sale, CEG received \$783,085 of net wastewater collection and treatment facilities capital assets with a carrying value of \$783,085 and \$924,537 of net water utility assets with a capital asset carrying value of \$605,439. In return, CEG assumed \$485,483 of wastewater collection and treatment facilities debt (\$434,346 of bonded debt and \$51,137 of bond anticipation notes) and \$951,926 of water utility debt in addition to other water utility and wastewater collection and treatment facilities liabilities. CEG also agreed to fund the future principal and interest payments on general obligation bonds relating to the wastewater collection and treatment facilities (i.e., the sanitary district). At December 31 2012, the outstanding balance of this general obligation debt and the associated long-term receivable is \$41,803 and \$35,425, respectively. The sanitary district general obligations have maturities that extend through January 1, 2018.

The minimum future payments as of December 31, 2012 on long-term receivables are as follows:

	<u>Governmental Activities</u>
	Nonmajor
	<u>Governmental Funds</u>
2013	\$ 350
2014	6,925
2015	7,246
2016	7,814
2017	7,262
2018-2022	<u>32,525</u>
	62,122
Less: allowance	<u>(24,934)</u>
Total	<u>\$ 37,188</u>

As of December 31, 2012, the City had a long-term pledge receivable amount outstanding of \$1,290 in relation to Canal Square. This amount is not recorded on the financial statements. The pledge states that these funds shall be returned to the City only if a sale or refinancing occurs. If either event occurs, the City is entitled to full repayment; however, the City is subordinate to the mortgage and also to the investors (to the extent of their capital contributions).

CITY OF INDIANAPOLIS
Notes to Financial Statements
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6. Capital Assets

Following is a summary of changes in capital assets for the City's governmental activities for the year ended December 31, 2012:

	Balance, January 1, 2012	Additions	Reductions	Balance, December 31, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 48,915	\$ 1,760	\$ 386	\$ 50,289
Construction in progress	179,976	128,000	71,391	236,585
Total capital assets not being depreciated	<u>228,891</u>	<u>129,760</u>	<u>71,777</u>	<u>286,874</u>
Capital assets being depreciated:				
Buildings	379,508	4,951	—	384,459
Improvements	149,382	3,160	—	152,542
Equipment	171,805	12,575	9,630	174,750
Infrastructure	2,688,295	92,826	85,148	2,695,973
Total capital assets being depreciated	<u>3,388,990</u>	<u>113,512</u>	<u>94,778</u>	<u>3,407,724</u>
Less accumulated depreciation:				
Buildings	133,651	10,919	—	144,570
Improvements	81,170	4,650	—	85,820
Equipment	94,499	18,760	9,309	103,950
Infrastructure	1,906,166	78,490	70,780	1,913,876
Total accumulated depreciation	<u>2,215,486</u>	<u>112,819</u>	<u>80,089</u>	<u>2,248,216</u>
Total capital assets being depreciated, net	<u>1,173,504</u>	<u>693</u>	<u>14,689</u>	<u>1,159,508</u>
Governmental activities capital assets, net	<u>\$ 1,402,395</u>	<u>\$ 130,453</u>	<u>\$ 86,466</u>	<u>\$ 1,446,382</u>

CITY OF INDIANAPOLIS
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Following is a summary of the changes in capital assets for the City's discretely presented component unit, the Housing Agency, for the year ended December 31, 2012:

	<u>January 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2012</u>
Housing Agency				
Capital assets not being depreciated:				
Land	\$ 16,611	\$ 756	\$ 135	\$ 17,232
Construction in progress	17,857	3,641	17,857	3,641
Total capital assets not being depreciated	<u>34,468</u>	<u>4,397</u>	<u>17,992</u>	<u>20,873</u>
Capital assets being depreciated:				
Buildings and improvements	135,212	47,559	193	182,578
Equipment	5,157	1,600	764	5,993
Total capital assets being depreciated	<u>140,369</u>	<u>49,159</u>	<u>957</u>	<u>188,571</u>
Less accumulated depreciation:				
Buildings and improvements	40,613	3,924	113	44,424
Equipment	3,398	716	754	3,360
Total accumulated depreciation	<u>44,011</u>	<u>4,640</u>	<u>867</u>	<u>47,784</u>
Total capital assets being depreciated, net	<u>96,358</u>	<u>44,519</u>	<u>90</u>	<u>140,787</u>
Total Housing Agency	<u>\$ 130,826</u>	<u>\$ 48,916</u>	<u>\$ 18,082</u>	<u>\$ 161,660</u>

Within the statement of activities, depreciation expense was charged to functions/programs of the City during 2012 as follows:

Governmental Activities:

General government	\$ 1,554
Public safety	14,974
Public works	83,649
Health and welfare	5
Cultural and recreation	5,232
Urban redevelopment and housing	4,307
Economic development and assistance	3,098
	<u>\$ 112,819</u>

Depreciation expense of \$4,640 charged to the City's discretely presented component unit, the Housing Agency, during 2012.

Construction in progress at December 31, 2012 consists of several ongoing projects. These types of projects include but are not limited to security upgrades, technology upgrades, recreational facility improvements, and infrastructure improvements.

CITY OF INDIANAPOLIS
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At December 31, 2012, the City's commitments relating to construction in progress include the following:

	Accrued Expenditures		
	Authorized	Through December 31, 2012	Committed
Department of Parks and Recreation	\$ 4,726	\$ 2,463	\$ 2,263
Department of Public Safety	2,217	1,743	474
Department of Public Works	294,123	224,711	69,412
Department of Metropolitan Development	7,899	7,719	180
Total governmental activities	<u>\$ 308,965</u>	<u>\$ 236,636</u>	<u>\$ 72,329</u>

7. Accounts Payable and Other Current Liabilities Disaggregation

Accounts payable and other current liabilities as of December 31, 2012 for the City are as follows:

	Vendors	Third-party Contracts	Due to Other Governments	Claims and Settlements	Accrued Payroll and Taxes	Other	Total Payables and Other Current Liabilities
Governmental Activities:							
General Fund	\$ 26,872	\$ 118	\$ 311	\$ 129	\$ 30,789	\$ 499	\$ 58,718
Federal Grants Fund	2,496	3,537	297	—	236	—	6,566
Other Nonmajor Governmental	4,815	63	513	—	—	246	5,637
Internal Service Fund	32	—	—	11,649	—	—	11,681
Total governmental activities	<u>\$ 34,215</u>	<u>\$ 3,718</u>	<u>\$ 1,121</u>	<u>\$ 11,778</u>	<u>\$ 31,025</u>	<u>\$ 745</u>	<u>\$ 82,602</u>

8. Operating Leases and Management Contracts

A. Lessee Arrangements

Marion County Convention and Recreational Facilities Authority ("MCCRFA")

In 1991, the City entered into a 25-year lease agreement with the MCCRFA in relation to the development of a major aircraft maintenance and overhaul center ("Indianapolis Maintenance Center") on land owned by the Indianapolis Airport Authority ("Airport Authority"). Concurrently, the City leased its interest in the associated site and facilities to the Airport Authority.

The Indianapolis Maintenance Center was operated by United Air Lines, Inc. ("United") until May 2003, when United vacated the facilities and, through bankruptcy, rejected its lease with the Airport Authority for the site and facilities. Since 2004, a number of companies have entered into leases with the Airport Authority to use a portion of the Indianapolis Maintenance Center facilities for both aviation and non-aviation related businesses. United's rejection of its lease in bankruptcy and the subsequent re-letting of the facilities does not affect the continuing obligation of the City under its lease agreement with MCCRFA.

CITY OF INDIANAPOLIS
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In connection with the above, the City pledged to make annual fixed lease rental payments to MCCRFA in amounts sufficient to fund the debt service requirements on MCCRFA's Series 1991 Economic Development Lease Rental Revenue Bonds, which were issued to fund MCCRFA's share of the Indianapolis Maintenance Center project. Such fixed lease rental payments are payable from Marion County Option Income Taxes ("COIT") or other legally available monies. The City-County Council has covenanted not to take any action to repeal or rescind the COIT or the City's pledge of fixed lease payments so long as the Commission still owes fixed lease rental payments under its lease with MCCRFA or so long as MCCRFA's bonds remain outstanding. During 2012, the City paid \$14,220 in fixed lease rental payments in relation to its lease with MCCRFA.

Indianapolis-Marion County Building Authority ("Building Authority")

The City and the County lease the office building and parking lot facilities they share, among other properties, from the Building Authority. The Building Authority is a separate municipal corporation, acting as a joint building authority, whose purpose is to finance, acquire, construct, improve, renovate, equip, operate, maintain, and manage land, governmental buildings, and communication systems for governmental entities within Marion County. Such facilities are sometimes financed by the Building Authority through the issuance of bonded debt. The Building Authority enters into long-term lease agreements, primarily with the City and the County, which provide for sufficient rent to service the debt (Fixed Rentals) and offset budgeted operating costs (Additional Rentals) of the leased facilities. All of the leases contain renewal and purchase options and provide for annual adjustment to the Additional Rentals based upon the operating expense budgets for the facilities. If the purchase options are not exercised, the leases provide for the transfer, upon expiration of the lease, of ownership of the facilities to the lessee governments free and clear of all obligations of the lease. The governing Indiana statute with respect to each of the Building Authority's leases provides that the lessee governments shall be obligated to levy annually a tax sufficient to produce each year the necessary funds to pay the lease rentals to the Building Authority. The City currently has no Fixed Rental obligations to the Building Authority. During 2012, the City paid \$2,377 in Additional Rentals. The City's lease agreements with the Building Authority expire on various dates through December 31, 2022.

The City and the County have also entered into a number of management contracts with the Building Authority. Such contracts provide for the construction, operation and/or maintenance of facilities for use by various departments of the City and the County. In some instances, the City and the County advance funds to the Building Authority for construction of new facilities. In other instances, management contracts are established for existing facilities. Under each of their management contracts, the City and the County designate the Building Authority as their agent and manager for purposes of constructing, maintaining and/or managing the facilities. Like Additional Rentals, annual Maintenance Fees are payable to the Building Authority for facilities covered under management contracts and vary each year based on the operating expense budgets for the facilities. During 2012, the City paid the Building Authority \$2,069 in Maintenance Fees. The City's management contracts expire on various dates through December 31, 2016.

Other Lessee Arrangements

The City, as lessee, has also entered into various other operating leases for rental of equipment and properties. Total rental expense in relation to these other operating leases was \$2,115 for governmental activities in 2012. The leases expire at various dates through 2035.

Minimum future payments on all noncancelable operating leases as of December 31, 2012 are as follows:

	Governmental Activities
2013	\$ 16,046
2014	15,978
2015	15,945
2016	15,920
2017	1,418
2018–2022	1,938
2023–2027	538
2028–2032	372
2033–2037	198
Total future payments	<u>\$ 68,353</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
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(Dollars in Thousands)

B. Lessor Arrangements

City Market

In 2007, the City renewed its long-term operating lease with the Indianapolis City Market Corporation (“Market”), a not-for-profit organization formed for the purpose of operating the Indianapolis City Market. The lease was extended through February 28, 2011 and provided for a five-year renewal option at that time. As of June 2013, the renewal option has not been exercised. The Market is to pay an annual rental fee of one dollar, plus 100% of the net cash flow, if any, remaining after the payment of normal costs of operations and maintenance. In 2012, the City contributed additional subsidies to the Market of \$438.

Circle Centre Mall

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

Other Lessor Arrangements

The City is also the lessor in several operating lease agreements with outside parties. These leases include various properties and portions of property acquired by the City. The cost of the leased property is \$2,655. As of December 31, 2012, the leased property had a carrying amount of \$2,101 and current year depreciation of \$68. These properties are leased for terms generally ranging from 5 to 99 years (some for \$0 per year). Total rental income amounted to \$520 in 2012.

Minimum future rental amounts to be received on noncancelable operating leases as of December 31, 2012 are as follows:

	Governmental Activities
2013	\$ 504
2014	493
2015	487
2016	456
2017	394
2018 – 2022	976
2023 – 2027	605
2028 – 2032	605
2033 – 2037	363
Total future receipts	<u>\$ 4,883</u>

CITY OF INDIANAPOLIS
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9. Long-Term Liabilities

A. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the City's governmental activities and for its discretely presented component unit, the Housing Agency, for the year ended December 31, 2012:

	Balance, January 1, 2012	Additions	Reductions	Balance, December 31, 2012	Due within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds payable	\$ 218,188	\$ 363	\$ 7,935	\$ 210,616	\$ 29,816
Tax increment bonds payable	650,409	9,693	27,508	632,594	31,006
Revenue bonds payable	271,313	24,415	30,878	264,850	4,460
Deferred amounts:					
Less: discounts	(416)	—	(316)	(100)	—
Less: losses on refundings	(5,793)	(2,209)	(906)	(7,096)	—
Plus: premiums	35,140	2,509	3,702	33,947	—
Total bonds payable	<u>1,168,841</u>	<u>34,771</u>	<u>68,801</u>	<u>1,134,811</u>	<u>65,282</u>
Notes payable and certificates of participation	37,300	15,200	6,350	46,150	16,905
Capital leases payable	8,175	—	—	8,175	685
Net pension obligation	396,147	63,412	58,443	401,116	—
Postemployment benefit obligation	73,213	16,079	1,647	87,645	—
Early retirement obligation	879	—	879	—	—
Compensated absences	32,088	29,751	28,024	33,815	16,504
Total governmental activities	<u>\$ 1,716,643</u>	<u>\$ 159,213</u>	<u>\$ 164,144</u>	<u>\$ 1,711,712</u>	<u>\$ 99,376</u>
Discretely Presented Component Unit - Housing Agency:					
Capital leases payable	\$ 867	\$ 248	\$ 281	\$ 834	\$ 369
Notes payable	31,720	28,422	1,598	58,544	41,349
Due to other governmental units	1,756	—	—	1,756	—
Unearned revenue and FSS escrow	2,989	876	190	3,675	339
Compensated absences	190	377	346	221	22
Total discretely presented component unit	<u>\$ 37,522</u>	<u>\$ 29,923</u>	<u>\$ 2,415</u>	<u>\$ 65,030</u>	<u>\$ 42,079</u>

Included in additions to bonds payable is \$7,341 representing accretion of capital appreciation, which is not included in the statement of revenues, expenditures, and changes in fund balance. That amount plus the \$42,330 of bonds and notes issued on the statement of revenues, expenditures, and changes in fund balance amount to the \$49,671 of related additions reflected in the rollforward above.

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B. General Obligation Bonds

The City issues general obligation bonds that are then purchased in their entirety by the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) using proceeds from bonds it concurrently issues to the public market. The general obligation bonds provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations, and pledge the full faith and credit, of the City. General obligation bonds outstanding as of December 31, 2012 are as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest (All Maturities)</u>	<u>Outstanding</u>
Civil City Bonds:				
Pension Bonds, Series 2005 A	02/03/2005	01/15/2022	3.660% – 5.280%	\$ 70,930
Total Civil City Bonds				<u>70,930</u>
Redevelopment District Bonds:				
Redevelopment District of 1993:				
Capital appreciation	03/04/1993	01/01/2013	6.050 – 6.300	6,365
Redevelopment District Refunding Bonds, Series 2009 A	08/04/2009	01/01/2015	2.750 – 4.000	<u>775</u>
Total Redevelopment District Bonds				<u>7,140</u>
Sanitary District Bonds:				
Sanitary District of 1993 – 2nd	03/04/1993	01/01/2013	5.700 – 5.900	4,660
Sanitary District of 2003 A Refunding	07/09/2003	01/01/2018	3.000– 5.500	6,838
Sanitary District of 2007 C Refunding	11/08/2007	01/01/2018	5.000	28,570
Sanitary District of 2007 D Refunding	11/08/2007	01/01/2013	0.000	235
Sanitary District of 2009 A Refunding	08/04/2009	01/01/2015	2.750 – 4.000	<u>1,500</u>
Total Sanitary District Bonds				<u>41,803</u>
Public Safety Communication System Bonds:				
Computer Facilities District Bonds, Series 2008 B	12/18/2008	01/15/2024	2.350 – 5.600	<u>32,880</u>
Total Public Safety Communication System Bonds				<u>32,880</u>

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(Dollars in Thousands)

	<u>Issue Date</u>	<u>Final Maturity date</u>	<u>Interest (All Maturities)</u>	<u>Outstanding</u>
Flood Control District Bonds:				
Flood Control District of 1993 – 2nd	03/04/1993	01/01/2013	5.750% – 5.900%	\$ 925
Flood Control District Refunding Bonds, Series 2003 A	07/09/2003	01/01/2018	3.000 – 5.500	1,354
Flood Control District Refunding Bonds, Series 2007 A	11/08/2007	01/01/2018	5.000	5,660
Flood Control District Refunding Bonds, Series 2007 B	11/08/2007	01/01/2013	0.000	47
Flood Control District Refunding Bonds, Series 2009 A	08/04/2009	02/01/2015	2.750 – 4.000	525
Total Flood Control District Bonds				<u>8,511</u>
Metropolitan Thoroughfare District Bonds:				
Metropolitan Thoroughfare District – 1993 – 2nd	02/18/1993	01/01/2013	5.750 – 5.900	3,550
Metropolitan Thoroughfare District Refunding, Series 2003A	07/09/2003	01/01/2018	3.00 – 5.500	5,211
Metropolitan Thoroughfare District, Series 2003 A	07/09/2003	01/01/2018	4.500 – 5.500	1,485
Metropolitan Thoroughfare District, Series 2007 A	11/08/2007	01/01/2018	5.000	21,770
Metropolitan Thoroughfare District, Series 2007 B	11/08/2007	01/01/2013	0.000	179
Total Metropolitan Thoroughfare District Bonds				<u>32,195</u>
Park District Bonds:				
Park District of 1993 – 2nd	02/18/1993	01/01/2013	5.750 – 5.900	1,985
Park District of 1993 Refunding, Series 2003 A	07/09/2003	01/01/2018	3.000 – 5.500	2,912
Park District Refunding Bonds, Series 2007 A	11/08/2007	01/01/2018	5.000	12,160
Park District Refunding Bonds, Series 2007 B	11/08/2007	01/01/2013	0.000	100
Total Park District Bonds				<u>17,157</u>
Total general obligation bonds recorded in governmental activities				210,616
Less: matured bonds payable recorded in the debt service funds				<u>(25,641)</u>
				<u>\$ 184,975</u>

All principal and interest payments for the City's general obligation bonds are due on January 1 and July 1 of the respective year. Accordingly, the City appropriates all payments due on January 1 in the year before payment is due and provides the amount in the Debt Service Funds. All serial bond principal and interest payments due January 1, 2013 have been recorded as matured bonds payable and matured interest payable at December 31, 2012 within the fund statements.

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

Years Ending December 31	Redevelopment									
	Civil City		General		Sanitary		Flood Control			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2013	\$ 6,045	\$ 3,468	\$ 6,615	\$ 23	\$ 6,378	\$ 1,943	\$ 1,341	\$ 392		
2014	6,325	3,190	260	15	6,725	1,606	1,407	322		
2015	6,625	2,892	265	5	7,046	1,267	1,473	253		
2016	6,940	2,573	—	—	6,864	919	1,360	182		
2017	7,280	2,230	—	—	7,212	564	1,431	112		
2018 – 2022	37,715	5,100	—	—	7,578	191	1,499	37		
2023 – 2027	—	—	—	—	—	—	—	—		
	<u>\$ 70,930</u>	<u>\$ 19,453</u>	<u>\$ 7,140</u>	<u>\$ 43</u>	<u>\$ 41,803</u>	<u>\$ 6,490</u>	<u>\$ 8,511</u>	<u>\$ 1,298</u>		
	Metropolitan Thoroughfare				Park		Public Safety Communications System		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2013	\$ 4,707	\$ 1,519	\$ 2,510	\$ 808	\$ 2,220	\$ 1,618	\$ 29,816	\$ 9,770		
2014	4,969	1,263	2,649	672	2,310	1,528	24,645	8,595		
2015	5,223	1,006	2,778	535	2,420	1,422	25,830	7,381		
2016	5,485	735	2,926	391	2,520	1,317	26,095	6,117		
2017	5,758	451	3,069	240	2,635	1,204	27,385	4,802		
2018 – 2022	6,053	153	3,225	81	15,330	3,865	71,400	9,428		
2023 – 2027	—	—	—	—	5,445	305	5,445	305		
	<u>\$ 32,195</u>	<u>\$ 5,127</u>	<u>\$ 17,157</u>	<u>\$ 2,727</u>	<u>\$ 32,880</u>	<u>\$ 11,259</u>	<u>\$ 210,616</u>	<u>\$ 46,398</u>		

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C. Tax Increment Revenue Bonds

These bonds are issued to provide funds for the construction and maintenance of the City's infrastructure, such as streets and sidewalks. These bonds will be repaid from amounts levied against the property owners that will benefit by this construction. Tax increment revenue bonds outstanding as of December 31, 2012 are as follows:

	<u>Issue Dates</u>	<u>Final Maturity Dates</u>	<u>Interest Rates (All Maturities)</u>	<u>Outstanding</u>
Redevelopment District 1992 Series A	11/01/92	02/01/14	6.750% – 6.800%	\$ <u>30,510</u>
Redevelopment District 1999 Series B:				
Capital appreciation	08/12/99	02/01/29	5.650 – 5.820	241,640
Less: discount				<u>(115,772)</u>
				<u>125,868</u>
Redevelopment District 2002 Series B	12/19/02	02/01/29	3.900 – 5.000	28,655
Redevelopment District 2004 Series A	07/08/04	02/01/28	3.300 – 5.400	11,200
Redevelopment District 2004 Series A, Junior Subordinate	10/28/04	08/01/14	variable rate	1,353
Redevelopment District 2004 Series B	10/28/04	08/01/14	variable rate	6,825
Redevelopment District 2004 Series C	10/28/04	02/01/16	variable rate	7,150
Redevelopment District 2007 Series A	12/13/07	02/01/21	4.000 – 4.125	6,590
Redevelopment District 2007 Series (Ameriplex)	12/28/07	02/01/23	6.200	4,255
Redevelopment District 2007 Series (Glendale)	05/10/07	02/01/27	5.450 – 6.210	4,765
Redevelopment District 2008 Series B	05/08/08	02/01/38	3.250 – 5.000	57,685
Redevelopment District 2009 Series A	09/02/09	02/01/20	3.000 – 5.000	145,780
Redevelopment District 2009 Series B	09/02/09	02/01/15	1.790 – 3.800	10,635
Redevelopment District 2010 Series A	06/03/10	02/01/25	5.000	6,338
Redevelopment District 2011 Series A	03/10/11	08/01/24	.500 – 5.000	37,475
Redevelopment District 2011 Series C	05/19/11	02/01/36	4.000 – 5.750	25,425
Redevelopment District 2010 Series (Dow AgroSciences)	06/22/10	02/01/25	3.000 – 5.125	17,375
Redevelopment District 2010 Series (AIT Laboratories)	11/04/10	02/01/35	2.600 – 5.150	5,045
Redevelopment District 2012 Series A	09/25/12	8/1/2020	3.340	2,715
Economic Development Revenue 2011A Series (North of South)	04/07/11	02/01/36	5.000 – 5.750	81,640
Economic Development Revenue Taxable 2011B Series (North of South)	04/07/11	02/01/21	2.913 – 4.813	<u>15,310</u>
Total tax increment revenue bonds				\$ <u><u>632,594</u></u>

All principal and interest payments for the City's tax increment revenue bonds are due on February 1, and August 1 of the respective year.

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The City has previously issued its Redevelopment District Taxable Junior Subordinate Tax Increment Revenue Refunding Bonds, Series 2004 A and Series 2004 B, in the amount of \$14,600 and \$13,985, respectively, to the Bond Bank, which issued its related Taxable Refunding Notes of 2004, Series A and Series B, in the amount of \$14,600 and \$13,985, respectively. Interest is variable and is calculated on an actual/360-day basis. Interest is adjusted at least quarterly each February 1, May 1, August 1, and November 1, based upon the London InterBank Offering Rate Index (“LIBOR”) plus 110 basis points. Bond Bank can select either the 30-day LIBOR, 60-day LIBOR, or 90-day LIBOR prior to each interest period. On December 31, 2012, the interest rate on the Series A Bonds was 1.411% and was based on the 30-day LIBOR. The interest rate on the Series 2004 B Bonds on December 31, 2012 was 1.311% and was based on the 30-day LIBOR.

The City has previously issued its Redevelopment District Bonds, Series 2004 C, in the amount of \$17,600 to the Bond Bank, which issued its related Notes of 2004, Series C, in the amount of \$17,600. Interest is variable and is calculated on an actual/360-day basis. Interest is adjusted at least quarterly each February 1, May 1, August 1 and November 1, based upon LIBOR plus 110 basis points. The Bond bank can select either the 30-day LIBOR, 60-day LIBOR or 90-day LIBOR prior to each interest period. On December 31, 2012, the interest rate on the Series 2004 C Bonds was 1.306% and was based on the 30-day LIBOR.

On September 25, 2012, the City issued its Redevelopment District TIF Revenue Bonds, Series 2012 A, in the amount of \$2,715 to the Bond Bank, which issued its related Series 2012 A bonds in the amount of \$2,715, respectively. The proceeds from the bonds were used to repay the Redevelopment Note Series, 2007 E (ERTEL). The bonds bear interest at a per annum rate of 3.34%.

Included in additions to tax increment bonds payable is \$6,978 representing accretion of capital appreciation, which is not included in the statement of revenues, expenditures, and changes in fund balance. That amount, plus the \$2,715 of bonds and notes described above, amount to the \$9,693 of related additions reflected earlier in the notes.

Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 31,006	\$ 24,071	\$ 55,077
2014	39,773	22,491	62,264
2015	33,885	20,616	54,501
2016	35,446	19,108	54,554
2017	36,903	17,524	54,427
2018 – 2022	204,523	62,962	267,485
2023 – 2027	205,126	40,514	245,640
2028 – 2032	107,255	23,151	130,406
2033 – 2037	52,495	6,934	59,429
2038 – 2042	1,954	49	2,003
	<u>748,366</u>	<u>237,420</u>	<u>985,786</u>
Less: deferred interest on capital appreciation bonds	(115,772)	—	(115,772)
Total	<u>\$ 632,594</u>	<u>\$ 237,420</u>	<u>\$ 870,014</u>

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D. Hedging Derivative Instrument – Interest Rate Swap Agreement

In order to protect against the potential of rising interest rates, the Bond Bank on behalf of the City has entered one pay fixed - receive variable interest rate swap agreement. The objective of the swap was to effectively change the City's variable interest rate on certain selected bonds to a synthetic fixed rate. The initial notional amount of the interest rate swap was equal to the par amount of the related bonds, except for \$3,000, which is not covered by the swap agreement. The swap was effective as of the date the bonds were issued and terminates one year before the maturity of the bonds. No initial cash was paid or received in connection with the swap agreement.

Terms, Fair Values, and Credit Risk

The terms, including the fair value and credit ratings of the outstanding swap as of December 31, 2012, are as follows. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds and notes payable" category.

<u>Associated Bond/Note Issue</u>	<u>Outstanding Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Value</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit Rating S&P/Moody's/Fitch</u>
Redevelopment District 2004 Series C	\$ 4,150	4/23/2003	4.27%	100% of USD – LIBOR – BBA	\$ (89)	2/1/2013	A-/A3/A-

Fair Value

The fair value of the swap agreement is based on estimated discounted future cash flows determined using the counterparty's proprietary model based upon financial principles and estimates about relevant future market conditions. The fair value of the swap agreement is classified as a liability in the statement of net position. Since the swap agreement is an effective hedging instrument, the offsetting balance is reflected as a deferred outflow of resources in the City's statement of net position. The change in fair value of the swap agreement of \$242 for the year ended December 31, 2012 is shown as an adjustment to the carrying amount of the related deferred outflow of resources in the statement of net position. The negative fair value may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the City's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases.

Credit Risk

The fair value of the swap agreement represents the City's credit exposure to the counterparty as of December 31, 2012. Should the counterparty to this transaction fail to perform according to the terms of the swap agreement, the City has a maximum possible loss equivalent to the fair value of the swap at that date. As of December 31, 2012, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap is held by one counterparty, Key Bank National Association. That counterparty is rated A-/A3/A-.

Basis Risk

The City is exposed to basis risk on the swap when the variable payment received is based on an index other than Securities Industry and Financial Markets Association ("SIFMA"). As of December 31, 2012, the SIFMA rate was 0.22%, whereas the 1-month LIBOR was 0.21% and 5-year LIBOR was 0.84%.

Termination Risk

The City or the counterparty may terminate the swap agreement if the other party fails to perform under the terms of the contract. If the swap agreement is terminated, the associated variable rate bonds would no longer carry synthetic interest rates. Also, if at the time of the termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's negative fair value.

Interest Rate Risk

Changes in interest rates expose the City to the interest rate risk, which could adversely affect the fair value of the swap agreement.

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Market Access Risk

The City is exposed to market access risk on its interest rate swap agreement in the event that it will not be able to enter credit markets or in the event the credit will become more costly.

Foreign Currency Risk

The City is not exposed to foreign currency risk.

Rollover Risk

The City is exposed to rollover risk on the swap agreement because it matures or may be terminated prior to the maturity of the associated debt. When the swap terminates the City will not realize the synthetic rate offered by the swap on the underlying debt issues. The Redevelopment District Series 2004 C Bonds are exposed to termination risk since the swap termination date precedes the debt maturity date.

Swap Payments and Associated Debt

As of December 31, 2012, debt service requirements of the City's outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u> <u>Swaps, Net</u>	<u>Total</u>
2013	\$ <u>4,150</u>	\$ <u>5</u>	\$ <u>89</u>	\$ <u>4,244</u>

E. Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at December 31, 2012 are as follows:

	<u>Issue Dates</u>	<u>Final Maturity</u> <u>Dates</u>	<u>Interest Rates</u> <u>(All Maturities)</u>	<u>Outstanding</u>
Governmental activities:				
Indy Roads Revenue Bonds — 2003 Series	11/25/03	01/01/19	3.000% – 5.000%	\$ 10,700
Facilities Revenue Bonds of 2006	02/16/06	01/15/21	4.000 – 5.000	11,760
Facilities Revenue Bonds of 2007	12/17/07	07/15/21	3.750 – 4.125	2,565
Stormwater District Revenue Bonds, Series 2006 A	03/21/06	01/01/26	4.000 – 5.000	39,450
Stormwater District Revenue Bonds, Series 2011	08/10/11	01/01/41	3.580	16,445
PILOT Revenue Bonds — 2010 Series A	08/12/10	01/01/40	5.000	159,515
Economic Development Refunding Bonds Series, 2012A	12/20/12	4/1/2030	0.60 – 3.0	7,690
Economic Development Refunding Bonds Series, 2012B	12/20/12	4/1/2039	2.00 – 5.00	16,725
Total revenue bonds recorded in governmental activities				<u>264,850</u>
Less matured bonds payable recorded in debt service funds				<u>(2,805)</u>
				\$ <u>262,045</u>

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All principal and interest payments for the City's revenue bonds are due on January 1 and July 1, January 15 and July 15, and April 1 and October 1 of the respective year. Accordingly, the City appropriates all payments due on January 1 and January 15 in the year before payment is due and provides the amount in the Debt Service Funds. Payments due in April and October will be appropriated in the year due. All revenue bond principal and interest payments due January 1, 2013 and January 15, 2013 have been recorded as matured bonds payable and matured interest payable at December 31, 2012.

On December 20, 2012, the City issued its Special Program Refunding Bonds, Series 2012 A and B, in the amounts of \$7,690 and \$16,725 to the Bond Bank, which issued its related Series 2012 I and 2012 J Bonds in the amount of \$7,690 and \$16,725, respectively. The proceeds from these bonds, together with other available funds on hand, were used to refund all of the City's outstanding Economic Development Series 2004 B and 2004 C Bonds, which had outstanding principal amounts of \$9,300 and \$19,153, respectively. The refundings resulted in an accounting loss of \$1,368, which has been deferred and is being amortized over the life of the 2012 A and 2012 B Bonds. As a result of the refundings, the City reduced its total debt service requirements by \$27,093, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new debt) of \$15,229.

Revenue bond debt service requirements to maturity are as follows:

Years Ending December 31	Governmental Activities	
	Principal	Interest
2013	\$ 4,460	\$ 12,284
2014	5,010	12,297
2015	5,235	12,085
2016	5,670	11,848
2017	5,915	11,600
2018 – 2022	49,250	51,977
2023 – 2027	51,700	39,483
2028 – 2032	43,430	28,505
2033 – 2037	54,975	16,564
2038 – 2042	39,205	2,917
	<u>\$ 264,850</u>	<u>\$ 199,560</u>

At December 31, 2012, \$24,165 of defeased revenue bonds remain outstanding and have been removed from the basic financial statements.

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F. Pledged Revenues

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

Revenue Bond Issue	General Purpose for Debt	Term of Commitment	Pledged Revenue	Principal and Interest for Fiscal Year Ended December 31, 2012	Pledged Revenues for Fiscal Year Ended December 31, 2012	Total Principal and Interest Remaining on Debt
Tax increment revenue	Infrastructure investment in various special taxing districts	Through 2038	Property tax increment	\$ 39,534	\$ 74,183	\$ 225,027
Transportation revenue	Construction, reconstruction, and repair of roads, streets, and sidewalks	Through 2019	Wheel tax and state transportation distributions	1,947	12,433	12,649
Redevelopment revenue	Construct roads, sidewalks, and water and sewer utilities in Martindale-Brightwood Industrial Development area	Through 2012	Transfers from the cumulative funds of the City	455	—	—
Facilities revenue	Improvements and repairs to various city and county-owned buildings	Through 2021	Rent charged back to City and County agencies	1,932	1,853	17,417
Stormwater	Improvements of stormwater handling capabilities	Through 2026	Net revenues of the stormwater system	3,975	13,434	83,171
Economic development	Provide financial incentives and assistance to a private developer for the construction of a downtown hotel	Through 2039	Parking garage fees	1,548	1,669	41,657
PILOT	Construction of certain improvements to the City's public roads, street and sidewalks, and	Through 2040	Payments in lieu of taxes	7,910	5,264 *	309,517

* Certain PILOT revenue bond proceeds, representing capitalized interest, are currently being used to fund bond interest payments.

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G. Notes Payable and Certificates of Participation

1. The City has outstanding notes payable related to HUD Section 108 loan proceeds. The notes payable, with an original amount of \$5,700, were issued in 2000 and 2001. Under the terms of the agreement, the City makes principal and interest payments on each February 1 and August 1, with the last payment being made on August 1, 2020. At December 31, 2012, \$2,400 was still outstanding.
2. On April 29, 2010, the City entered into a Master Lease-Purchase Agreement with the Capital Asset Financing Corporation (“CAFCO”). CAFCO is an Indiana Leasing Trust who acts as the lessor of the equipment, with the City as lessee. A trustee has been appointed to collect and disburse all amounts due under the lease agreements. CAFCO issued Certificates of Participation Series, 2010 A and B for \$6,010 and \$1,360, respectively. The proceeds from the Certificates were used to purchase vehicles for the City’s Departments of Public Safety and Public Works. The basic rent payments and, consequently, the principal and interest components payable to the owners of the Certificates are payable on June 1 and December 1, with the Certificates fully maturing on June 1, 2018. The outstanding balance of the Certificates at December 31, 2012 is \$4,270.
3. On July 30, 2010, the City issued Redevelopment District Notes, Series 2010 C, in the amount of \$2,500. The proceeds from the sale of the Series 2010 C Notes, along with \$197 of cash on hand, were used to pay off the Redevelopment District Limited Recourse Notes, Series 2005 C, which were outstanding in the amount of \$2,500. Principal and interest amounts are paid from tax increment revenues collected in the Barrington (“HOTIF”) allocation area. The notes bear interest at a per annum rate of 3.92%. The outstanding balance at December 31, 2012 is \$2,500, which will mature on July 30, 2015.
4. On August 9, 2010, the City issued Redevelopment District Notes, Series 2010 B, in the amount of \$3,200. The proceeds from the sale of the Series 2010 B Notes, along with \$2,856 of cash on hand, were used to pay off the Series 2005 A and B Redevelopment District Limited Recourse Notes, which were outstanding in the amount of \$3,195 and \$2,750, respectively. Principal and interest amounts are paid from tax increment revenues collected in the Fall Creek/Citizens Consolidated Housing Tax Increment HOTIF area. Interest and principal on the Series 2010 B Notes are payable annually on February 1 and August 1 and fully mature on August 1, 2030. The notes bear interest at a per annum rate of 3.75%. The outstanding balance at December 31, 2012 is \$2,980.
5. On October 8, 2010, the City entered into an agreement with Fifth Third Leasing Company to issue notes in the amount of \$18,800. The proceeds were used to complete energy improvements at various City owned properties. The notes are payable over a 15-year period beginning on January 1, 2013 and fully mature on July 31, 2027. The stated interest rate is 3.23%. The provision of the note agreement guarantees that the City will realize sufficient energy savings to fully cover the note’s debt service. The outstanding balance of the notes at December 31, 2012 is \$18,800.
6. On November 1, 2012, the City issued Economic Development Tax Increment Revenue Bond Anticipation Notes, Series 2012 A (“Series 2012 A BANs”) in the amount of \$15,200. The proceeds are being used to design, construct, and equip a new five-story parking garage facility, containing approximately 1,020 spaces. These notes have a maturity date of July 1, 2013 and the outstanding notes bear interest at 1.55% per annum. Subsequent to December 31, 2012 and as later described in these notes, the City refinanced the Series 2012 A BANs through the issuance of its Economic Development Tax Increment Revenue Bonds, Series 2013 A.

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

<u>Years Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 16,905	\$ 2,011
2014	2,793	919
2015	4,873	820
2016	1,914	664
2017	1,972	608
2018 – 2022	8,408	2,240
2023 – 2027	8,635	921
2028 – 2032	650	43
	<u>\$ 46,150</u>	<u>\$ 8,226</u>

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H. Capital Leases Payable:

On May 20, 2011, the City entered into a 25-year capital lease with 401-Public Safety, LLC to lease 76,000 square feet of the old Eastgate Consumer Mall. This facility does now house the new Indianapolis Regional Operations Center (“ROC”). The ROC will be equipped with the newest crime fighting technology, which will allow the City to better track crime trends and more quickly deploy police, firefighters, and other state and federal resources in case of an emergency. At December 31, 2012, the total capitalized cost of the leased property is \$8,175, which represents the fair value of the leased property, and the capital lease obligation outstanding is \$8,175.

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments as of December 31, 2012:

		Governmental Activities
2013	\$	685
2014		685
2015		685
2016		685
2017		685
2018 – 2022		3,425
2023 – 2027		3,800
2028 – 2032		3,800
2033 – 2037		3,800
		18,250
Amount representing interest		(10,075)
Present value of net minimum lease payments	\$	8,175

I. Other Long-Term Liabilities:

1. Net Pension Obligations: As discussed later in these notes, the Police and Firefighters’ Pre-1977 Pension Plans are funded on a “pay-as-you-go” basis.
2. Postemployment Benefit Obligation: As discussed later in these notes, the City provides postemployment healthcare benefits for police and firefighters. Civilian employees may continue healthcare coverage but are required to contribute 100% of their annual premium.
3. Early Retirement Obligation: In November 2010, the City offered an early retirement incentive plan to those employees who were eligible for full retirement as of December 31, 2010, and which required them to retire as of December 31, 2010. For each year of service, the employee received \$1,500 (not in thousands) per year of service up to a maximum of \$45,000 (not in thousands). The individuals receive equal installments of one-third of the total amount each on January 31, 2011, 2012, and 2013. The plan was accepted by 46 employees for a total cost of \$2,637, of which \$879 is recorded on the balance sheet of the General Fund and on the government-wide statement of net position as accrued payroll and represents the amounts to be paid on January 31, 2013.
4. Compensated Absences Payable: A long-term liability for benefit and sick leave earned but not paid of \$33,815 at December 31, 2012 is recorded in the government-wide statements.

Other long-term liabilities are generally to be liquidated by the General Fund, with the exception of claims and judgments that are to be liquidated from the Risk Management Internal Service Fund.

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10. Conduit Debt

From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition, rehabilitation, and construction of industrial, commercial, and housing facilities and projects deemed to be in the public interest. The bonds are secured by the property financed. The City is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2012, the Council had approved 103 series of Economic Development Revenue Bonds for a total not-to-exceed amount of \$1,270,373. During 2012, of the not-to-exceed amount of \$40,000 that was approved by the Council, bonds in the amount of \$40,000 were issued. The aggregate principal amount outstanding on the City's conduit debt issued prior to 2001 cannot be determined. However, the aggregate principal amount outstanding at December 31, 2012 since 2001 is \$296,707.

11. Fund Balance

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

	General Fund	Revenue Debt Service Fund	Federal Grants Fund	Economic Development Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:						
Permanent fund (principal and interest)	\$ —	\$ —	\$ —	\$ —	\$ 372	\$ 372
Long-term receivable	—	—	—	—	1,500	1,500
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,872</u>	<u>1,872</u>
Restricted for:						
Street maintenance and projects	18,602	—	—	—	—	18,602
Sidewalk, curb, and street repair	—	—	—	—	4,712	4,712
Stormwater management	16,348	—	—	—	—	16,348
Debt service	—	154,691	—	—	22,722	177,413
Capital projects	—	—	—	—	44,079	44,079
Other purposes by grantors	—	—	—	—	2,678	2,678
Public safety	—	—	—	—	4,918	4,918
Economic development projects	—	—	—	25,301	—	25,301
	<u>34,950</u>	<u>154,691</u>	<u>—</u>	<u>25,301</u>	<u>79,109</u>	<u>294,051</u>
Committed to:						
Rebuild Indy projects	133,965	—	—	—	—	133,965
Utility monitoring	186	—	—	—	—	186
	<u>134,151</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>134,151</u>
Assigned to:						
Redevelopment	12,027	—	—	—	—	12,027
Solid waste collection	10,497	—	—	—	—	10,497
Solid waste disposal	329	—	—	—	—	329
Parks and recreation	2,516	—	—	—	—	2,516
Stormwater management	3,458	—	—	—	—	3,458
Other purposes	56,278	—	—	—	—	56,278
Public safety	11,586	—	—	—	—	11,586
	<u>96,691</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>96,691</u>
Unassigned	<u>82,931</u>	<u>—</u>	<u>(5,552)</u>	<u>—</u>	<u>(34)</u>	<u>77,345</u>
Total fund balance	<u>\$ 348,723</u>	<u>\$ 154,691</u>	<u>\$ (5,552)</u>	<u>\$ 25,301</u>	<u>\$ 80,947</u>	<u>\$ 604,110</u>

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12. Postemployment Benefits Other Than Pensions

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (“GASB Statement No. 45”), the City recognizes the cost of postemployment healthcare benefits over a period that approximates the employees’ years of service and provides information useful in assessing potential demands on the City’s future cash flows. Recognition of the liability accumulated from prior years will be amortized over 30 years, beginning in 2007.

A. Plan Description

The City maintains and provides postemployment medical care (“OPEB”) for retired employees through a single-employer defined benefit medical plan, which the City administers. The plan provides medical benefits for eligible retirees, their spouses, and dependents through the City’s group health insurance plans, which cover both active and retired members.

Eligible retirees must meet the following criteria:

Civilian

1. At age 60 with at least 15 or more years of creditable service, or
2. If the member’s age in years plus the years of creditable service equal at least 85 and the member is at least 55 years of age.

Police

1. At least 20 years of service, who are over the age of 50, and less than age 65 (contract period 1999-2002).
2. At least 20 years of service, who are over the age of 52, and less than age 65 (subsequent to 2002).

Firefighters

1. At least 20 years of service, who are at least age 52 and less than age 65.

Benefit provisions are established through negotiations between the City and the union representing the City’s employees and are renegotiated each three-year bargaining period. The plan is not accounted for as a trust fund, because an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report.

B. Funding Policy

Contribution requirements are negotiated between the City and union representatives. For fiscal year 2012, the City contributed \$1,647 to the plan and the active officers’ contributions were \$852. From the contributions paid, 60% of the cost of current year premiums for eligible police and fire retired plan members and their spouses are made. Plan members receiving benefits contribute 40% of their premium costs.

Civilian employees who are eligible for retirement may choose to continue their healthcare coverage on the City’s insurance plan until the age of 65 but are required to contribute 100% of their annual premium costs. By providing retirees with access to the City’s healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go financing method through paying the higher rate for active employees each year.

C. Annual OPEB Costs and Net OPEB Obligation

The City’s annual OPEB cost is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 and, in accordance therewith, the City has elected to perform an actuarial valuation of the OPEB on a biennial basis. The last actuarial valuation performed by the City was as of December 31, 2011. The next valuation will be completed as of December 31, 2013. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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The City's annual OPEB cost for the current year and the related information are as follows at December 31, 2012:

Annual required contribution	\$	17,672
Interest on net OPEB obligation		2,685
Amortization		(2,666)
Adjustment to annual required contribution		(1,612)
Annual OPEB cost (expense)		<u>16,079</u>
Contributions made		<u>(1,647)</u>
Increase in net OPEB obligation		14,432
Net OPEB obligation – beginning of year		<u>73,213</u>
Net OPEB obligation – end of year	\$	<u><u>87,645</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011, and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 17,672	\$ 1,647	9.32 %	\$ 87,645
2011	16,426	1,695	10.32	73,213
2010	15,179	1,647	10.85	56,789

D. Funded Status and Funding Progress

The funded status of the plan based on the most recent biennial actuarial valuation for the plan, dated as of December 31, 2011, was as follows:

Actuarial accrued liability	\$	143,950
Actuarial value of plan assets		<u>—</u>
Unfunded actuarial accrued liability	\$	<u><u>143,950</u></u>
Funded ratio		0%
Covered payroll	\$	265,921
Unfunded actuarial accrued liability as a percentage of covered payroll		54.13%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the accompanying notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions used for this fiscal year valuation were as follows:

Actuarial valuation date	December 31, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of expected payroll
Amortization period	30 years
Actuarial Assumptions:	
Discount rate	3.75% effective annual rate
Projected salary increases	2.75%
Healthcare inflation rate	Starting at 6.90% per year and gradually decreasing to 4.70% over a period of 75–85 years, depending on the medical plan

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13. Pension Plans

A. Plan Descriptions, Funding Policies and Contribution Information

1. Police and Firefighters' Plans

Statutory Plan

Certain police and firefighters are covered by a statutory cost-sharing multiple-employer retirement plan administered by the Indiana Public Retirement System ("INPRS"). This plan covers all police and firefighters hired after April 30, 1977, or hired before May 1, 1977, who have elected to convert to this plan ("Police and Firefighters' Statutory Plan").

State statute regulates the operations of the system, including benefits, vesting, and contributions. Employees covered may retire and receive full benefits upon attainment of age 52 and 20 years of service. An employee with 20 years of service may leave, but will not receive benefits until reaching age 50. The plan also provides for certain death and disability benefits.

Covered employees are required to contribute 6.0% of their compensation. The City currently pays half of the employee contribution. The amount of the employer's contribution is determined by INPRS based on a valuation using the entry age normal cost method. The rate of employer contribution is 19.7% of each employee's annual compensation. The City's contributions to the plan for the years ended December 31, 2012, 2011, and 2010 were \$30,593, \$29,639, and \$28,660, respectively, equal to the required contributions for the year.

Effective January 1, 2007, the sheriff deputies from Marion County were merged with the former Indianapolis Police Department to form the Indianapolis Metropolitan Police Department, which is part of the City. The pension plan for the former sheriff deputies who are now part of the Indianapolis Metropolitan Police Department is funded by the County, and accordingly, the liability is held by the County in the Marion County Law Enforcement Fund.

Pre-1977 Plans

The City also maintains two single-employer retirement plans covering police and firefighters hired on or before April 30, 1977 ("Police and Firefighters' Pre-1977 Plans"), which are accounted for by the City in a pension trust fund and are funded on a pay-as-you-go basis. No separately issued financial statements are available. Retirement benefits are available after 20 years of service. State statute grants authority for these pension plans and sets the regulations covering benefits. Participants contribute 3% of base salary, defined as the salary of a first-class police officer or a first-class firefighter in 2012. As these salaries increase year by year, benefits are directly adjusted. No significant plan assets are accumulated for the payment of future benefits.

During the 2008 State of Indiana Legislative Session, the State agreed to pay the entire annual cost of future pension payments to the police officers and firefighters who are members of the Police and Firefighters' Pre-1977 Plans, beginning in 2009. Since the City still must pay the benefits under the plans and be reimbursed by the State, this is still considered to be a "pay-as-you-go" plan. The payments from the State are estimated each year and any overage and underage are to be adjusted in the next year. The present value of expected future funding to be received from the State of Indiana for pension relief contributions on the Police and Firefighters' Pre-1977 Plans totaled \$775,385 as of January 1, 2012. In 2012, the State of Indiana contributed \$55,433 of pension relief to the Police and Firefighters' Pre-1977 Plans.

Indiana's Deferred Retirement Option Plan ("DROP"), which was enacted into law in 2002, is available to all participants of the Police and Firefighters' Pre-1977 Plans. Those individuals who elect to participate must remain in active employment, continue to make contributions to the plan and elect a DROP retirement date not less than 12 months and not more than 36 months after the individual's DROP entry date. Participating individuals remain in the DROP until reaching the applicable mandatory retirement age and may make a DROP election only once in the individual's lifetime. Upon retirement, a DROP participant will receive a DROP frozen benefit to be paid in a lump-sum distribution or in 3 equal installments commencing on the participant's DROP retirement date.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

2. All Other City Employees' Plan

The City also contributes to the Public Employees' Retirement Fund of Indiana ("PERF"), an agent multiple-employer retirement plan administered by INPRS that acts as a common investment and administrative agent for state employees and employees of participating political subdivisions of the State of Indiana in accordance with Indiana Codes 5-10.2 and 5-10.3. Except for police and firefighters, all full-time employees are eligible to participate in this plan ("All Other City Employees' Plan").

Benefits vest after 10 years of service. City employees who retire at or after age 65 with 10 years of creditable service or at age 60 with 15 years of creditable service are entitled to an annual retirement, payable monthly for life. City employees who have reached 50 years of age and have 15 years of credited service will qualify for early retirement with reduced benefits. Employees who are at least 55 years of age at retirement and have 30 years of creditable service receive a full pension benefit. Any combination of age and years of service greater than 85 (for those older than 55) also qualifies the employee for full retirement benefit. PERF also provides for death and disability benefits. These benefit provisions and all other requirements are established by state statute.

A contribution of 3% of each employee's annual compensation is required, which is paid by the City. In addition, the City is required to contribute amounts necessary to fund this plan, using the entry age normal cost method as specified by state statute. The City-financed pension benefits are classified as defined benefits, and the employee-financed pension benefits are classified as defined contributions and depend on the amount contributed by the employee plus accumulated investment earnings.

INPRS issues publicly available financial reports that include financial statements and required supplementary information for the Police and Firefighters' Statutory Plan and the All Other City Employees' Plan. These reports may be obtained by writing to Indiana Public Retirement System, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204.

Except for the Police and Firefighters' Pre-1977 Plans, the funding policies of INPRS provide 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 schedules that follow are derived from the respective actuarial reports and City information for the aforementioned four pension plans as of December 31, 2012 and, with regard to contributions for 2012, based on the January 1, 2012 actuarial report for the Police and Firefighters' Pre-1977 Plans and June 30, 2012 for the Police and Firefighters' Statutory and All Other City Employees' Plans.

Census data for the four plans are as follows:

	<u>Police and Firefighters Statutory</u>	<u>Police and Firefighters Pre-1977 (2)</u>	<u>All Other City Employees</u>
Retirees and beneficiaries currently receiving benefits	N/A (1)	1,740	N/A (1)
Terminated vested employees not yet receiving benefits	19	—	795
Terminated nonvested employees – refund of contributions	168	—	610
Current employees:			
Vested	866	59	941
Nonvested	1,573	—	822
Subtotal	<u>2,439</u>	<u>59</u>	<u>1,763</u>
Working for a different participating municipality	N/A	N/A	961
Total	<u><u>2,439</u></u>	<u><u>59</u></u>	<u><u>2,724</u></u>

(1) Retirees and beneficiaries currently receiving benefits are not traceable by employer, since INPRS pays those benefits from a separate plan.

(2) Census data is not separately available for the individual police and firefighters' plans.

CITY OF INDIANAPOLIS
Notes to Financial Statements
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(Dollars in Thousands)

B. Actuarial Methods and Assumptions

The significant actuarial methods and assumptions used in relation to the actuarial valuations for each of the City's pension plans are summarized below:

<u>Assumptions</u>	<u>Police and Firefighters Statutory</u>	<u>Police and Firefighters Pre-1977</u>	<u>All Other City Employees</u>
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Rate of return on present and future assets	6.75%	6.00%	6.75%
Inflation rate	3.00%	3.00%	3.00%
Cost of living increase	2.80%	3.25% (Non-converted) 2.25% (Converted)	1.00%
Salary increase	3.25%	3.25%	3.25% – 4.5%* * Based on PERF experience 2005 – 2010.
Asset valuation method	4-year smoothing of gains/losses on market value with a 20% corridor	N/A	4-year smoothing of gains/losses on market value with a 20% corridor
Amortization method	Level dollar	Level dollar	Level dollar
Amortization period	Open – 30 years	Closed – 30 years	Open – 30 years

C. Annual Pension Cost and Net Pension Obligations

The following is a schedule of the annual pension cost and net pension obligation for the Police and Firefighters' Pre-1977 Plans and the All Other City Employees' Plan:

	<u>Police (Pre-1977)</u>	<u>Firefighters (Pre-1977)</u>	<u>Total</u>	<u>All Other City Employees</u>
Actuarial valuation date		January 1, 2012		June 30, 2012
Annual required contribution	\$ 32,632	\$ 31,209	\$ 63,841	\$ 7,945
Interest on net pension obligation	12,709	10,751	23,460	361
Adjustment to annual required contribution	(17,216)	(14,564)	(31,780)	(415)
Annual pension cost	28,125	27,396	55,521	7,891
Contributions made	27,492	27,941	55,433	3,010
Increase (decrease) in net pension obligation	633	(545)	88	4,881
Net pension obligation – beginning of year	211,814	179,182	390,996	5,151
Net pension obligation – end of year	\$ 212,447	\$ 178,637	\$ 391,084	\$ 10,032

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

D. Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information for the Police and Firefighters' Pre-1977 Plans and the All Other City Employees' Plan is presented below:

<u>Fiscal Years Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Police Pre-1977 Plan:			
2012	\$ 28,125	97.7 %	\$ 212,447
2011	33,809	92.1	211,814
2010	30,514	100.3	209,159
Firefighters Pre-1977 Plan:			
2012	27,396	102.0	178,637
2011	31,934	93.8	179,182
2010	29,697	92.7	177,211
All Other City Employees Plan:			
2012	7,891	38.1	10,032
2011	7,435	47.2	5,151
2010	4,671	69.1	1,223

A. Pension Trust Fund Financial Statements

As separately issued financial statements are not available for the Police and Firefighters' Pre-1977 Plans, summarized financial statements for those funds follow:

**Combining Statement of Pension Trust Funds Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
December 31, 2012**

ASSETS	<u>Police Pension</u>	<u>Firefighters Pension</u>	<u>Total</u>
Equity in pooled cash	\$ 592	\$ 130	\$ 722
Investments	389	86	475
Total assets	<u>981</u>	<u>216</u>	<u>1,197</u>
LIABILITIES			
Accounts payable and other accrued liabilities	<u>12</u>	<u>—</u>	<u>12</u>
Total liabilities	<u>12</u>	<u>—</u>	<u>12</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 969</u>	<u>\$ 216</u>	<u>\$ 1,185</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

**Combining Statement of Changes in Fiduciary Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
Year Ended December 31, 2012**

	Pension Trust Funds		
	Police Pension	Firefighters Pension	Total
ADDITIONS			
State of Indiana pension subsidy received from the General Fund	\$ 27,492	\$ 27,941	\$ 55,433
	<u>27,492</u>	<u>27,941</u>	<u>55,433</u>
DEDUCTIONS			
Benefits	28,969	28,656	57,625
Total deductions	<u>28,969</u>	<u>28,656</u>	<u>57,625</u>
Change in plan net assets	(1,477)	(715)	(2,192)
Net position – beginning of year	<u>2,446</u>	<u>931</u>	<u>3,377</u>
Net position – end of year	<u>\$ 969</u>	<u>\$ 216</u>	<u>\$ 1,185</u>

B. Funded Status

The funded status of the Police and Firefighters' Pre-1977 Plans and the All Other City Employees' Plan as of the most recent actuarial valuation date is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Police Pre-1977 Plan 1/1/2012	\$ —	\$ 397,406	\$ (397,406)	— %	\$ 1,504	26,423 %
Firefighters Pre-1977 Plan 1/1/2012	—	379,065	(379,065)	—	1,690	22,430
All Other City Employees Plan 6/30/2012	66,005	135,810	(69,805)	49	77,759	90

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the accompanying notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

14. Contingent Liabilities and Commitments

- A. Various lawsuits are pending against the City. In the opinion of the City's Corporation Counsel, the aggregate potential loss on all outstanding litigation for public liability self-insurance was estimated to be \$7,554 at December 31, 2012. This amount has been accrued for in the Internal Service Fund. Indiana law limits the liability of municipalities to \$700 per person and \$5,000 per occurrence. Additionally, the City is a defendant in various lawsuits for which management has determined that there is a reasonable possibility of an adverse outcome. No accrual has been made in the financial statements for these items, which approximate \$5,765, as the loss is not both probable and estimable.
- B. The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.
- C. Effective December 1, 2008, the City entered into a service agreement with the owner of a resource recovery facility that is in effect until December 31, 2018 with the option of extending the agreement for two additional five-year periods. The City has agreed to deliver a certain amount of "acceptable waste" each year to the facility. The City paid a tipping fee of \$27.00 (not in thousands) per ton for the first three years of the service agreement, which escalates at 2.7% in years four through ten. Beginning in 2012, the tipping fee increased to \$28.48 (not in thousands) per ton. The City also will reimburse the owner of the resource recovery facility for any taxes levied by any governmental entity, other than income taxes, and the leased cost of the facility site. The owner of the resource recovery facility will revenue share 12.5% of its steam revenues, with a minimum guarantee of \$2,445 and a maximum of \$2,640 per year, also adjusting in the remaining years of the contract.
- D. The City has entered into operating agreements on a number of City-owned golf courses, which provide for termination payments to be made to the operator if the City cancels the agreements prematurely. These payments are primarily to cover the costs for improvements made to the courses by the operators. The termination payment declines over the term of the agreements. While the City has no intention to do so, if the agreements were terminated at December 31, 2012, the total termination payments due would be \$5,203.

15. Parking Meter Concession Agreement

Effective December 22, 2010, the City entered into an agreement with a concessionaire to operate and maintain the City's parking meter system, including collecting parking meter revenues and issuing parking tickets for violations related to the parking meter system and residential parking permits. The objective of entering into this agreement was to modernize the parking meter system and to provide residents and visitors with more convenient parking options and to provide the City with funding for infrastructure improvements. In addition to operating and maintaining the City's parking meter system, the concessionaire is responsible for making all capital improvements required to be completed during the 50-year term of the agreement, including implementing multi-space meters in certain locations and installing meters that are capable of accepting electronic payments. The City accounts for this transaction in accordance with the requirements of GASB Statement No. 60.

The City receives a share of all revenues generated from the parking meter system. Beginning on the effective date, the City's monthly share of the revenue is 30% for parking meter revenues collected between \$0 and \$600 and 60% for all such amounts above \$600 (each tier amount is adjusted for inflation annually). Under the agreement, the City must compensate the concessionaire to offset its losses for certain events, which include, but are not limited to, the City's removal or temporary closure of parking meters, material changes in the rules and regulations affecting the parking meters or residential permits and the City's ownership or operation of certain off-street parking developed after the effective date and located within a quarter of a mile of a parking meter space. The City may terminate the concessionaire agreement but would be required to make a termination payment ranging from \$8,000 to \$19,800 based on the date of termination.

At December 31, 2012, \$19,200 is recorded as a deferred inflow of resources on the government-wide statement of net position. The deferred inflow of resources is being amortized using the straight-line method over the 50-year term of the agreement, and in 2012, \$400 was amortized and recognized as revenue in the government-wide statement of activities.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

16. Related Party Transactions

The legislative body of the City is the same in several respects as that of the County, and the position of the County Executive is the same as the Mayor of Indianapolis. The County provides certain information and telephone services to the City. During 2012, the City incurred approximately \$14,811 in costs, of which approximately \$3,054 is due to the County at December 31, 2012 for these services. During 2012, the County paid the City \$1,571 for fuel charges. As of December 31, 2012 the County owed the City \$302 for court costs. In addition, the City and County both act in capacities of pass through and subrecipient agents for federal and state grants.

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

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

17. Interfund Transactions and Balances

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. The composition of interfund receivable and payable balances as of December 31, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 5,186
General Fund	Risk Management Internal Service Fund	4,062
General Fund	Federal Grants Special Revenue Fund	<u>3,258</u>
		<u>\$ 12,506</u>

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

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

Interfund transfers for the year ended December 31, 2012 consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>Governmental Activities</u>				
	<u>General Fund</u>	<u>Revenue Debt Service Fund</u>	<u>Federal Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ —	\$ 150	\$ —	\$ 5,795	\$ 5,945
Revenue Debt Service Fund	38,826	—	—	10,016	48,842
Economic Development Capital Projects	—	—	—	4	4
Nonmajor Governmental Funds	2,917	5,242	6	2,357	10,522
Total transfers out	<u>\$ 41,743</u>	<u>\$ 5,392</u>	<u>\$ 6</u>	<u>\$ 18,172</u>	<u>\$ 65,313</u>

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

18. Explanation of Certain Differences between the Governmental Fund Financial Statements and the Government-wide Financial Statements

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long term—are reported in the statement of net position.

Details of the adjustment for these reconciling items between the *fund balance – total governmental funds* and *net position – governmental activities*, as reported in the government-wide statement of net position at December 31, 2012, follow:

Bonds and notes payable and certificates of participation	\$ 1,154,210
Deferred premiums, net of discounts	33,847
Deferred amount from refunding	(7,096)
Amounts recorded as matured bonds payable at December 31, 2012	(28,446)
Capital leases payable	8,175
Net pension obligation	401,116
Postemployment benefit obligation	87,645
Compensated absences	33,815
Combined adjustment	<u>\$ 1,683,266</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Details of the adjustments for these reconciling items between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities*, as reported in the government-wide statement of activities at December 31, 2012, follow:

Debt issued:	
Tax increment bonds, excluding capital appreciation accretion of \$6,978	\$ 2,715
Revenue bonds	24,415
Note payable	15,200
Deferred premiums	2,509
	44,839
Combined adjustment	\$ 44,839
Repayments:	
Bond principal, including increase in matured bonds payable of \$23,896	\$ 90,217
Notes payable and certificates of participation	6,350
	96,567
Combined adjustment	\$ 96,567

19. Deficit Fund Balances and Net Position

Negative fund balances by fund are as follows:

Deficit Fund Balances	December 31, 2012
Special Revenue Funds	
Federal Grants	\$ (5,552)
Debt Service Funds	
Redevelopment District	\$ (34)
Internal Service Funds	
Risk Management	\$ (6,220)

The deficit fund balance for the special revenue funds will be covered by future grant reimbursements from the federal government. The deficit fund balance for the debt service funds will be covered by a future transfer that will cover the debt service payments. The risk management internal service fund negative fund balance will be covered by future charges to City departments.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2012

(Dollars in Thousands)

20. Subsequent Events

A. Debt Issuance

On June 6, 2013, the City issued Economic Development Tax Increment Revenue Bonds, Series 2013 A, for the purpose of prepaying its outstanding Economic Development Tax Increment Revenue Bond Anticipation Notes, Series 2012 A; Economic Development Tax Increment Revenue Bonds, Series 2013 B, for the purpose of financing the costs of the Fire Station Completion Project; Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds of 2013 for the purpose of refunding the Redevelopment District Subordinate Tax Increment Bonds, Series 2002 B; and Redevelopment District Subordinate Tax Increment Revenue Bonds, Series 2013 A, for the purpose of financing a portion of the costs of the 16 Tech Project. These bonds were issued in the aggregate amount of \$45,020 to the Bond Bank, which issued its related Series 2013 F Bonds in the amount of \$45,020. The serial bonds are payable in annual principal installments ranging from \$60 to \$1,380 and fully mature on February 1, 2018. The term bond matures on February 1, 2030 in the amount of \$41,980. The bonds bear interest at rates ranging from 2.00% to 5.00%.

Required
Supplementary Information

CITY OF INDIANAPOLIS
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis (Required Supplementary Information)
Year ended December 31, 2012
(In thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget – positive (negative)
Revenues:				
Taxes	\$ 285,748	\$ 321,216	\$ 322,532	\$ 1,316
Licenses and permits	10,118	10,118	14,129	4,011
Charges for services	54,309	56,676	52,996	(3,680)
Intergovernmental revenues	50,166	53,819	48,403	(5,416)
Traffic violations and court fees	3,723	3,723	2,808	(915)
Intragovernmental revenues	3,729	4,279	1,602	(2,677)
Interest and other operating revenues	13,324	13,452	18,383	4,931
Total revenues	<u>421,117</u>	<u>463,283</u>	<u>460,853</u>	<u>(2,430)</u>
Expenditures:				
Current:				
General government	20,908	23,318	20,273	3,045
Public safety	312,526	317,140	310,883	6,257
Public works	106,785	107,152	102,927	4,225
Health and welfare	173	110	154	(44)
Cultural and recreation	13,296	13,358	14,292	(934)
Urban redevelopment and housing	4,545	5,096	4,452	644
Economic development and assistance	2,915	2,919	1,840	1,079
Capital outlays	142,386	105,583	84,961	20,622
Total expenditures	<u>603,534</u>	<u>574,676</u>	<u>539,782</u>	<u>34,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(182,417)</u>	<u>(111,393)</u>	<u>(78,929)</u>	<u>32,464</u>
Other financing sources:				
Sale and lease of property	430	430	1,441	1,011
Transfers in	34,555	34,555	35,797	1,242
Total other financing sources	<u>34,985</u>	<u>34,985</u>	<u>37,238</u>	<u>2,253</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources	<u>(147,432)</u>	<u>(76,408)</u>	<u>(41,691)</u>	<u>34,717</u>
Fund balance at beginning of year	117,953	326,749	291,074	(35,675)
Cancellation of purchase orders and other	323,631	28,295	49,767	21,472
Fund balance at end of year	<u>\$ 294,152</u>	<u>\$ 278,636</u>	<u>\$ 299,150</u>	<u>\$ 20,514</u>

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis (Required Supplementary Information)
Year ended December 31, 2012
(In thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget – positive (negative)
Revenues:				
Charges for services	\$ —	\$ —	\$ 13	\$ 13
Intergovernmental revenues	48,329	53,947	27,252	(26,695)
Traffic violations and court fees	1,100	1,100	2,132	1,032
Interest and other operating revenues	7	7	19	12
Total revenues	<u>49,436</u>	<u>55,054</u>	<u>29,416</u>	<u>(25,638)</u>
Expenditures:				
Current:				
General government	131	228	172	56
Public safety	20,584	22,361	16,251	6,110
Public works	470	2,809	2,646	163
Health and welfare	6,288	6,591	2,254	4,337
Cultural and recreation	917	917	763	154
Urban redevelopment and housing	9,112	16,588	22,346	(5,758)
Economic development and assistance	6,636	6,881	632	6,249
Capital outlays	7,649	14,719	9,342	5,377
Total expenditures	<u>51,787</u>	<u>71,094</u>	<u>54,406</u>	<u>16,688</u>
Deficiency of revenues over expenditures	(2,351)	(16,040)	(24,990)	(8,950)
Other financing uses:				
Transfers out	—	—	(328)	(328)
Total other financing uses	<u>—</u>	<u>—</u>	<u>(328)</u>	<u>(328)</u>
Revenues under expenditures and other financing uses	(2,351)	(16,040)	(25,318)	(9,278)
Fund balance at beginning of year	—	—	—	—
Cancellation of purchase orders and other	2,351	16,040	25,318	9,278
Fund balance at end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Required Pension Supplementary Information
Schedules of Funding Progress
(In thousands)

<u>Asset valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability (AAL) entry age</u>	<u>Unfunded (overfunded) AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
Police (Pre-1977) Plan						
1/1/2012	\$ —	\$ 397,406	\$ 397,406	— %	\$ 1,504	26,423 %
1/1/2011	—	470,430	470,430	—	1,571	29,947
1/1/2010	—	446,400	446,400	—	1,825	24,459
1/1/2009	—	434,034	434,034	—	1,593	27,246
1/1/2008	—	416,860	416,860	—	2,983	13,975
1/1/2007	—	418,288	418,288	—	6,502	6,433
Firefighters (Pre-1977) Plan						
1/1/2012	—	379,065	379,065	—	1,690	22,430
1/1/2011	—	436,557	436,557	—	2,095	20,838
1/1/2010	—	423,741	423,741	—	2,832	14,962
1/1/2009	—	427,480	427,480	—	2,596	16,467
1/1/2008	—	314,836	314,836	—	2,927	10,756
1/1/2007	—	333,998	333,998	—	4,644	7,192
All Other City Employees Plan*						
7/1/2012	66,005	135,810	69,805	49	77,759	90
7/1/2011	74,320	126,438	52,118	59	77,098	68
7/1/2010	95,376	126,997	31,621	75	78,585	40

* Information required for only most recent actuarial valuation and the two preceding valuations

CITY OF INDIANAPOLIS
Required Pension Supplementary Information
Schedules of Employer Contributions
(In thousands)

	Police and Firefighters' Statutory Plans			All Other City Employees		
	Annual required contribution	Percentage contributed		Annual required contribution	Percentage contributed	
Plan year ended June 30						
2012	\$ 30,593	100	%	\$ 7,945	38	%
2011	29,639	100		7,447	47	
2010	28,660	100		4,669	69	
2009	24,994	100		3,051	100	
2008	24,818	100		2,667	108	
2007	22,513	100		2,774	82	
	Police (Pre-1977)			Firefighters (Pre-1977)		
	Annual required contribution	Percentage contributed		Annual required contribution	Percentage contributed	
Plan year ended December 31						
2012	\$ 32,632	84	%	\$ 31,209	90	%
2011	37,925	82		35,421	85	
2010	34,328	89		32,887	84	
2009	32,801	88		32,631	84	
2008	31,403	91		23,903	110	
2007	31,939	80		25,547	98	

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Required Postemployment Benefit Obligation Supplementary Information
Schedule of Funding Progress
(In thousands)

Actuarial valuation date	Actuarial value of assets (a)	Accrued liability (b)	Unfunded accrued liability (UAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAL as a percentage of covered payroll ((b-a)/c)
12/31/2012*	\$ —	143,950	\$ 143,950	— %	\$ 265,921	54.13 %
12/31/2011	—	143,950	143,950	—	270,491	53.22
12/31/2010	—	139,297	139,297	—	269,790	51.63

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

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2012
(In thousands)

1. Budgets and Budgetary Accounting

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

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

		General Fund		Federal Grants Special Revenue Fund
	\$	<u> </u>	\$	<u> </u>
Original appropriations	\$	603,534	\$	51,787
Revisions		<u>(28,858)</u>		<u>19,307</u>
Revised appropriations	\$	<u><u>574,676</u></u>	\$	<u><u>71,094</u></u>

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

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

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2012
(In thousands)

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

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2012
(In thousands)

3. Budget/GAAP Reporting Differences

Adjustments necessary to convert the results of 2012 operations from a budgetary basis to a GAAP basis are as follows:

	General Fund	Federal Grants Special Revenue Fund
Revenues over (under) expenditures and other financing sources (uses) (budgetary basis)	\$ (41,691)	\$ (25,318)
Adjustments:		
Accrued revenues	69,586	28,907
Accrued expenditures	(58,558)	1,519
Transfers, net	—	334
Encumbrances	51,995	22,202
Expenditures from prior year encumbrances	(44,996)	(25,850)
Net change in fund balances (GAAP basis)	\$ (23,664)	\$ 1,794

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Additional
Supplementary Information

CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type
December 31, 2012
(In thousands)

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Equity in pooled cash	\$ 7,477	\$ 29,058	\$ 15,840	\$ —	\$ 52,375
Cash and investments with fiscal agents	—	12,223	27,810	372	40,405
Investments	4,910	19,080	10,398	—	34,388
Property taxes receivable	—	801	485	—	1,286
Accounts receivable, less allowance	602	283	163	—	1,048
Due from federal and state governments	17	—	—	—	17
Long-term receivables, less allowance	—	—	1,500	—	1,500
	<u>13,006</u>	<u>61,445</u>	<u>56,196</u>	<u>372</u>	<u>131,019</u>
Total assets	<u>\$ 13,006</u>	<u>\$ 61,445</u>	<u>\$ 56,196</u>	<u>\$ 372</u>	<u>\$ 131,019</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Matured bonds payable	\$ —	\$ 27,076	\$ —	\$ —	\$ 27,076
Matured interest payable	—	10,402	—	—	10,402
Accounts payable and other accrued liabilities	634	204	4,799	—	5,637
Due to other funds	—	—	5,186	—	5,186
Deferred and unearned revenue	64	1,075	632	—	1,771
	<u>698</u>	<u>38,757</u>	<u>10,617</u>	<u>—</u>	<u>50,072</u>
Total liabilities	<u>698</u>	<u>38,757</u>	<u>10,617</u>	<u>—</u>	<u>50,072</u>
Fund balances:					
Nonspendable	—	—	1,500	372	1,872
Restricted	12,308	22,722	44,079	—	79,109
Unassigned	—	(34)	—	—	(34)
	<u>12,308</u>	<u>22,688</u>	<u>45,579</u>	<u>372</u>	<u>80,947</u>
Total fund balances	<u>12,308</u>	<u>22,688</u>	<u>45,579</u>	<u>372</u>	<u>80,947</u>
Total liabilities and fund balances	<u>\$ 13,006</u>	<u>\$ 61,445</u>	<u>\$ 56,196</u>	<u>\$ 372</u>	<u>\$ 131,019</u>

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds by Fund Type
Year ended December 31, 2012
(In thousands)

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Debt Service</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Taxes	\$ 37,100	\$ 37,321	\$ 12,857	\$ —	\$ 87,278
Charges for services	2,339	—	—	—	2,339
Intergovernmental revenues	619	—	4,983	—	5,602
Traffic violations and court fees	1,654	—	—	—	1,654
Interest and other operating revenues	98	16,134	660	(6)	16,886
Total revenues	<u>41,810</u>	<u>53,455</u>	<u>18,500</u>	<u>(6)</u>	<u>113,759</u>
Expenditures:					
Current:					
General government	412	—	—	—	412
Public safety	31,237	—	—	—	31,237
Public works	105	—	—	—	105
Economic development and assistance	—	—	15,906	—	15,906
Debt service:					
Redemption of bonds and notes	—	31,291	1,083	—	32,374
Interest on bonds and notes	—	29,793	102	—	29,895
Bond and note issuance costs	—	354	—	—	354
Operating lease payments and administration	—	14,953	—	—	14,953
Capital outlays	2,405	—	58,955	—	61,360
Total expenditures	<u>34,159</u>	<u>76,391</u>	<u>76,046</u>	<u>—</u>	<u>186,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,651</u>	<u>(22,936)</u>	<u>(57,546)</u>	<u>(6)</u>	<u>(72,837)</u>
Other financing sources (uses):					
Sale of capital assets	—	—	48	—	48
Premium on bonds and notes issued	—	2,509	—	—	2,509
Refunding bonds issued	—	24,415	—	—	24,415
Payment to refunded bond escrow agent	—	(28,453)	—	—	(28,453)
Transfers in	—	18,172	—	—	18,172
Transfers out	(2,922)	—	(7,600)	—	(10,522)
Total other financing sources (uses)	<u>(2,922)</u>	<u>16,643</u>	<u>(7,552)</u>	<u>—</u>	<u>6,169</u>
Net change in fund balances	4,729	(6,293)	(65,098)	(6)	(66,668)
Fund balances at beginning of year	7,579	28,981	110,677	378	147,615
Fund balances at end of year	<u>\$ 12,308</u>	<u>\$ 22,688</u>	<u>\$ 45,579</u>	<u>\$ 372</u>	<u>\$ 80,947</u>

See accompanying independent auditor's report.

General Fund

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

Consolidated County -	to account for all financial resources for which the taxpayer base is county-wide
Redevelopment -	to account for all financial resources of the Redevelopment special taxing district for economic development activities
Solid Waste Collection -	to account for all financial resources of the Solid Waste Collection special service district for refuse collection services
Solid Waste Disposal -	to account for all financial resources of the Solid Waste Disposal special service district for refuse disposal services
Public Safety Communications -	to account for all financial resources of the Public Safety Communication division of the Department of Public Safety
Transportation -	to account for all financial resources of the Metropolitan Thoroughfare special taxing district
Fire -	to account for all financial resources of the Fire special service district
Pension Stabilization -	to account for proceeds to be applied to unfunded costs of the police and fire pension obligations
Park -	to account for all financial resources of the Park special taxing district
Metropolitan Police -	to account for all financial resources of the consolidated Indianapolis Metropolitan Police Department
Storm Water Management -	to account for all financial resources for storm water drainage services

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2012
(In thousands)

	General Fund	Intrafund	Consolidated	Redevelop-	Solid Waste		Public Safety
	Total	Eliminations	County	ment	Collection	Disposal	Communications
ASSETS							
Equity in pooled cash	\$ 224,578	\$ —	\$ 171,020	\$ 7,308	\$ 8,441	\$ 212	\$ 949
Cash and investments with fiscal agents	9,480	—	9,172	—	—	—	—
Investments	147,672	—	112,058	4,798	5,543	139	623
Property taxes receivable	7,887	—	796	14	927	—	—
Accounts receivable	20,372	—	8,000	16	358	1,338	—
Allowance for estimated uncollectibles – accounts receivable	(808)	—	—	—	—	—	—
Due from other funds	12,506	—	12,506	—	—	—	—
Due from federal and state governments	108	—	54	—	—	—	—
Total assets	\$ 421,795	\$ —	\$ 313,606	\$ 12,136	\$ 15,269	\$ 1,689	\$ 1,572
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 27,929	\$ —	\$ 16,467	\$ 57	\$ 3,135	\$ 22	\$ 593
Accrued payroll and payroll taxes	30,789	—	22,303	26	351	—	36
Deferred and unearned revenue	14,354	—	1,476	26	1,286	1,338	—
Total liabilities	73,072	—	40,246	109	4,772	1,360	629
Fund balances:							
Restricted	34,950	—	—	—	—	—	—
Committed	134,151	—	134,151	—	—	—	—
Assigned	96,691	—	56,278	12,027	10,497	329	943
Unassigned	82,931	—	82,931	—	—	—	—
Total fund balances	348,723	—	273,360	12,027	10,497	329	943
Total liabilities and fund balances	\$ 421,795	\$ —	\$ 313,606	\$ 12,136	\$ 15,269	\$ 1,689	\$ 1,572

(Continued)

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2012
(In thousands)

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
ASSETS					
Equity in pooled cash	\$ 10,236	\$ 5,826	\$ 2,430	\$ 5,146	\$ 13,010
Cash and investments with fiscal agents	308	—	—	—	—
Investments	6,721	4,043	1,571	3,632	8,544
Property taxes receivable	—	2,841	540	2,769	—
Accounts receivable	4,564	859	268	1,559	3,410
Allowance for estimated uncollectibles – accounts receivable	—	—	—	—	(808)
Due from other funds	—	—	—	—	—
Due from federal and state governments	—	—	—	54	—
Total assets	<u>\$ 21,829</u>	<u>\$ 13,569</u>	<u>\$ 4,809</u>	<u>\$ 13,160</u>	<u>\$ 24,156</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 2,631	\$ 882	\$ 1,059	\$ 1,327	\$ 1,756
Accrued payroll and payroll taxes	587	3,117	456	3,799	114
Deferred and unearned revenue	9	3,691	778	3,270	2,480
Total liabilities	<u>3,227</u>	<u>7,690</u>	<u>2,293</u>	<u>8,396</u>	<u>4,350</u>
Fund balance:					
Restricted	18,602	—	—	—	16,348
Committed	—	—	—	—	—
Assigned	—	5,879	2,516	4,764	3,458
Unassigned	—	—	—	—	—
Total fund balances	<u>18,602</u>	<u>5,879</u>	<u>2,516</u>	<u>4,764</u>	<u>19,806</u>
Total liabilities and fund balances	<u>\$ 21,829</u>	<u>\$ 13,569</u>	<u>\$ 4,809</u>	<u>\$ 13,160</u>	<u>\$ 24,156</u>

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year ended December 31, 2012
(In thousands)

	General Fund Total	Intrafund eliminations	Consolidated County	Redevelop- ment	Solid Waste		Public Safety Communications
					Collection	Disposal	
Revenues:							
Taxes	\$ 324,225	\$ —	\$ 53,140	\$ 1,437	\$ 29,544	\$ —	\$ 3,533
Licenses and permits	14,632	—	14,186	—	—	—	—
Charges for services	58,799	—	16,560	343	568	8,480	2,227
Other intergovernmental revenues:							
Federal revenues	4,177	—	431	—	—	—	—
State revenues	97,027	—	5,398	2,763	—	—	—
Other revenues	8,346	—	2,317	—	—	—	—
Intragovernmental revenue	1,650	—	1,631	—	—	—	19
Traffic violations and court fees	2,890	—	1,587	—	—	—	—
Interest and other operating revenues	18,574	—	4,605	47	401	—	—
Total revenues	<u>530,320</u>	<u>—</u>	<u>99,855</u>	<u>4,590</u>	<u>30,513</u>	<u>8,480</u>	<u>5,779</u>
Expenditures:							
Current:							
General government	23,943	—	23,943	—	—	—	—
Public safety	365,697	—	20,118	84	—	—	4,776
Public works	98,169	—	9,280	—	31,004	8,303	—
Health and welfare	149	—	91	50	8	—	—
Cultural and recreation	13,824	—	1,000	—	—	—	—
Urban redevelopment and housing	4,705	—	3,989	509	—	—	—
Economic development and assistance	1,711	—	317	1,394	—	—	—
Debt service:							
Redemption of bonds and notes	172	—	172	—	—	—	—
Interest on bonds and notes	94	—	—	—	—	—	—
Operating lease payments and administration	476	—	17	1	1	—	—
Capital outlays	82,402	—	75,788	3	83	—	60
Total expenditures	<u>591,342</u>	<u>—</u>	<u>134,715</u>	<u>2,041</u>	<u>31,096</u>	<u>8,303</u>	<u>4,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,022)</u>	<u>—</u>	<u>(34,860)</u>	<u>2,549</u>	<u>(583)</u>	<u>177</u>	<u>943</u>
Other financing sources (uses):							
Sales of capital assets	1,560	—	499	145	—	—	—
Transfers in	41,743	(62,365)	40,018	326	—	—	—
Transfers out	(5,945)	62,365	(61,759)	(150)	—	—	—
Total other financing sources (uses)	<u>37,358</u>	<u>—</u>	<u>(21,242)</u>	<u>321</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>(23,664)</u>	<u>—</u>	<u>(56,102)</u>	<u>2,870</u>	<u>(583)</u>	<u>177</u>	<u>943</u>
Fund balances (deficits) at beginning of year	<u>372,387</u>	<u>—</u>	<u>329,462</u>	<u>9,157</u>	<u>11,080</u>	<u>152</u>	<u>—</u>
Fund balances at end of year	<u>\$ 348,723</u>	<u>\$ —</u>	<u>\$ 273,360</u>	<u>\$ 12,027</u>	<u>\$ 10,497</u>	<u>\$ 329</u>	<u>\$ 943</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year ended December 31, 2012
(In thousands)

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
Revenues:					
Taxes	\$ 9,845	\$ 81,965	\$ 17,212	\$ 127,549	\$ —
Licenses and permits	—	28	—	418	—
Charges for services	3,206	550	4,178	2,330	20,357
Other intergovernmental revenues:					
Federal revenues	4,017	(98)	(106)	(67)	—
State revenues	29,135	28,484	—	31,247	—
Other revenues	—	1,536	—	4,493	—
Intragovernmental revenue	—	—	—	—	—
Traffic violations and court fees	—	—	—	1,303	—
Interest and other operating revenues	137	3,868	430	5,904	3,182
Total revenues	<u>46,340</u>	<u>116,333</u>	<u>21,714</u>	<u>173,177</u>	<u>23,539</u>
Expenditures:					
Current:					
General government	—	—	—	—	—
Public safety	—	162,162	2,185	176,372	—
Public works	32,679	—	6,798	—	10,105
Health and welfare	—	—	—	—	—
Cultural and recreation	540	—	12,284	—	—
Urban redevelopment and housing	207	—	—	—	—
Economic development and assistance	—	—	—	—	—
Debt service:					
Redemption of bonds and notes	—	—	—	—	—
Interest on bonds and notes	—	—	94	—	—
Operating lease payments and administration	1	9	445	1	1
Capital outlays	2,533	459	103	16	3,357
Total expenditures	<u>35,960</u>	<u>162,630</u>	<u>21,909</u>	<u>176,389</u>	<u>13,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,380</u>	<u>(46,297)</u>	<u>(195)</u>	<u>(3,212)</u>	<u>10,076</u>
Other financing sources (uses):					
Sales of capital assets	—	916	—	—	—
Transfers in	(2)	52,250	—	11,516	—
Transfers out	(606)	—	—	—	(5,795)
Total other financing sources (uses)	<u>(608)</u>	<u>53,166</u>	<u>—</u>	<u>11,516</u>	<u>(5,795)</u>
Net change in fund balance	9,772	6,869	(195)	8,304	4,281
Fund balances (deficits) at beginning of year	8,830	(990)	2,711	(3,540)	15,525
Fund balances at end of year	<u>\$ 18,602</u>	<u>\$ 5,879</u>	<u>\$ 2,516</u>	<u>\$ 4,764</u>	<u>\$ 19,806</u>

See accompanying independent auditor's report.

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	Total General Fund		Consolidated County		Redevelopment		Solid Waste Collection	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 321,216	\$ 322,532	\$ 53,079	\$ 51,915	\$ 2,129	\$ 1,734	\$ 29,990	\$ 29,544
Licenses and permits	10,118	14,129	9,817	13,686	—	—	—	—
Charges for services	56,676	52,996	13,707	12,109	370	332	269	568
Other intergovernmental revenues:								
Federal revenues	8,100	1,603	—	460	—	—	—	—
State revenues	39,927	40,207	4,494	4,661	777	2,013	—	—
Other revenues	5,792	6,593	2,048	2,157	—	—	—	—
Traffic violations and court fees	3,723	2,808	2,446	1,559	—	—	—	—
Intragovernmental revenues	4,279	1,602	4,279	1,583	—	—	—	—
Interest and other operating revenues	13,452	18,383	3,395	4,841	(1)	(240)	230	403
Total revenues	<u>463,283</u>	<u>460,853</u>	<u>93,265</u>	<u>92,971</u>	<u>3,275</u>	<u>3,839</u>	<u>30,489</u>	<u>30,515</u>
Expenditures:								
Current:								
General government	23,318	20,273	23,318	20,273	—	—	—	—
Public safety	317,140	310,883	23,531	21,017	—	107	—	—
Public works	107,152	102,927	14,471	13,816	—	—	30,076	29,579
Health and welfare	110	154	83	88	27	58	—	8
Cultural and recreation	13,358	14,292	1,000	1,000	—	—	—	—
Urban redevelopment and housing	5,096	4,452	4,621	3,865	196	394	—	—
Economic development and assistance	2,919	1,840	278	319	2,641	1,521	—	—
Capital outlays	105,583	84,961	97,689	78,948	8	3	130	63
Total expenditures	<u>574,676</u>	<u>539,782</u>	<u>164,991</u>	<u>139,326</u>	<u>2,872</u>	<u>2,083</u>	<u>30,206</u>	<u>29,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,393)</u>	<u>(78,929)</u>	<u>(71,726)</u>	<u>(46,355)</u>	<u>403</u>	<u>1,756</u>	<u>283</u>	<u>865</u>
Other financing sources (uses):								
Sales of capital assets	430	1,441	430	498	—	27	—	—
Transfers in (out)	34,555	35,797	(22,350)	(21,742)	195	176	—	—
Total other financing sources (uses)	<u>34,985</u>	<u>37,238</u>	<u>(21,920)</u>	<u>(21,244)</u>	<u>195</u>	<u>203</u>	<u>—</u>	<u>—</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(76,408)</u>	<u>(41,691)</u>	<u>(93,646)</u>	<u>(67,599)</u>	<u>598</u>	<u>1,959</u>	<u>283</u>	<u>865</u>
Fund balances (deficits) at beginning of year	326,749	291,074	286,922	252,631	8,872	8,825	11,118	10,604
Cancellation of purchase orders and other	28,295	49,767	25,691	38,478	569	950	390	738
Fund balances (deficits) at end of year	<u>\$ 278,636</u>	<u>\$ 299,150</u>	<u>\$ 218,967</u>	<u>\$ 223,510</u>	<u>\$ 10,039</u>	<u>\$ 11,734</u>	<u>\$ 11,791</u>	<u>\$ 12,207</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	Solid Waste Disposal		Public Safety Communications		Transportation		Metropolitan Police	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ 3,533	\$ 8,750	\$ 10,107	\$ 126,130	\$ 126,528
Licenses and permits	—	—	—	—	—	—	276	415
Charges for services	8,985	8,431	5,260	2,227	3,000	2,502	1,736	2,278
Other intergovernmental revenues:								
Federal revenues	—	—	—	—	8,100	1,143	—	—
State revenues	—	—	—	—	30,051	29,024	4,059	3,966
Other revenues	—	—	—	—	—	—	3,321	3,844
Traffic violations and court fees	—	—	—	—	—	—	1,277	1,249
Intragovernmental revenues	—	—	—	19	—	—	—	—
Interest and other operating revenues	10	—	100	—	270	134	5,608	5,903
Total revenues	<u>8,995</u>	<u>8,431</u>	<u>5,360</u>	<u>5,779</u>	<u>50,171</u>	<u>42,910</u>	<u>142,407</u>	<u>144,183</u>
Expenditures:								
Current:								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	5,001	4,859	—	—	150,691	148,492
Public works	10,957	10,940	—	—	33,818	32,475	—	—
Health and welfare	—	—	—	—	—	—	—	—
Cultural and recreation	—	—	—	—	—	540	—	—
Urban redevelopment and housing	—	—	—	—	279	193	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	—	—	96	95	1,572	831	118	58
Total expenditures	<u>10,957</u>	<u>10,940</u>	<u>5,097</u>	<u>4,954</u>	<u>35,669</u>	<u>34,039</u>	<u>150,809</u>	<u>148,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,962)</u>	<u>(2,509)</u>	<u>263</u>	<u>825</u>	<u>14,502</u>	<u>8,871</u>	<u>(8,402)</u>	<u>(4,367)</u>
Other financing sources (uses):								
Sale of capital assets	—	—	—	—	—	—	—	—
Transfers in (out)	—	—	—	—	—	(608)	9,600	11,516
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(608)</u>	<u>9,600</u>	<u>11,516</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(1,962)</u>	<u>(2,509)</u>	<u>263</u>	<u>825</u>	<u>14,502</u>	<u>8,263</u>	<u>1,198</u>	<u>7,149</u>
Fund balances (deficits) at beginning of year	2,263	3,026	—	—	1,636	821	(672)	781
Cancellation of purchase orders and other	294	(553)	(263)	1	(656)	5,436	1,403	(305)
Fund balances (deficits) at end of year	<u>\$ 595</u>	<u>\$ (36)</u>	<u>\$ —</u>	<u>\$ 826</u>	<u>\$ 15,482</u>	<u>\$ 14,520</u>	<u>\$ 1,929</u>	<u>\$ 7,625</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	Fire		Park		Storm Water Management	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 83,347	\$ 81,959	\$ 17,791	\$ 17,212	\$ —	\$ —
Licenses and permits	25	28	—	—	—	—
Charges for services	453	455	3,621	3,859	19,275	20,235
Other intergovernmental revenues:						
Federal revenues	—	—	—	—	—	—
State revenues	546	543	—	—	—	—
Other revenues	423	592	—	—	—	—
Traffic violations and court fees	—	—	—	—	—	—
Intragovernmental revenues	—	—	—	—	—	—
Interest and other operating revenues	3,585	3,864	135	340	120	3,138
Total revenues	<u>88,379</u>	<u>87,441</u>	<u>21,547</u>	<u>21,411</u>	<u>19,395</u>	<u>23,373</u>
Expenditures:						
Current:						
General government	—	—	—	—	—	—
Public safety	134,903	134,176	3,014	2,232	—	—
Public works	—	—	7,264	7,012	10,566	9,105
Health and welfare	—	—	—	—	—	—
Cultural and recreation	—	—	12,358	12,752	—	—
Urban redevelopment and housing	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—
Capital outlays	662	491	192	118	5,116	4,354
Total expenditures	<u>135,565</u>	<u>134,667</u>	<u>22,828</u>	<u>22,114</u>	<u>15,682</u>	<u>13,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,186)</u>	<u>(47,226)</u>	<u>(1,281)</u>	<u>(703)</u>	<u>3,713</u>	<u>9,914</u>
Other financing sources (uses):						
Sale of capital assets	—	916	—	—	—	—
Transfers in (out)	52,250	52,250	—	—	(5,140)	(5,795)
Total other financing sources (uses)	<u>52,250</u>	<u>53,166</u>	<u>—</u>	<u>—</u>	<u>(5,140)</u>	<u>(5,795)</u>
Revenues over (under) expenditures and other financing sources and (uses)	5,064	5,940	(1,281)	(703)	(1,427)	4,119
Fund balances (deficits) at beginning of year	1,160	377	2,288	2,246	13,162	11,763
Cancellation of purchase orders and other	(1,212)	2,843	1,590	420	489	1,759
Fund balances (deficits) at end of year	<u>\$ 5,012</u>	<u>\$ 9,160</u>	<u>\$ 2,597</u>	<u>\$ 1,963</u>	<u>\$ 12,224</u>	<u>\$ 17,641</u>

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative	Consolidated County			
Personal services		\$ 4,111	\$ 3,948	\$ 163
Supplies		11	8	3
Other services and charges		355	343	12
Capital outlay		8	6	2
Internal charges		(797)	(797)	—
Total		<u>3,688</u>	<u>3,508</u>	<u>180</u>
Office of Audit and Performance	Consolidated County			
Personal services		676	615	61
Supplies		2	1	1
Other services and charges		137	61	76
Capital outlay		2	1	1
Internal charges		3	—	3
Total		<u>820</u>	<u>678</u>	<u>142</u>
City-County Council	Consolidated County			
Personal services		1,129	1,113	16
Supplies		7	4	3
Other services and charges		642	638	4
Total		<u>1,778</u>	<u>1,755</u>	<u>23</u>
Cable Franchise Board	Consolidated County			
Personal services		318	296	22
Supplies		5	5	—
Other services and charges		153	145	8
Capital outlay		15	14	1
Internal charges		3	2	1
Total		<u>494</u>	<u>462</u>	<u>32</u>
Office of the Corporation Counsel	Consolidated County			
Personal services		2,940	2,930	10
Supplies		7	7	—
Other services and charges		1,079	1,074	5
Capital outlay		1	—	1
Internal charges		(3,260)	(3,262)	2
Total		<u>767</u>	<u>749</u>	<u>18</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Office of Finance and Management	Consolidated County			
Personal services		\$ 3,489	\$ 3,429	\$ 60
Supplies		11	6	5
Other services and charges		2,712	2,484	228
Capital outlay		5	1	4
Internal charges		1	1	—
Total		<u>6,218</u>	<u>5,921</u>	<u>297</u>
Total – Executive and Legislative		\$ <u>13,765</u>	\$ <u>13,073</u>	\$ <u>692</u>
Department of Metropolitan Development	Consolidated County			
Personal services		\$ 2,012	\$ 1,961	\$ 51
Supplies		16	8	8
Other services and charges		3,744	3,020	724
Capital outlay		82	27	55
Internal charges		(178)	(187)	9
Total		<u>5,676</u>	<u>4,829</u>	<u>847</u>
Department of Metropolitan Development	Transportation			
Personal services		209	193	16
Other services and charges		71	—	71
Total		<u>280</u>	<u>193</u>	<u>87</u>
Department of Metropolitan Development	Redevelopment			
Personal services		675	669	6
Supplies		3	2	1
Other services and charges		2,523	1,707	816
Capital outlay		8	3	5
Internal charges		(337)	(298)	(39)
Total		<u>2,872</u>	<u>2,083</u>	<u>789</u>
Total – Department of Metropolitan Development		\$ <u>8,828</u>	\$ <u>7,105</u>	\$ <u>1,723</u>
Department of Code Enforcement	Consolidated County			
Personal services		\$ 8,058	\$ 6,939	\$ 1,119
Supplies		69	65	4
Other services and charges		8,008	6,646	1,362
Capital outlay		277	196	81
Internal charges		1,183	1,202	(19)
Total – Department of Code Enforcement		\$ <u>17,595</u>	\$ <u>15,048</u>	\$ <u>2,547</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Works	Consolidated County			
Personal services		\$ 9,497	\$ 9,110	\$ 387
Supplies		17,563	17,320	243
Other services and charges		19,289	18,071	1,218
Capital outlay		97,292	78,698	18,594
Internal charges		(26,059)	(26,525)	466
Total		<u>117,582</u>	<u>96,674</u>	<u>20,908</u>
Department of Public Works	Transportation			
Personal services		15,195	15,195	—
Supplies		4,911	4,571	340
Other services and charges		8,585	8,242	343
Capital outlay		1,572	831	741
Internal charges		5,126	5,007	119
Total		<u>35,389</u>	<u>33,846</u>	<u>1,543</u>
Department of Public Works	Park			
Personal services		4,988	4,988	—
Supplies		289	281	8
Other services and charges		1,554	1,533	21
Capital outlay		122	54	68
Internal charges		432	210	222
Total		<u>7,385</u>	<u>7,066</u>	<u>319</u>
Department of Public Works	Solid Waste Collection			
Personal services		9,818	9,695	123
Supplies		132	128	4
Other services and charges		14,748	14,722	26
Capital outlay		130	63	67
Internal charges		5,378	5,042	336
Total		<u>30,206</u>	<u>29,650</u>	<u>556</u>
Department of Public Works	Solid Waste Disposal			
Other services and charges		10,507	10,505	2
Internal charges		450	435	15
Total		<u>10,957</u>	<u>10,940</u>	<u>17</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Works	Storm Water Management			
Personal services		\$ 2,959	\$ 2,120	\$ 839
Supplies		34	23	11
Other services and charges		5,744	5,284	460
Capital outlay		5,116	4,354	762
Internal charges		1,829	1,678	151
Total		<u>15,682</u>	<u>13,459</u>	<u>2,223</u>
Total – Department of Public Works		\$ <u>217,201</u>	\$ <u>191,635</u>	\$ <u>25,566</u>
Department of Public Safety	Consolidated County			
Personal services		\$ 3,910	\$ 3,726	\$ 184
Supplies		209	182	27
Other services and charges		4,069	3,605	464
Capital outlay		7	5	2
Internal charges		1,178	1,184	(6)
Total		<u>9,373</u>	<u>8,702</u>	<u>671</u>
Department of Public Safety	Public Safety			
Personal services	Communications	1,073	1,037	36
Supplies		100	93	7
Other services and charges		3,785	3,698	87
Capital outlay		96	95	1
Internal charges		43	31	12
Total		<u>5,097</u>	<u>4,954</u>	<u>143</u>
Department of Public Safety	Fire			
Personal services		124,097	123,998	99
Supplies		1,304	1,043	261
Other services and charges		5,808	5,441	367
Capital outlay		662	491	171
Internal charges		3,694	3,694	—
Total		<u>135,565</u>	<u>134,667</u>	<u>898</u>
Department of Public Safety	Metropolitan Police			
Personal services		127,351	125,448	1,903
Supplies		847	570	277
Other services and charges		10,623	10,602	21
Capital outlay		115	58	57
Internal charges		11,873	11,872	1
Total		<u>150,809</u>	<u>148,550</u>	<u>2,259</u>
Total – Department of Public Safety		\$ <u>300,844</u>	\$ <u>296,873</u>	\$ <u>3,971</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Parks and Recreation	Consolidated County			
Other services and charges		\$ 1,000	\$ 1,000	\$ —
Total		<u>1,000</u>	<u>1,000</u>	<u>—</u>
Department of Parks and Recreation	Park			
Personal services		8,803	8,515	288
Supplies		620	560	60
Other services and charges		5,714	5,686	28
Capital outlay		70	64	6
Internal charges		236	223	13
Total		<u>15,443</u>	<u>15,048</u>	<u>395</u>
Total – Department of Parks and Recreation		\$ <u>16,443</u>	\$ <u>16,048</u>	\$ <u>395</u>
Total – General Fund – by Department and Division		\$ <u><u>574,676</u></u>	\$ <u><u>539,782</u></u>	\$ <u><u>34,894</u></u>

Nonmajor Special Revenue Fund

The Special Revenue Funds include funds that are restricted as to use by the State government and special purpose funds established by authority of the City-County Council.

- Parking -** to account for all parking meter collections; these receipts are used to defray the cost of meter maintenance, the repair of sidewalks and curbs, and the repair of streets
- Cable Franchise - PEG Grants** - to account for contributions from the two cable franchise agreements to provide for public purpose grants for the capital costs of Public, Educational, or Governmental (PEG) Access Facilities
- State of Indiana Grants -** to account for all grants received from the State of Indiana
- Public Safety Income Tax -** to account for public safety income tax receipts
- Drug Free Community -** to account for drug free community grants

CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2012
(In thousands)

	<u>Parking</u>	<u>Cable Franchise PEG Grants</u>	<u>State of Indiana Grants</u>	<u>Public Safety Income Tax</u>	<u>Drug Free Community</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS						
Equity in pooled cash	\$ 2,656	\$ 31	\$ 1,747	\$ 2,969	\$ 74	\$ 7,477
Investments	1,745	20	1,145	1,949	51	4,910
Accounts receivable	548	—	46	—	8	602
Due from federal and state governments	—	—	17	—	—	17
Total assets	<u>\$ 4,949</u>	<u>\$ 51</u>	<u>\$ 2,955</u>	<u>\$ 4,918</u>	<u>\$ 133</u>	<u>\$ 13,006</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other accrued liabilities	\$ 237	\$ —	\$ 264	\$ —	\$ 133	\$ 634
Deferred revenue	—	—	64	—	—	64
Total liabilities	<u>237</u>	<u>—</u>	<u>328</u>	<u>—</u>	<u>133</u>	<u>698</u>
Fund balances:						
Restricted	<u>4,712</u>	<u>51</u>	<u>2,627</u>	<u>4,918</u>	<u>—</u>	<u>12,308</u>
Total fund balances	<u>4,712</u>	<u>51</u>	<u>2,627</u>	<u>4,918</u>	<u>—</u>	<u>12,308</u>
Total liabilities and fund balances	<u>\$ 4,949</u>	<u>\$ 51</u>	<u>\$ 2,955</u>	<u>\$ 4,918</u>	<u>\$ 133</u>	<u>\$ 13,006</u>

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
Year ended December 31, 2012
(In thousands)

	<u>Parking</u>	<u>Cable Franchise PEG Grants</u>	<u>State of Indiana Grants</u>	<u>Public Safety Income Tax</u>	<u>Drug Free Community</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ 37,100	\$ —	\$ 37,100
Charges for services	2,339	—	—	—	—	2,339
Other intergovernmental revenues:						
Federal revenues	—	—	(49)	—	—	(49)
State revenues	—	—	6	—	—	6
Other revenues	—	—	—	—	662	662
Traffic violations and court fees	394	—	1,260	—	—	1,654
Interest and other operating revenues	54	—	7	37	—	98
Total revenues	<u>2,787</u>	<u>—</u>	<u>1,224</u>	<u>37,137</u>	<u>662</u>	<u>41,810</u>
Expenditures:						
Current:						
General government	—	—	—	—	412	412
Public safety	—	—	840	30,397	—	31,237
Public works	105	—	—	—	—	105
Capital outlay	2,218	—	187	—	—	2,405
Total expenditures	<u>2,323</u>	<u>—</u>	<u>1,027</u>	<u>30,397</u>	<u>412</u>	<u>34,159</u>
Excess of revenues over expenditures	<u>464</u>	<u>—</u>	<u>197</u>	<u>6,740</u>	<u>250</u>	<u>7,651</u>
Other financing source uses:						
Transfers out	(1,000)	—	(6)	(1,916)	—	(2,922)
Total other financing sources	<u>(1,000)</u>	<u>—</u>	<u>(6)</u>	<u>(1,916)</u>	<u>—</u>	<u>(2,922)</u>
Net change in fund balances	(536)	—	191	4,824	250	4,729
Fund balances (deficits) at beginning of year	5,248	51	2,436	94	(250)	7,579
Fund balances at end of year	<u>\$ 4,712</u>	<u>\$ 51</u>	<u>\$ 2,627</u>	<u>\$ 4,918</u>	<u>\$ —</u>	<u>\$ 12,308</u>

CITY OF INDIANAPOLIS
Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	Parking		Federal Grants		State of Indiana Grants		Public Safety Income Tax		Drug Free Community		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:												
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 37,153	\$ 37,100	\$ —	\$ —	\$ 37,153	\$ 37,100
Charges for services	1,250	1,692	—	13	—	—	—	—	—	—	1,250	1,705
Other intergovernmental revenues:												
Federal revenues	—	—	53,947	27,252	—	—	—	—	—	—	53,947	27,252
Traffic violations and court fees	536	231	1,100	2,132	1,910	1,213	—	—	—	—	3,546	3,576
Interest and other operating revenues	20	57	7	19	567	8	5	37	—	—	599	121
Total revenues	<u>1,806</u>	<u>1,980</u>	<u>55,054</u>	<u>29,416</u>	<u>2,477</u>	<u>1,221</u>	<u>37,158</u>	<u>37,137</u>	<u>—</u>	<u>—</u>	<u>96,495</u>	<u>69,754</u>
Expenditures:												
Current:												
General government	—	—	228	172	—	—	—	—	450	435	678	607
Public safety	—	—	22,361	16,251	1,677	591	30,397	30,397	—	—	54,435	47,239
Public works	90	84	2,809	2,646	12	—	—	—	—	—	2,911	2,730
Health and welfare	—	—	6,591	2,254	—	—	—	—	—	—	6,591	2,254
Cultural and recreation	—	—	917	763	—	—	—	—	—	—	917	763
Urban redevelopment and housing	—	—	16,588	22,346	—	—	—	—	—	—	16,588	22,346
Economic development and assistance	—	—	6,881	632	—	—	—	—	—	—	6,881	632
Capital outlays	286	279	14,719	9,342	314	212	—	—	—	—	15,319	9,833
Total expenditures	<u>376</u>	<u>363</u>	<u>71,094</u>	<u>54,406</u>	<u>2,003</u>	<u>803</u>	<u>30,397</u>	<u>30,397</u>	<u>450</u>	<u>435</u>	<u>104,320</u>	<u>86,404</u>
Excess (deficiency) of revenues over expenditures	<u>1,430</u>	<u>1,617</u>	<u>(16,040)</u>	<u>(24,990)</u>	<u>474</u>	<u>418</u>	<u>6,761</u>	<u>6,740</u>	<u>(450)</u>	<u>(435)</u>	<u>(7,825)</u>	<u>(16,650)</u>
Other financing sources (uses), net:												
Transfers out	(1,000)	(1,000)	—	(328)	(450)	(5)	—	(1,916)	450	654	(1,000)	(2,595)
Total other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>—</u>	<u>(328)</u>	<u>(450)</u>	<u>(5)</u>	<u>—</u>	<u>(1,916)</u>	<u>450</u>	<u>654</u>	<u>(1,000)</u>	<u>(2,595)</u>
Revenues over (under) expenditures and other financing sources (uses)	430	617	(16,040)	(25,318)	24	413	6,761	4,824	—	219	(8,825)	(19,245)
Fund balances at beginning of year	2,868	373	—	—	—	—	41	43	57	92	2,966	508
Cancellation of purchase orders and other	954	2,750	16,040	25,318	(24)	(413)	(1,862)	51	(35)	(311)	15,073	27,395
Fund balances at end of year	<u>\$ 4,252</u>	<u>\$ 3,740</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,940</u>	<u>\$ 4,918</u>	<u>\$ 22</u>	<u>\$ —</u>	<u>\$ 9,214</u>	<u>\$ 8,658</u>

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative				
Mayor's Office	Federal Grants			
Personal services		\$ 12	\$ 6	\$ 6
Supplies		6	1	5
Other services and charges		118	100	18
Total		<u>136</u>	<u>107</u>	<u>29</u>
Office of Finance and Management	Federal Grants			
Personal services		20	5	15
Other services and charges		72	60	12
Total		<u>92</u>	<u>65</u>	<u>27</u>
Office of Finance and Management	Drug Free Community			
Other services and charges		450	435	15
Total		<u>450</u>	<u>435</u>	<u>15</u>
Total - Executive and Legislative		\$ <u>678</u>	\$ <u>607</u>	\$ <u>71</u>
Department of Metropolitan Development	Federal Grants			
Personal services		\$ 2,757	\$ 2,520	\$ 237
Supplies		26	14	12
Other services and charges		28,013	23,558	4,455
Capital outlay		5	1	4
Internal charges		525	477	48
Total		<u>31,326</u>	<u>26,570</u>	<u>4,756</u>
Total – Department of Metropolitan Development		\$ <u>31,326</u>	\$ <u>26,570</u>	\$ <u>4,756</u>
Department of Public Works	Parking			
Other services and charges		\$ 90	\$ 84	\$ 6
Capital outlay		286	279	7
Total		<u>376</u>	<u>363</u>	<u>13</u>
Department of Public Works	Federal Grants			
Personal services		70	69	1
Supplies		11	5	6
Other services and charges		2,728	2,570	158
Capital outlay		5,461	5,458	3
Total		<u>8,270</u>	<u>8,102</u>	<u>168</u>

(Continued)

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Works	State of Indiana Grants			
Other services and charges		\$ 12	\$ —	\$ 12
Capital outlay		27	17	10
Total		<u>39</u>	<u>17</u>	<u>22</u>
Total – Department of Public Works		\$ 8,685	\$ 8,482	\$ 203
Department of Public Safety	Federal Grants			
Personal services		\$ 8,315	\$ 6,614	\$ 1,701
Supplies		1,915	650	1,265
Other services and charges		10,860	7,641	3,219
Capital outlay		7,825	3,391	4,434
Internal charges		10	10	—
Total		<u>28,925</u>	<u>18,306</u>	<u>10,619</u>
Department of Public Safety	State of Indiana Grants			
Personal services		991	293	698
Supplies		101	43	58
Other services and charges		585	255	330
Capital outlay		287	195	92
Total		<u>1,964</u>	<u>786</u>	<u>1,178</u>
Department of Public Safety	Public Safety Income Tax			
Personal services		30,397	30,397	—
Total		<u>30,397</u>	<u>30,397</u>	<u>—</u>
Total – Department of Public Safety		\$ 61,286	\$ 49,489	\$ 11,797
Department of Parks and Recreation	Federal Grants			
Personal services		\$ 326	\$ 279	\$ 47
Supplies		6	3	3
Other services and charges		585	482	103
Capital outlay		1,428	492	936
Total		<u>2,345</u>	<u>1,256</u>	<u>1,089</u>
Total – Department of Parks and Recreation		\$ 2,345	\$ 1,256	\$ 1,089
Total – Special Revenue Funds – by Department and Division		<u>\$ 104,320</u>	<u>\$ 86,404</u>	<u>\$ 17,916</u>

See accompanying independent auditor's report.

Nonmajor Debt Service Funds

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

Civil City -	to account for the accumulation of resources for, and the payment of general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Civil City
Redevelopment District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Redevelopment District and to account for the accumulation of resources for, and the payment of, long-term lease commitments to the Marion County Convention and Recreation Facility Authority (MCCRFA) for a leasehold interest in the United Airlines repair facility
Public Safety Communications -	to account for the accumulation of resources for, and the payment of, costs associated with the Public Safety Communications System Equipment
Sanitary District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Sanitary District
Flood Control District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Flood Control District
Metropolitan Thoroughfare - District	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Metropolitan Thoroughfare District
Park District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest, and related costs of bond issues benefiting the taxpayers of the Park District
Economic Development District -	to account for accumulation of resources, and payments of long term bonded debt principal, interest, and related costs of debt issued for certain projects with Economic Development bonds proceeds by the City
PILOT -	to account for accumulation of resources, and payments of long-term debt principal, interest, and related costs of debt issued for certain projects for the Department of Public Works

CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2012
(In thousands)

	Civil City	Redevelopment District	Public Safety Communications	Sanitary District	Flood Control District	Metropolitan Thoroughfare District	Park District	Economic Development District	PILOT	Total Nonmajor Debt Service Funds
ASSETS										
Equity in pooled cash	\$ 2,880	\$ 4,007	\$ 1,337	\$ 4,623	\$ 2,576	\$ 3,360	\$ 1,789	\$ 2,514	\$ 5,972	\$ 29,058
Cash and investments with fiscal agents	4	—	12	24	8	29	10	12,136	—	12,223
Investments	1,891	2,632	877	3,035	1,692	2,206	1,175	1,650	3,922	19,080
Property taxes receivable	295	149	113	—	—	161	83	—	—	801
Accounts receivable	97	49	43	—	—	60	34	—	—	283
Total assets	\$ 5,167	\$ 6,837	\$ 2,382	\$ 7,682	\$ 4,276	\$ 5,816	\$ 3,091	\$ 16,300	\$ 9,894	\$ 61,445
LIABILITIES AND FUND BALANCES										
Matured bonds payable	\$ 2,990	\$ 6,615	\$ 1,100	\$ 6,378	\$ 2,776	\$ 4,707	\$ 2,510	\$ —	\$ —	\$ 27,076
Matured interest payable	1,766	15	818	1,058	1,488	843	458	—	3,956	10,402
Accounts payable and other accrued liabilities	2	50	—	112	11	21	8	—	—	204
Deferred and unearned revenue	393	191	157	—	—	219	115	—	—	1,075
Total liabilities	5,151	6,871	2,075	7,548	4,275	5,790	3,091	—	3,956	38,757
Fund balances:										
Restricted	16	—	307	134	1	26	—	16,300	5,938	22,722
Unassigned	—	(34)	—	—	—	—	—	—	—	(34)
Total fund balances (deficits)	16	(34)	307	134	1	26	—	16,300	5,938	22,688
Total liabilities and fund balances	\$ 5,167	\$ 6,837	\$ 2,382	\$ 7,682	\$ 4,276	\$ 5,816	\$ 3,091	\$ 16,300	\$ 9,894	\$ 61,445

See accompanying independent auditor's report.

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
Year ended December 31, 2012
(In thousands)

	Civil City	Redevelopment District	Public Safety Communications	Sanitary District	Flood Control District	Metropolitan Thoroughfare District	Park District	Economic Development District	PILOT	Total Nonmajor Debt Service Funds
Revenues:										
Property taxes	\$ 8,616	\$ 14,493	\$ 3,170	\$ —	\$ —	\$ 4,573	\$ 2,805	\$ 1,183	\$ —	\$ 34,840
Other taxes	765	684	310	—	—	448	274	—	—	2,481
Interest on investments	1	(2)	2	2	2	3	2	208	19	237
Other revenues	—	—	466	8,493	3	—	—	1,671	5,264	15,897
Total revenues	9,382	15,175	3,948	8,495	5	5,024	3,081	3,062	5,283	53,455
Expenditures:										
Redemption of bonds and notes	5,915	6,615	2,185	6,378	2,776	4,707	2,510	205	—	31,291
Interest on bonds and notes	3,600	27	1,654	2,115	2,968	1,649	878	8,992	7,910	29,793
Bond issuance costs	—	—	—	—	—	—	—	354	—	354
Operating lease payments and administration	77	14,220	35	—	65	33	18	344	161	14,953
Total expenditures	9,592	20,862	3,874	8,493	5,809	6,389	3,406	9,895	8,071	76,391
Excess (deficiency) of revenues over (under) expenditures	(210)	(5,687)	74	2	(5,804)	(1,365)	(325)	(6,833)	(2,788)	(22,936)
Other financing sources (uses):										
Premium on bonds	—	—	—	—	—	—	—	2,509	—	2,509
Refunding bonds issued	—	—	—	—	—	—	—	24,415	—	24,415
Payment to refunded bond escrow agent	—	—	—	—	—	—	—	(28,453)	—	(28,453)
Transfers in	650	7,400	12	—	5,795	1,370	325	2,620	—	18,172
Total other financing sources	650	7,400	12	—	5,795	1,370	325	1,091	—	16,643
Net change in fund balances	440	1,713	86	2	(9)	5	—	(5,742)	(2,788)	(6,293)
Fund balances (deficits) at beginning of year	(424)	(1,747)	221	132	10	21	—	22,042	8,726	28,981
Fund balances (deficits) at end of year	\$ 16	\$ (34)	\$ 307	\$ 134	\$ 1	\$ 26	\$ —	\$ 16,300	\$ 5,938	\$ 22,688

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	<u>Civil City</u>		<u>Redevelopment District</u>		<u>Public Safety Communications</u>	
	<u>Final budget</u>	<u>Actual</u>	<u>Final budget</u>	<u>Actual</u>	<u>Final budget</u>	<u>Actual</u>
Revenues:						
Taxes	\$ 10,304	\$ 9,381	\$ 18,225	\$ 15,177	\$ 3,882	\$ 3,481
Charges for services	—	—	—	—	1,280	466
Other operating revenues	—	1	7	(1)	—	2
Total revenues	<u>10,304</u>	<u>9,382</u>	<u>18,232</u>	<u>15,176</u>	<u>5,162</u>	<u>3,949</u>
Expenditures:						
Economic development and assistance	—	—	—	—	—	—
Debt service	9,592	9,592	20,869	20,869	3,873	3,873
Total expenditures	<u>9,592</u>	<u>9,592</u>	<u>20,869</u>	<u>20,869</u>	<u>3,873</u>	<u>3,873</u>
Deficiency of revenues under expenditures	712	(210)	(2,637)	(5,693)	1,289	76
Other financing sources (uses), net:						
Bond proceeds	—	—	—	—	—	—
Transfers in (out)	—	650	7,245	7,400	—	12
Total other financing sources (uses)	<u>—</u>	<u>650</u>	<u>7,245</u>	<u>7,400</u>	<u>—</u>	<u>12</u>
Revenues over (under) expenditures and other financing sources	712	440	4,608	1,707	1,289	88
Fund balances (deficits) at beginning of year	(421)	(423)	(1,701)	372	54	—
Cancellation of purchase orders and other	(291)	(5)	(1,276)	(2,120)	(1,268)	207
Fund balances (deficits) at end of year	<u>\$ —</u>	<u>\$ 12</u>	<u>\$ 1,631</u>	<u>\$ (41)</u>	<u>\$ 75</u>	<u>\$ 295</u>

(Continued)

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	<u>Sanitary District</u>		<u>Flood Control District</u>		<u>Metropolitan Thoroughfare District</u>	
	<u>Final budget</u>	<u>Actual</u>	<u>Final budget</u>	<u>Actual</u>	<u>Final budget</u>	<u>Actual</u>
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 5,613	\$ 5,020
Charges for services	—	—	—	—	—	—
Other operating revenues	10,000	8,496	—	6	—	4
Total revenues	<u>10,000</u>	<u>8,496</u>	<u>—</u>	<u>6</u>	<u>5,613</u>	<u>5,024</u>
Expenditures:						
Economic development and assistance	—	—	—	—	—	—
Debt service	9,890	8,494	6,079	5,809	7,425	6,390
Total expenditures	<u>9,890</u>	<u>8,494</u>	<u>6,079</u>	<u>5,809</u>	<u>7,425</u>	<u>6,390</u>
Deficiency of revenues under expenditures	<u>110</u>	<u>2</u>	<u>(6,079)</u>	<u>(5,803)</u>	<u>(1,812)</u>	<u>(1,366)</u>
Other financing sources (uses), net:						
Bond proceeds	—	—	—	—	—	—
Transfers in (out)	—	—	5,140	5,795	820	1,370
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>5,140</u>	<u>5,795</u>	<u>820</u>	<u>1,370</u>
Revenues over (under) expenditures and other financing sources	<u>110</u>	<u>2</u>	<u>(939)</u>	<u>(8)</u>	<u>(992)</u>	<u>4</u>
Fund balances (deficits) at beginning of year	—	—	—	—	17	—
Cancellation of purchase orders and other	<u>102</u>	<u>106</u>	<u>1,315</u>	<u>1</u>	<u>975</u>	<u>(32)</u>
Fund balances (deficits) at end of year	<u>\$ 212</u>	<u>\$ 108</u>	<u>\$ 376</u>	<u>\$ (7)</u>	<u>\$ —</u>	<u>\$ (28)</u>

(Continued)

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	<u>Revenue</u>		<u>Park District</u>		<u>Economic Development</u>		<u>PILOT</u>		<u>Totals</u>	
	<u>Final budget</u>	<u>Actual</u>	<u>Final budget</u>	<u>Actual</u>	<u>Final budget</u>	<u>Actual</u>	<u>Final budget</u>	<u>Actual</u>	<u>Final budget</u>	<u>Actual</u>
Revenues:										
Taxes	\$ 79,027	\$ 76,014	\$ 3,408	\$ 3,079	\$ 1,245	\$ 1,183	\$ —	\$ —	\$ 121,704	\$ 113,335
Charges for services	—	—	—	—	1,906	1,489	—	—	3,186	1,955
Other operating revenues	2,564	2,185	—	2	12	178	5,274	5,325	17,857	16,198
Total revenues	<u>81,591</u>	<u>78,199</u>	<u>3,408</u>	<u>3,081</u>	<u>3,163</u>	<u>2,850</u>	<u>5,274</u>	<u>5,325</u>	<u>142,747</u>	<u>131,488</u>
Expenditures:										
Economic development and assistance	471	317	—	—	—	—	—	—	471	317
Debt service	69,774	67,295	3,983	3,406	38,760	37,937	8,070	8,070	178,315	171,735
Total expenditures	<u>70,245</u>	<u>67,612</u>	<u>3,983</u>	<u>3,406</u>	<u>38,760</u>	<u>37,937</u>	<u>8,070</u>	<u>8,070</u>	<u>178,786</u>	<u>172,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,346</u>	<u>10,587</u>	<u>(575)</u>	<u>(325)</u>	<u>(35,597)</u>	<u>(35,087)</u>	<u>(2,796)</u>	<u>(2,745)</u>	<u>(36,039)</u>	<u>(40,564)</u>
Other financing sources (uses), net:										
Bond proceeds	—	2,715	—	—	—	26,924	2,263	—	2,263	29,639
Transfers in (out)	(45,940)	(43,450)	—	325	—	2,620	—	—	(32,735)	(25,278)
Total other financing sources (uses)	<u>(45,940)</u>	<u>(40,735)</u>	<u>—</u>	<u>325</u>	<u>—</u>	<u>29,544</u>	<u>2,263</u>	<u>—</u>	<u>(30,472)</u>	<u>4,361</u>
Revenues over (under) expenditures and other financing sources	<u>(34,594)</u>	<u>(30,148)</u>	<u>(575)</u>	<u>—</u>	<u>(35,597)</u>	<u>(5,543)</u>	<u>(533)</u>	<u>(2,745)</u>	<u>(66,511)</u>	<u>(36,203)</u>
Fund balances (deficits) at beginning of year	760	569	6	8	5,262	10,361	2,456	6,410	6,433	17,297
Cancellation of purchase orders and other	40,304	35,287	569	(20)	30,337	(4,291)	3,956	2,274	74,723	31,407
Fund balances (deficits) at end of year	<u>\$ 6,470</u>	<u>\$ 5,708</u>	<u>\$ —</u>	<u>\$ (12)</u>	<u>\$ 2</u>	<u>\$ 527</u>	<u>\$ 5,879</u>	<u>\$ 5,939</u>	<u>\$ 14,645</u>	<u>\$ 12,501</u>

CITY OF INDIANAPOLIS
Debt Service Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Metropolitan Development	Revenue			
Other services and charges		\$ 471	\$ 317	\$ 154
Total		<u>471</u>	<u>317</u>	<u>154</u>
Executive and Legislative	Revenue			
Other services and charges		8,000	8,000	—
Total		<u>8,000</u>	<u>8,000</u>	<u>—</u>
Non Departmental	Flood Control District			
Other services and charges		6,079	5,809	270
Total		<u>6,079</u>	<u>5,809</u>	<u>270</u>
Non Departmental	Metropolitan Thoroughfare District			
Other services and charges		7,425	6,390	1,035
Total		<u>7,425</u>	<u>6,390</u>	<u>1,035</u>
Non Departmental	Park District			
Other services and charges		3,983	3,406	577
Total		<u>3,983</u>	<u>3,406</u>	<u>577</u>
Non Departmental	Public Safety Communicaitons			
Other services and charges		3,873	3,873	—
Total		<u>3,873</u>	<u>3,873</u>	<u>—</u>
Non Departmental	Civil City			
Other services and charges		9,592	9,592	—
Total		<u>9,592</u>	<u>9,592</u>	<u>—</u>
Non Departmental	Redevelopment District			
Other services and charges		20,869	20,869	—
Total		<u>20,869</u>	<u>20,869</u>	<u>—</u>
Non Departmental	Revenue			
Other services and charges		61,774	59,295	2,479
Total		<u>61,774</u>	<u>59,295</u>	<u>2,479</u>
Non Departmental	Sanitary District			
Other services and charges		9,890	8,494	1,396
Total		<u>9,890</u>	<u>8,494</u>	<u>1,396</u>
Non Departmental	Economic Development			
Other services and charges		38,760	37,937	823
Total		<u>38,760</u>	<u>37,937</u>	<u>823</u>
Non Departmental	PILOT			
Other services and charges		8,070	8,070	—
Total		<u>8,070</u>	<u>8,070</u>	<u>—</u>
Total – Debt Service Funds – by Department		\$ <u>178,786</u>	\$ <u>172,052</u>	\$ <u>6,734</u>

See accompanying independent auditor's report.

Nonmajor Capital Project Funds

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

Redevelopment District:

General - to account for all financial resources related to projects constructed wholly or in part from Redevelopment District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

Tax Increment - to account for all financial resources related to projects constructed from proceeds of the Redevelopment District Tax Increment bond issues

PILOT Revenue Bonds - to account for all financial resources accumulated and payments made for construction, renovation, rehabilitation, and installation, of certain improvements to the City's public roads, street and sidewalks, and other public facilities.

Metropolitan Thoroughfare District - to account for all financial resources related to projects constructed wholly or in part from Metropolitan Thoroughfare District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

Park District - to account for all financial resources related to projects constructed from proceeds of the Park District bond issues

City Cumulative Capital Development - to account for all resources accumulating from a City-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature

County Cumulative Capital Development - to account for all resources accumulating from a County-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature

Facilities Revenue Bonds - to account for all financial resources related to certain maintenance and repair of City and County facilities

Tax Revenue Note - to account for all financial resources related to purchases of certain vehicles and other equipment from the proceeds of a tax revenue note

Public Safety Communications - to account for all financial resources related to acquisition of computer hardware and software from proceeds of the Public Safety Communication System and Computer Facilities District bonds

(Continued)

- Landmark Building Preservation -** to account for all financial resources related to costs of major repairs to certain City properties
- Fire Cumulative-** to account for all resources for the fire department accumulating from an ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature
- Storm Water -** to account for all financial resources related to expenditures for construction of storm water removal infrastructure
- Energy Savings -** to account for all financial resources related to expenditures for “energy upgrades” of City and County facilities
- Capital Asset Development -** to account for revenues from operating agreements with outside contractors which are to be used to purchase capital assets for the benefit of the City

CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2012
(In thousands)

	<u>Redevelopment District</u>		<u>PILOT Revenue</u>	<u>Metropolitan</u>	<u>Park</u>	<u>City</u>	<u>County</u>	<u>Facilities</u>
	<u>General</u>	<u>Tax</u>						
ASSETS		Increment		District		Development	Development	Bonds
Equity in pooled cash	\$ 609	\$ 59	\$ —	\$ 1,582	\$ 11	\$ 7,972	\$ 1,659	\$ —
Cash and investments with fiscal agents	—	1,186	18,426	—	—	—	—	—
Investments	398	39	—	1,039	7	5,235	1,090	—
Property taxes receivable	—	—	—	—	—	390	—	—
Accounts receivable	—	—	15	—	—	119	—	—
Long-term receivables, less allowance	—	1,500	—	—	—	—	—	—
Total assets	\$ 1,007	\$ 2,784	\$ 18,441	\$ 2,621	\$ 18	\$ 13,716	\$ 2,749	\$ —
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and other accrued liabilities	\$ —	\$ 83	\$ 1,915	\$ —	\$ —	\$ 1,018	\$ 183	\$ —
Due to other funds	—	—	3,167	—	—	—	—	—
Deferred and unearned revenue	—	—	—	—	—	509	—	—
Total liabilities	—	83	5,082	—	—	1,527	183	—
Fund balances:								
Nonspendable	—	1,500	—	—	—	—	—	—
Restricted	1,007	1,201	13,359	2,621	18	12,189	2,566	—
Total fund balances	1,007	2,701	13,359	2,621	18	12,189	2,566	—
Total liabilities and fund balances	\$ 1,007	\$ 2,784	\$ 18,441	\$ 2,621	\$ 18	\$ 13,716	\$ 2,749	\$ —

(Continued)

CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2012
(In thousands)

	Tax Revenue Note	Public Safety Communications	Landmark Building Preservation	Fire Cumulative	Storm Water	Energy Savings	Capital Asset Development	Total Nonmajor Capital Projects Funds
ASSETS								
Equity in pooled cash	\$ 41	\$ 1,393	\$ 14	\$ 989	\$ —	\$ —	\$ 1,511	\$ 15,840
Cash and investments with fiscal agents	71	—	—	—	6,975	1,152	—	27,810
Investments	26	914	9	649	—	—	992	10,398
Property taxes receivable	—	—	—	95	—	—	—	485
Accounts receivable	—	—	—	29	—	—	—	163
Long-term receivables, less allowance	—	—	—	—	—	—	—	1,500
Total assets	<u>\$ 138</u>	<u>\$ 2,307</u>	<u>\$ 23</u>	<u>\$ 1,762</u>	<u>\$ 6,975</u>	<u>\$ 1,152</u>	<u>\$ 2,503</u>	<u>\$ 56,196</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and other accrued liabilities	\$ —	\$ 95	\$ —	\$ 47	\$ 1,062	\$ —	\$ 396	\$ 4,799
Due to other funds	—	—	—	—	2,012	7	—	5,186
Deferred and unearned revenue	—	—	—	123	—	—	—	632
Total liabilities	<u>—</u>	<u>95</u>	<u>—</u>	<u>170</u>	<u>3,074</u>	<u>7</u>	<u>396</u>	<u>10,617</u>
Fund balances:								
Nonspendable	—	—	—	—	—	—	—	1,500
Restricted	138	2,212	23	1,592	3,901	1,145	2,107	44,079
Total fund balances	<u>138</u>	<u>2,212</u>	<u>23</u>	<u>1,592</u>	<u>3,901</u>	<u>1,145</u>	<u>2,107</u>	<u>45,579</u>
Total liabilities and fund balances	<u>\$ 138</u>	<u>\$ 2,307</u>	<u>\$ 23</u>	<u>\$ 1,762</u>	<u>\$ 6,975</u>	<u>\$ 1,152</u>	<u>\$ 2,503</u>	<u>\$ 56,196</u>

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
Year ended December 31, 2012
(In thousands)

	<u>Redevelopment District</u>		<u>PILOT Revenue Bonds</u>	<u>Metropolitan Thoroughfare District</u>	<u>Park District</u>	<u>City Cumulative Capital Development</u>	<u>County Cumulative Capital Development</u>	<u>Facilities Revenue</u>
	<u>General</u>	<u>Tax Increment</u>						
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	10,530	\$ —	\$ —
Other intergovernmental revenues:								
Federal revenues	—	—	855	—	—	163	383	—
Other revenues	—	—	—	—	—	—	3,536	—
Interest and other operating revenues	3	30	411	7	—	35	33	—
Total revenues	<u>3</u>	<u>30</u>	<u>1,266</u>	<u>7</u>	<u>—</u>	<u>10,728</u>	<u>3,952</u>	<u>—</u>
Expenditures:								
Current:								
Economic development and assistance	19	15,887	—	—	—	—	—	—
Redemption of bonds and notes	—	—	—	—	—	932	—	—
Interest on bonds and notes	—	—	—	—	—	88	—	—
Capital outlays	18	406	24,084	—	—	3,999	1,682	—
Total expenditures	<u>37</u>	<u>16,293</u>	<u>24,084</u>	<u>—</u>	<u>—</u>	<u>5,019</u>	<u>1,682</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34)</u>	<u>(16,263)</u>	<u>(22,818)</u>	<u>7</u>	<u>—</u>	<u>5,709</u>	<u>2,270</u>	<u>—</u>
Other financing sources (uses):								
Sale of capital assets	—	—	—	—	—	—	—	—
Transfers out	—	(5,144)	—	—	—	(1,470)	(875)	(99)
Total other financing sources (uses)	<u>—</u>	<u>(5,144)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,470)</u>	<u>(875)</u>	<u>(99)</u>
Net change in fund balances	<u>(34)</u>	<u>(21,407)</u>	<u>(22,818)</u>	<u>7</u>	<u>—</u>	<u>4,239</u>	<u>1,395</u>	<u>(99)</u>
Fund balances at beginning of year	1,041	24,108	36,177	2,614	18	7,950	1,171	99
Fund balances at end of year	<u>\$ 1,007</u>	<u>\$ 2,701</u>	<u>\$ 13,359</u>	<u>\$ 2,621</u>	<u>\$ 18</u>	<u>\$ 12,189</u>	<u>\$ 2,566</u>	<u>\$ —</u>

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
Year ended December 31, 2012
(In thousands)

	Tax Revenue Note	Public Safety Communications	Landmark Building Preservation	Fire Cumulative	Storm Water	Energy Savings	Capital Asset Development	Total Nonmajor Capital Projects Funds
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ 2,327	\$ —	\$ —	\$ —	\$ 12,857
Other intergovernmental revenues:								
Federal revenues	—	46	—	—	—	—	—	1,447
Other revenues	—	—	—	—	—	—	—	3,536
Interest and other operating revenues	—	107	—	4	10	2	18	660
Total revenues	<u>—</u>	<u>153</u>	<u>—</u>	<u>2,331</u>	<u>10</u>	<u>2</u>	<u>18</u>	<u>18,500</u>
Expenditures:								
Current:								
Economic development and assistance	—	—	—	—	—	—	—	15,906
Redemption of bonds and notes	—	—	—	151	—	—	—	1,083
Interest on bonds and notes	—	—	—	14	—	—	—	102
Capital outlays	—	5,763	—	1,912	13,433	1,337	6,321	58,955
Total expenditures	<u>—</u>	<u>5,763</u>	<u>—</u>	<u>2,077</u>	<u>13,433</u>	<u>1,337</u>	<u>6,321</u>	<u>76,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>(5,610)</u>	<u>—</u>	<u>254</u>	<u>(13,423)</u>	<u>(1,335)</u>	<u>(6,303)</u>	<u>(57,546)</u>
Other financing sources (uses):								
Sale of capital assets	—	—	—	48	—	—	—	48
Transfers out	—	(12)	—	—	—	—	—	(7,600)
Total other financing sources (uses)	<u>—</u>	<u>(12)</u>	<u>—</u>	<u>48</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,552)</u>
Net change in fund balances	<u>—</u>	<u>(5,622)</u>	<u>—</u>	<u>302</u>	<u>(13,423)</u>	<u>(1,335)</u>	<u>(6,303)</u>	<u>(65,098)</u>
Fund balances at beginning of year	138	7,834	23	1,290	17,324	2,480	8,410	110,677
Fund balances at end of year	<u>\$ 138</u>	<u>\$ 2,212</u>	<u>\$ 23</u>	<u>\$ 1,592</u>	<u>\$ 3,901</u>	<u>\$ 1,145</u>	<u>\$ 2,107</u>	<u>\$ 45,579</u>

CITY OF INDIANAPOLIS
Annually Budgeted Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	City Cumulative Capital Development		County Cumulative Capital Development		Fire Cumulative		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 8,959	\$ 10,530	\$ —	\$ —	\$ 2,365	\$ 2,326	\$ 11,324	\$ 12,856
Other intergovernmental revenues	—	—	—	291	—	—	—	291
Interest and other operating revenues	20	37	2	34	—	42	22	113
Total revenues	<u>8,979</u>	<u>10,567</u>	<u>2</u>	<u>325</u>	<u>2,365</u>	<u>2,368</u>	<u>11,346</u>	<u>13,260</u>
Expenditures:								
Current:								
Public safety	485	374	—	—	500	476	985	850
Public works	107	7	—	—	—	—	107	7
Cultural and recreation	500	495	—	—	—	—	500	495
Capital outlays	6,716	5,599	1,500	1,407	1,838	1,682	10,054	8,688
Total expenditures	<u>7,808</u>	<u>6,475</u>	<u>1,500</u>	<u>1,407</u>	<u>2,338</u>	<u>2,158</u>	<u>11,646</u>	<u>10,040</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,171</u>	<u>4,092</u>	<u>(1,498)</u>	<u>(1,082)</u>	<u>27</u>	<u>210</u>	<u>(300)</u>	<u>3,220</u>
Other financing sources (uses), net:								
Transfers in(out)	(820)	(1,470)	1,500	2,661	—	—	680	1,191
Total other financing sources (uses)	<u>(820)</u>	<u>(1,470)</u>	<u>1,500</u>	<u>2,661</u>	<u>—</u>	<u>—</u>	<u>680</u>	<u>1,191</u>
Revenues over expenditures and other financing sources (uses)	351	2,622	2	1,579	27	210	380	4,411
Fund balances at beginning of year	4,816	2,144	82	552	1,260	1,042	6,158	3,738
Cancellation of purchase orders and other	2,888	3,610	685	(378)	(6)	234	3,567	3,466
Fund balances at end of year	<u>\$ 8,055</u>	<u>\$ 8,376</u>	<u>\$ 769</u>	<u>\$ 1,753</u>	<u>\$ 1,281</u>	<u>\$ 1,486</u>	<u>\$ 10,105</u>	<u>\$ 11,615</u>

CITY OF INDIANAPOLIS
Annually Budgeted Capital Projects Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Works	City Cumulative Capital Improvement			
Other services and charges		\$ 107	\$ 7	\$ 100
Capital outlay		2,176	1,162	1,014
Total		<u>2,283</u>	<u>1,169</u>	<u>1,114</u>
Department of Public Works	County Cumulative Capital Improvement			
Capital outlay		1,500	1,407	93
Total		<u>1,500</u>	<u>1,407</u>	<u>93</u>
Total – Department of Public Works		\$ <u>3,783</u>	\$ <u>2,576</u>	\$ <u>1,207</u>
Department of Public Safety	Fire Cumulative			
Other services and charges		\$ 500	\$ 476	\$ 24
Capital Outlay		1,838	1,682	156
Total		<u>2,338</u>	<u>2,158</u>	<u>180</u>
Department of Public Safety	City Cumulative Capital Improvement			
Supplies		59	—	59
Other services and charges		426	374	52
Capital outlay		1,563	1,464	99
Total – Department of Public Safety		\$ <u>2,048</u>	\$ <u>1,838</u>	\$ <u>210</u>
Department of Parks and Recreation	City Cumulative Capital Improvement			
Other services and charges		\$ 500	\$ 495	\$ 5
Capital outlay		2,977	2,973	4
Total – Department of Parks and Recreation		\$ <u>3,477</u>	\$ <u>3,468</u>	\$ <u>9</u>
Total – Capital Projects Funds – by Department and Division		\$ <u><u>11,646</u></u>	\$ <u><u>10,040</u></u>	\$ <u><u>1,606</u></u>

Internal Service Funds

Internal Service Funds are used to account for the accumulation of resources to provide for the financing of certain self-insurance programs for all City departments.

The City maintains Risk Management, Public Liability Self-Insurance, and Employee Health Insurance Internal Service Funds.

Internal Service Funds
Combining Statement of Net Position
December 31, 2012
(In thousands)

	<u>Risk Management</u>	<u>Public Liability Self Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
ASSETS				
Equity in pooled cash	\$ —	\$ 4,829	\$ 1,403	\$ 6,232
Cash and investments with fiscal agents	333	—	—	333
Investments	—	3,171	921	4,092
Accounts receivable	—	—	1,705	1,705
	<u>333</u>	<u>8,000</u>	<u>4,029</u>	<u>12,362</u>
LIABILITIES				
Accounts payable and other accrued liabilities	2,491	7,554	1,636	11,681
Due to other funds	<u>4,062</u>	<u>—</u>	<u>—</u>	<u>4,062</u>
	<u>6,553</u>	<u>7,554</u>	<u>1,636</u>	<u>15,743</u>
NET POSITION				
Unrestricted (deficit)	<u>\$ (6,220)</u>	<u>\$ 446</u>	<u>\$ 2,393</u>	<u>\$ (3,381)</u>

CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year ended December 31, 2012
(In thousands)

	<u>Risk Management</u>	<u>Public Liability Self Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
Operating revenues:				
Charges to other funds	\$ 4,425	\$ 1,445	\$ 12,808	\$ 18,678
Operating expenses:				
Administration	209	—	—	209
Claims	4,569	5,592	12,016	22,177
Total operating expenses	4,778	5,592	12,016	22,386
Operating income (loss)	(353)	(4,147)	792	(3,708)
Nonoperating revenue:				
Interest on investments	(12)	20	(2)	6
Income (loss)	(365)	(4,127)	790	(3,702)
Change in net position	(365)	(4,127)	790	(3,702)
Total net position – beginning of year	(5,855)	4,573	1,603	321
Total net position – end of year	\$ (6,220)	\$ 446	\$ 2,393	\$ (3,381)

CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Cash Flows
Year ended December 31, 2012
(In thousands)

	Risk Management	Public Liability Self Insurance	Employee Health Insurance	Total
Cash flows from operating activities:				
Receipts from users	\$ 4,441	\$ 1,450	\$ 11,104	\$ 16,995
Payments for administration	(209)	—	—	(209)
Payments for claims	(3,904)	(2,609)	(11,582)	(18,095)
Net cash provided by (used in) operating activities	328	(1,159)	(478)	(1,309)
Cash flows from investing activities:				
Sales and maturities of investments	—	3,975	1,216	5,191
Investment purchases	—	(3,171)	(921)	(4,092)
Interest on investments	(12)	20	(2)	6
Net cash provided by (used in) investing activities	(12)	824	293	1,105
Net increase (decrease) in cash	316	(335)	(185)	(204)
Cash, beginning of year	17	5,164	1,588	6,769
Cash, end of year	\$ 333	\$ 4,829	\$ 1,403	\$ 6,565
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (353)	\$ (4,147)	\$ 792	\$ (3,708)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	16	5	(1,704)	(1,683)
Increase in accounts payable	665	2,983	434	4,082
Net cash provided by (used in) operating activities	\$ 328	\$ (1,159)	\$ (478)	\$ (1,309)

Fiduciary Funds

The Fiduciary Funds are classified into two subgroupings - Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Receipts and expenditures of each fund are governed by terms of trust indentures, statutes, ordinances, etc.

The City maintains the following Fiduciary Funds:

PENSION TRUST FUNDS

- Police Pension -** to account for the (1) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund (1977 Fund) pension plan and (2) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund
- Firefighters Pension -** to account for the (1) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund pension plan and (2) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund

AGENCY FUNDS

- Sanitation 15 Year Law -** to account for property owner assessment receipts held by the City as agent for City-approved developer constructed sewer systems Barrett Law projects, with construction costs repaid by the property owners over a period not to exceed 15 years
- UAL Personal Property -** to account for amounts received, that, in accordance with the related bond indenture, are to be transferred to the debt service for the Indianapolis Airport Authority Special Facility Revenue Bonds of 1995
- E-911 Allocation -** to account for assets, obligations, and activities of the E-911 dispatch programs
- DPS Retiree Health Insurance -** to account for assets, obligations, and activities of certain Police and Firefighter Retiree Health Insurance costs
- IPD Confiscated Cash -** to account for assets, obligations, and activities of amounts, which have been confiscated pending final court disposition
- Other -** to account for all contractor receipts for sanitary Barrett Law project engineering fees held by the City as agent for engineer payment upon project acceptance and for franchise security deposits held by the City as agent for franchised performance

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Pension Trust Funds Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
December 31, 2012
(In thousands)

	Police Pension	Firefighters Pension	Total
ASSETS			
Equity in pooled cash	\$ 592	\$ 130	\$ 722
Investments	389	86	475
Total assets	981	216	1,197
LIABILITIES			
Accounts payable and other accrued liabilities	12	—	12
Total liabilities	12	—	12
NET POSITION			
Held in trust for pension benefits	\$ 969	\$ 216	\$ 1,185

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
Police and Firefighters' Pre-1977 Pension Trust Funds
Year ended December 31, 2012
(In thousands)

	Pension Trust Funds		
	Police Pension	Firefighters Pension	Total
ADDITIONS			
State of Indiana pension subsidy received from the General Fund	\$ 27,492	\$ 27,941	\$ 55,433
Total additions	<u>27,492</u>	<u>27,941</u>	<u>55,433</u>
DEDUCTIONS			
Benefits	28,969	28,656	57,625
Total deductions	<u>28,969</u>	<u>28,656</u>	<u>57,625</u>
Change in plan net position	(1,477)	(715)	(2,192)
Net position – beginning of year	2,446	931	3,377
Net position– end of year	<u>\$ 969</u>	<u>\$ 216</u>	<u>\$ 1,185</u>

CITY OF INDIANAPOLIS
Fiduciary Funds
Police and Firefighters' Pre-1977 Pension Trust Funds
Schedule of Revenues and Expenditures
Budget and Actual – Budgetary Basis
Year ended December 31, 2012
(In thousands)

	Police Pension			Firefighters Pension		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:						
Intergovernmental	\$ 30,522	\$ 27,492	\$ (3,030)	\$ 30,854	\$ 27,943	\$ (2,911)
Total revenues	<u>30,522</u>	<u>27,492</u>	<u>(3,030)</u>	<u>30,854</u>	<u>27,943</u>	<u>(2,911)</u>
Expenditures:						
Personal services	<u>30,522</u>	<u>28,951</u>	<u>1,571</u>	<u>30,854</u>	<u>28,658</u>	<u>2,196</u>
Total expenditures	<u>30,522</u>	<u>28,951</u>	<u>1,571</u>	<u>30,854</u>	<u>28,658</u>	<u>2,196</u>
Deficiency of revenues over expenditures	<u>\$ —</u>	<u>\$ (1,459)</u>	<u>\$ (1,459)</u>	<u>\$ —</u>	<u>\$ (715)</u>	<u>\$ (715)</u>

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Agency Funds Net Position
December 31, 2012
(In thousands)

	<u>Sanitation 15 Year Law</u>	<u>UAL Personal Property</u>	<u>E-911 Allocation</u>	<u>DPS Retiree Health Insurance</u>	<u>IPD Confiscated Cash</u>	<u>Other</u>	<u>Total</u>
ASSETS							
Equity in pooled cash	\$ 165	\$ 4,907	\$ 1,458	\$ 924	\$ 1,264	\$ 465	\$ 9,183
Investments	109	3,223	957	607	831	304	6,031
Accounts receivable	—	—	478	—	—	—	478
Total assets	<u>\$ 274</u>	<u>\$ 8,130</u>	<u>\$ 2,893</u>	<u>\$ 1,531</u>	<u>\$ 2,095</u>	<u>\$ 769</u>	<u>\$ 15,692</u>
LIABILITIES							
Accounts payable and other accrued liabilities	<u>\$ 274</u>	<u>\$ 8,130</u>	<u>\$ 2,893</u>	<u>\$ 1,531</u>	<u>\$ 2,095</u>	<u>\$ 769</u>	<u>\$ 15,692</u>
Total liabilities	<u>\$ 274</u>	<u>\$ 8,130</u>	<u>\$ 2,893</u>	<u>\$ 1,531</u>	<u>\$ 2,095</u>	<u>\$ 769</u>	<u>\$ 15,692</u>

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2012
(In thousands)

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
SANITATION 15 YEAR LAW FUND				
Assets:				
Cash and investments	\$ 274	\$ —	\$ —	\$ 274
Total assets	\$ 274	\$ —	\$ —	\$ 274
Liabilities:				
Accounts payable and other accrued liabilities	\$ 274	\$ —	\$ —	\$ 274
Total liabilities	\$ 274	\$ —	\$ —	\$ 274
UAL PERSONAL PROPERTY				
Assets:				
Cash and investments	\$ 8,130	\$ —	\$ —	\$ 8,130
Total assets	\$ 8,130	\$ —	\$ —	\$ 8,130
Liabilities:				
Accounts payable and other accrued liabilities	\$ 8,130	\$ —	\$ —	\$ 8,130
Total liabilities	\$ 8,130	\$ —	\$ —	\$ 8,130
E – 911 ALLOCATION				
Assets:				
Cash and investments	\$ 5,609	\$ 1,082	\$ 4,276	\$ 2,415
Accrued interest receivable	3	—	3	—
Accounts receivable	178	300	—	478
Total assets	\$ 5,790	\$ 1,382	\$ 4,279	\$ 2,893
Liabilities:				
Accounts payable and other accrued liabilities	\$ 5,790	\$ 1,382	\$ 4,279	\$ 2,893
Total liabilities	\$ 5,790	\$ 1,382	\$ 4,279	\$ 2,893

(Continued)

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2012
(In thousands)

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
DPS RETIREE HEALTH INSURANCE				
Assets:				
Cash and investments	\$ 1,578	\$ 2,620	\$ 2,667	\$ 1,531
Accrued interest receivable	1	—	1	—
Total assets	\$ 1,579	\$ 2,620	\$ 2,668	\$ 1,531
Liabilities:				
Accounts payable and other accrued liabilities	\$ 1,579	\$ 2,620	\$ 2,668	\$ 1,531
Total liabilities	\$ 1,579	\$ 2,620	\$ 2,668	\$ 1,531
IMPD CONFISCATED CASH				
Assets:				
Cash and investments	\$ 2,343	\$ 390	\$ 638	\$ 2,095
Total assets	\$ 2,343	\$ 390	\$ 638	\$ 2,095
Liabilities:				
Accounts payable and other accrued liabilities	\$ 2,343	\$ 390	\$ 638	\$ 2,095
Total liabilities	\$ 2,343	\$ 390	\$ 638	\$ 2,095
OTHER				
Assets:				
Cash and investments	\$ 768	\$ 1	\$ —	\$ 769
Total assets	\$ 768	\$ 1	\$ —	\$ 769
Liabilities:				
Accounts payable and other accrued liabilities	\$ 768	\$ 1	\$ —	\$ 769
Total liabilities	\$ 768	\$ 1	\$ —	\$ 769
TOTAL – ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 18,702	\$ 4,093	\$ 7,581	\$ 15,214
Accrued interest receivable	4	—	4	—
Accounts receivable	178	300	—	478
Total assets	\$ 18,884	\$ 4,393	\$ 7,585	\$ 15,692
Liabilities:				
Accounts payable and other accrued liabilities	\$ 18,884	\$ 4,393	\$ 7,585	\$ 15,692
Total liabilities	\$ 18,884	\$ 4,393	\$ 7,585	\$ 15,692

Statistical Section

CITY OF INDIANAPOLIS
Statistical Section
Table of Contents

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

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

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

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:								
Net investment in capital assets	\$ 964,135	\$ 968,197	\$ 1,009,258	\$ 963,536	\$ 920,186	\$ 961,358	\$ 605,824	\$ 621,413
Restricted	122,202	193,243	175,864	195,743	214,479	209,948	188,976	124,511
Unrestricted (deficit)	<u>(273,286)</u>	<u>(366,071)</u>	<u>(402,821)</u>	<u>(354,287)</u>	<u>(416,849)</u>	<u>(534,850)</u>	<u>(274,303)</u>	<u>(337,574)</u>
Total governmental activities net position	<u>\$ 813,051</u>	<u>\$ 795,369</u>	<u>\$ 782,301</u>	<u>\$ 804,992</u>	<u>\$ 717,816</u>	<u>\$ 636,456</u>	<u>\$ 520,497</u>	<u>\$ 408,350</u>

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental activities:								
General government	\$ 43,646	\$ 45,133	\$ 46,890	\$ 34,652	\$ 88,824	\$ 65,883	\$ 60,880	\$ 105,393
Public safety	280,370	281,214	401,015	382,716	395,465	428,230	442,327	471,761
Public works	228,881	229,993	234,673	227,589	267,286	276,331	252,332	104,763
Health and welfare	4,598	4,962	5,621	5,354	5,112	4,079	4,496	3,904
Cultural and recreation	32,892	31,739	38,250	34,296	33,506	30,275	30,705	24,651
Urban redevelopment and housing	38,482	40,837	33,207	30,594	34,813	48,407	47,262	33,969
Economic development and assistance	11,804	14,126	22,315	26,247	28,491	45,441	79,164	98,386
Interest	56,192	63,262	62,178	73,774	74,039	63,280	69,382	55,920
Total governmental activities expenses	<u>696,865</u>	<u>711,266</u>	<u>844,149</u>	<u>815,222</u>	<u>927,536</u>	<u>961,926</u>	<u>986,548</u>	<u>898,747</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	12,471	13,672	14,025	13,980	14,816	17,712	18,551	20,982
Public safety	13,388	16,394	18,486	17,773	20,135	16,911	22,818	27,576
Public works	95,148	117,667	144,653	162,167	176,591	181,742	135,233	35,520
Health and welfare	952	864	864	901	375	289	31	74
Cultural and recreation	5,003	5,230	4,968	4,845	4,645	4,179	4,374	3,426
Urban redevelopment and housing	1,378	1,667	1,943	2,251	7,187	3,259	3,565	1,357
Economic development and assistance	1,450	1,033	966	675	298	477	692	791
Operating grants and contributions	113,844	123,417	142,344	107,546	137,557	157,126	161,033	143,556
Capital grants and contributions	93,315	63,466	69,657	31,167	32,637	25,652	51,681	27,176
Total governmental activities program revenues	<u>336,949</u>	<u>343,410</u>	<u>397,906</u>	<u>341,305</u>	<u>394,241</u>	<u>407,347</u>	<u>397,978</u>	<u>260,458</u>
Net (Expense) Revenue								
Governmental activities	(359,916)	(367,856)	(446,243)	(473,917)	(533,295)	(554,579)	(588,570)	(638,289)
General Revenues and Other Changes in Net Position								
Governmental activities:								
Taxes:								
Property tax	229,238	221,904	256,969	247,908	274,655	265,801	256,517	277,122
Wheel tax	13,396	12,921	12,756	13,432	13,549	11,890	12,193	12,433
County option income tax	45,489	57,452	110,426	188,486	117,764	187,880	170,092	174,342
Other taxes	18,469	17,769	16,947	19,040	19,841	19,544	20,753	21,998
Grants and contributions not restricted by function	6,708	16,945	13,503	4,872	11,916	9,411	8,483	12,745
Investment earnings not restricted by function	8,535	18,099	17,967	11,000	3,625	3,743	4,054	3,481
Miscellaneous	1,214	5,084	4,607	11,870	4,769	3,950	15,110	24,021
Transfers	—	—	—	—	—	—	(18,777)	—
Special item - termination payment	—	—	—	—	—	(29,000)	—	—
Special item - gain on sale of water and wastewater utilities	—	—	—	—	—	—	4,186	—
Total governmental activities	<u>323,049</u>	<u>350,174</u>	<u>433,175</u>	<u>496,608</u>	<u>446,119</u>	<u>473,219</u>	<u>472,611</u>	<u>526,142</u>
Change in Net Position								
Governmental activities	<u>\$ (36,867)</u>	<u>\$ (17,682)</u>	<u>\$ (13,068)</u>	<u>\$ 22,691</u>	<u>\$ (87,176)</u>	<u>\$ (81,360)</u>	<u>\$ (115,959)</u>	<u>\$ (112,147)</u>

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program								
Governmental activities:								
General government	\$ 12,535	\$ 14,154	\$ 14,459	\$ 14,595	\$ 16,372	\$ 23,693	\$ 31,250	\$ 25,197
Public safety	64,480	71,887	98,792	70,569	103,991	104,023	104,691	112,448
Public works	212,890	216,308	242,473	222,155	233,101	227,920	211,232	83,812
Health and welfare	3,106	2,939	3,503	3,755	2,000	2,485	3,678	4,611
Cultural and recreation	7,694	8,775	9,333	7,127	7,073	6,663	4,380	4,867
Urban redevelopment and housing	26,563	26,986	26,836	19,749	29,841	40,528	38,588	21,706
Economic development and assistance	9,681	2,361	2,510	3,355	1,863	2,035	4,159	7,817
Total governmental activities	<u>\$ 336,949</u>	<u>\$ 343,410</u>	<u>\$ 397,906</u>	<u>\$ 341,305</u>	<u>\$ 394,241</u>	<u>\$ 407,347</u>	<u>\$ 397,978</u>	<u>\$ 260,458</u>

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

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

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Fund:						
Reserved	\$ 92,086	\$ 73,618	\$ 37,412	\$ 33,865	\$ 48,759	\$ 32,866
Unreserved	125,526	136,643	79,182	83,292	162,602	133,765
Total general fund	<u>\$ 217,612</u>	<u>\$ 210,261</u>	<u>\$ 116,594</u>	<u>\$ 117,157</u>	<u>\$ 211,361</u>	<u>\$ 166,631</u>
All other governmental funds:						
Reserved	\$ 152,398	\$ 179,519	\$ 198,655	\$ 230,856	\$ 307,052	\$ 362,565
Unreserved, reported in:						
Special revenue funds	1,558	511	148	(503)	184	14,442
Capital projects funds	19,132	75,784	100,381	103,328	64,895	87,575
Debt service funds	—	—	—	—	(1,930)	178
Permanent fund	336	345	361	377	376	376
Total all other governmental funds	<u>\$ 173,424</u>	<u>\$ 256,159</u>	<u>\$ 299,545</u>	<u>\$ 334,058</u>	<u>\$ 370,577</u>	<u>\$ 465,136</u>
	<u>2011 (a)</u>	<u>2012</u>				
General Fund:						
Nonspendable	\$ —	\$ —				
Restricted	20,930	34,950				
Committed	215,273	134,151				
Assigned	51,434	96,691				
Unassigned	84,750	82,931				
Total General Fund	<u>\$ 372,387</u>	<u>\$ 348,723</u>				
All other governmental funds:						
Nonspendable	\$ 6,631	\$ 1,872				
Restricted	403,782	259,101				
Committed	1,000	—				
Assigned	—	—				
Unassigned	(10,020)	(5,586)				
Total all other governmental funds	<u>\$ 401,393</u>	<u>\$ 255,387</u>				

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

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

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:								
Taxes	\$ 308,197	\$ 310,178	\$ 295,784	\$ 445,216	\$ 556,816	\$ 474,935	\$ 458,035	\$ 487,666
Licenses and permits	8,319	13,097	14,441	15,898	11,887	12,488	14,573	14,632
Charges for services	109,272	130,946	158,671	159,169	200,817	198,623	155,277	61,207
Intergovernmental revenues	122,092	131,323	158,782	112,674	152,128	168,344	172,171	171,362
Intragovernmental revenues	2,962	3,804	3,401	2,497	3,338	2,674	2,929	1,650
Traffic violations and court fees	4,320	4,441	4,185	11,309	13,602	6,291	9,514	6,707
Interest and other operating revenues	17,465	30,737	44,429	25,631	14,378	15,144	27,394	37,630
Total revenues	572,627	624,526	679,693	772,394	952,966	878,499	839,893	780,854
Expenditures:								
Current:								
General government	25,694	24,193	25,024	18,190	21,842	42,446	35,980	25,015
Public safety	251,297	261,140	343,222	345,965	352,790	388,364	407,409	414,456
Public works	116,336	117,032	129,584	131,156	133,258	150,988	174,235	100,806
Health and welfare	4,453	4,778	5,430	5,221	4,928	4,053	4,471	3,865
Cultural and recreation	26,017	25,501	28,883	28,085	25,431	22,581	23,933	14,579
Urban redevelopment and housing	29,827	27,946	28,355	23,962	30,093	44,037	40,733	27,374
Economic development and assistance	7,359	1,773	12,614	20,289	24,308	42,111	73,758	95,236
Capital outlays	82,928	117,918	194,529	138,879	138,754	226,218	246,409	151,228
Debt service:								
Redemption of bonds and notes	64,270	96,412	92,076	78,811	78,607	93,793	80,162	68,114
Interest on bonds and notes	48,032	54,514	54,809	63,886	68,255	55,388	57,971	50,892
Swap termination payment	—	—	—	—	28,780	—	—	—
Bond and note issuance costs	1,616	2,026	3,760	1,160	2,758	4,987	4,130	614
Advance funding escrow	—	—	—	—	649	—	3,318	—
Operating lease payments and administration	19,213	19,054	19,636	15,399	15,167	15,439	15,781	16,339
Total expenditures	677,042	752,287	937,922	871,003	925,620	1,090,405	1,168,290	968,518
Excess (deficiency) of revenues under expenditures	(104,415)	(127,761)	(258,229)	(98,609)	27,346	(211,906)	(328,397)	(187,664)

(Continued)

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

	Fiscal Year							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Other financing sources (uses):								
Proceeds of financing from capital lease	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	8,175	\$ —
Proceeds from execution of parking meter contract	—	—	—	—	—	20,000	—	—
Sales of capital assets	393	455	939	363	645	910	1,574	1,608
Bond and notes issued	158,971	199,999	198,915	129,675	87,281	229,732	146,495	17,915
Premium on bonds and notes issued	—	2,691	5,381	1,647	15,451	11,093	6,810	2,509
Refunding bonds issued	—	—	89,410	—	133,775	—	39,000	24,415
Payment to refunded bond escrow agent	—	—	(86,697)	—	(133,775)	—	(25,979)	(28,453)
Transfers in	44,935	45,313	60,253	82,245	59,105	108,357	141,489	65,313
Transfers out	(44,935)	(45,313)	(60,253)	(82,245)	(59,105)	(108,357)	(160,266)	(65,313)
Total other financing sources (uses)	<u>159,364</u>	<u>203,145</u>	<u>207,948</u>	<u>131,685</u>	<u>103,377</u>	<u>261,735</u>	<u>157,298</u>	<u>17,994</u>
Special item—sale of wastewater collection and treatment facilities:								
Assumption of bond anticipation note by CEG	—	—	—	—	—	—	51,137	—
Proceeds from sale of wastewater collection and treatment facilities	—	—	—	—	—	—	262,600	—
Assumption of additional liabilities by CEG	—	—	—	—	—	—	1,134	—
Transfer of debt service reserve and unspent bond proceeds to CEG	—	—	—	—	—	—	(1,759)	—
Total special item	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>313,112</u>	<u>—</u>
 Net change in fund balances (deficits)	 \$ <u>54,949</u>	 \$ <u>75,384</u>	 \$ <u>(50,281)</u>	 \$ <u>33,076</u>	 \$ <u>130,723</u>	 \$ <u>49,829</u>	 \$ <u>142,013</u>	 \$ <u>(169,670)</u>
 Debt service as a percentage of noncapital expenditures	 19%	 23%	 19%	 19%	 18%	 17%	 15%	 15%
Debt service expenditures	\$ 112,302	\$ 150,926	\$ 146,885	\$ 142,697	\$ 146,862	\$ 149,181	\$ 138,133	\$ 119,006
Noncapital expenditures	604,393	657,704	781,184	746,880	809,808	892,858	932,309	803,222

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Tax Revenues by Source, Governmental Funds
Schedule 6
December 31, 2012
(Modified accrual basis)
(In thousands)

Fiscal year	Property	Local income tax	Wheel tax	Other (a)	Total taxes
2005	\$ 230,073	\$ 46,236	\$ 13,396	\$ 18,492	\$ 308,197
2006	222,202	57,345	12,921	17,710	310,178
2007	194,501	71,571	12,756	16,956	295,784
2008	243,042	170,651	13,432	18,091	445,216
2009	345,163 (b)	174,560	13,550	23,543	556,816
2010	255,772	187,880	11,890	19,393	474,935
2011	255,230	170,092	12,193	20,520	458,035
2012	279,254	174,342	12,433	21,637	487,666

(a) Includes financial institution and other local taxes.

(b) Property tax revenue includes \$115 million of 2008 property taxes that were not distributed until 2009 due to the delay in property tax billings.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Assessed Value and Estimated Actual Value of Taxable Property
Schedule 7
December 31, 2012
(In thousands)

<u>Fiscal year</u>	<u>Residential property</u>	<u>Commercial property</u>	<u>Industrial property</u>	<u>Personal property</u>	<u>Other</u>	<u>Total taxable assessed value (a) (b)</u>	<u>Total direct tax rate</u>	<u>Estimated actual taxable value</u>	<u>Taxable assessed value as a percentage of actual taxable value (a)</u>
2005	\$ 20,253,137	\$ 12,183,743	\$ 1,614,660	\$ 7,229,661	\$ 508,322	\$ 41,789,523	0.9553 %	\$ 41,789,523	100%
2006	20,737,062	11,877,672	1,604,481	7,770,818	482,842	42,472,875	0.9425	42,472,875	100
2007	24,627,515	15,930,401	2,733,130	5,935,716	597,690	49,824,452	0.8746	49,824,452	100
2008	24,790,420	14,694,619	2,598,170	5,454,450	332,284	47,869,943	0.8920	47,869,943	100
2009	18,016,590	14,553,256	2,813,644	5,657,964	324,992	41,366,446	0.8634	41,366,446	100
2010	16,775,664	14,576,670	3,044,559	5,745,524	324,320	40,466,737	0.8673	40,466,737	100
2011	16,287,697	13,923,228	3,221,540	5,449,472	895,749	39,777,686	0.9525	39,777,686	100
2012	15,978,644	13,498,295	3,298,832	5,467,373	868,354	39,111,498	1.0034	39,111,498	100

Note: Tax-exempt property for 2012 of \$764,190 represents charitable organizations and other deductions. Government property is generally not assessed.

(a) Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.

(b) In 2012, total taxable assessed value includes \$3,377,419 of assessed valuation for Marion County Tax Increment Financing Districts.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

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

Fiscal Year	City of Indianapolis			Overlapping rates						Total direct and overlapping rates
	Operating millage	Debt service millage	Total city millage	County direct rates		Total City-County Council approved	Other direct rates			
				County	Municipal corporations		School	State	Other	
2005	0.9184	0.0369	0.9553	0.4163	0.3750	1.7466	1.6744	0.0024	0.0516	3.4750
2006	0.9056	0.0369	0.9425	0.3555	0.3751	1.6731	1.7172	0.1538	0.0523	3.5964
2007	0.8372	0.0374	0.8746	0.5741	0.3420	1.7907	1.8713	0.0024	0.0522	3.7166
2008	0.8683	0.0237	0.8920	0.4847	0.3521	1.7288	1.7668	0.0024	0.0510	3.5490
2009	0.8073	0.0561	0.8634	0.3513	0.3254	1.5401	1.1569	0.0000	0.0578	2.7548
2010	0.8041	0.0632	0.8673	0.3534	0.3282	1.5489	1.3692	0.0000	0.0615	2.9796
2011	0.8807	0.0718	0.9525	0.3665	0.3685	1.6875	1.4065	0.0000	0.0615	3.1555
2012	0.9116	0.0918	1.0034	0.4007	0.3958	1.7999	1.2711	0.0000	0.0670	3.1380

- (a) Rate of District 101 (Indianapolis-Center Township), which is the only rate that includes all major services.
(b) Data presented is per the tax rate schedule certified by the Department of Local Government Finance (DLGF).

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

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

Principal taxpayers	2012			Principal taxpayers	2003		
	Taxable assessed value (a)	Rank	Percentage of total city taxable assessed value		Taxable assessed value (b) (c)	Rank	Percentage of total city taxable assessed value
Eli Lilly and Company	\$ 1,038,078	1	2.654 %	Eli Lilly and Company	\$ 789,753	1	1.888 %
Indianapolis Power and Light Company	280,605	2	0.717	AIMCo	338,008	2	0.808
Federal Express Corporation	191,125	3	0.489	Indianapolis Power and Light Company	325,942	3	0.779
Convention Headquarters Hotels, LLC	156,907	4	0.401	Allison Transmission Division of General Motors	274,984	4	0.657
Allison Transmission Inc.	143,606	5	0.367	Simon Property Group, Inc.	270,114	5	0.646
Macquarie Office Monument Center I, LLC	117,671	6	0.301	Visteon Corporation (formerly Ford Motor Co.)	220,457	6	0.527
Indiana Bell Telephone Company, Inc.	81,452	7	0.208	International Truck and Engine (formerly, Navistar International)	211,647	7	0.506
SVC Manufacturing Inc.	77,263	8	0.198	Indianapolis Star	206,904	8	0.495
Rolls Royce	76,161	9	0.195	Rolls Royce	153,362	9	0.367
Hub Properties GA, LLC	73,706	10	0.188	Federal Home Loan Bank	149,945	10	0.358
National Starch, LLC	72,913	11	0.186	American United Life Insurance Company	132,637	11	0.317
American United Life Insurance Company	72,528	12	0.185	Roche Diagnostics Corp	128,175	12	0.306
Motors Liquidation Company	72,256	13	0.185	Marsh Supermarkets, Inc.	117,659	13	0.281
Circle Centre Development Company	67,810	14	0.173	General Motors Corporation	88,593	14	0.212
Citizens Gas & Coke Utility	67,682	15	0.173	Anthem, Inc.	86,019	15	0.206
Crossroads Indiana, LLC	60,590	16	0.155	Bank One Corporation	83,891	16	0.201
MT Acquisitions, LLC	57,404	17	0.147	National Starch and Chemical	75,360	17	0.180
Castleton Square, LLC	52,022	18	0.133	Meijer, Inc.	71,894	18	0.172
Cellco Partnership	51,064	19	0.131	Reilly Industries, Inc.	57,192	19	0.137
LHO Indianapolis Hotel One, LLC	50,686	20	0.130	Citizens Gas & Coke Utility	45,624	20	0.109
	<u>\$ 2,861,529</u>		<u>7.316 %</u>		<u>\$ 3,828,160</u>		<u>9.152 %</u>

- (a) Represents the March 1, 2011 valuations for taxes due and payable in 2012 as represented by the taxpayer. Amounts in thousands. Net assessed valuation was determined using public records from the Marion County Treasurer's Office.
- (b) Represents the March 1, 2002 valuations for taxes due and payable in 2003 as represented by the taxpayer. Amounts in thousands. Net assessed valuation was determined using public records from the Marion County Treasurer's Office.
- (c) Data presented as originally published in the 2003 Comprehensive Annual Financial Report.

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

Fiscal year ended December 31	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years (a)	Total collections to date	
		Amount	Percentage of levy		Amount (b)	Percentage of levy
2011	\$ 184,301	\$ 175,069	95.0 %	\$ 7,536	\$ 182,605	99.08 %
2012	195,321	185,118	94.8	—	185,118	94.78

(a) Beginning in 2011, delinquent collections were broken down by original levy year in information provided by the Marion County Treasurer.

Data regarding the prior year collections is not available and therefore is not included in this table.

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

CITY OF INDIANAPOLIS
Ratios of Outstanding Debt by Type
Schedule 11
Last Eight Fiscal Years
(In thousands, except per capita)

Governmental activities								
Fiscal year	Serial bonds (b)	Tax increment bonds	Net revenue bonds (b)	Notes payable and certificates of participation	Capital leases	Total Governmental Activities	Percentage of personal income (a)	Per capita (a)
2005	\$ 338,642	\$ 468,392	\$ 249,193	\$ 42,648	\$ 2,020	\$ 1,100,895	1.84%	\$ 1,438
2006	320,385	438,863	406,626	47,628	1,112	1,214,614	1.93	1,527
2007	305,051	442,678	567,104	29,239	151	1,344,223	2.03	1,669
2008	319,441	490,169	572,965	27,384	—	1,409,959	2.09	1,773
2009	293,756	517,964	590,715	25,816	—	1,428,251	2.13	1,767
2010	265,900	536,092	728,684	41,335	—	1,572,011	2.30	1,947
2011	218,188	650,409	271,313	37,300	8,175	1,185,385	1.64	1,445
2012	210,616	632,594	264,850	46,150	8,175	1,162,385	1.61	1,392

- (a) See schedule 16 for personal income and population data. These ratios are calculated using personal income and population
- (b) Effective August 26, 2011, the City's water and wastewater utilities were sold to Citizens Energy Group. As part of the sale, CEG assumed \$1,408,369 of revenue bonds and agreed to fund the remaining sanitary district general obligation debt in the amount of \$41,803 as it comes to maturity through 2018.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Ratios of Net General Bonded Debt Outstanding
Schedule 12
Last Eight Fiscal Years
(In thousands, except per capita)

<u>Fiscal year</u>	<u>Net General bonded debt outstanding</u>			<u>Percentage of actual taxable value of property (b)</u>	<u>Per capita (a)</u>
	<u>Serial bonds payable</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>		
2005	\$ 338,642	\$ 20,073	\$ 318,569	0.762 %	\$ 0.42
2006	320,385	22,866	297,519	0.700	0.37
2007	305,051	27,282	277,769	0.557	0.34
2008	319,441	26,783	292,658	0.611	0.37
2009	293,756	28,946	264,810	0.640	0.33
2010	265,900	27,681	238,219	0.589	0.29
2011	218,188	(c) 7,935	210,253	0.529	0.26
2012	210,616	(c) 29,816	180,800	0.462	0.22

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

- (a) Population data can be found in schedule 16.
- (b) Property value data can be found in schedule 7.
- (c) As part of the purchase agreement of the wastewater facilities, CEG agreed to fund the remaining sanitary district general obligation debt in the amount of \$41,803 as it comes to maturity through 2018.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2012
(In thousands)

	Map reference (see introduction (g))	Assessed value (f)	Bonding limit		Bonds outstanding (j)
			%	Dollar amount	
Direct Debt:					
City of Indianapolis:					
Civil City	2	\$ 33,408,078	0.67%	\$ 223,834	\$ 70,930
Consolidated County	1	35,734,078	(c)	—	—
Park District	1	35,734,078	0.67%	239,418	17,157
Redevelopment District	2	33,408,078	(h)	—	7,140
Flood Control District	1	35,734,078	0.67%	239,418	8,511
Metropolitan Thoroughfare District	1	35,734,078	1.33%	475,263	32,195
Sanitary District	8	32,902,562	4.00%	1,316,102	41,803
Police Special Service District	5	10,146,606	(b)	—	—
Fire Special Service District	6	25,144,256	(b)	—	—
Solid Waste Collect Special Service District	7	33,452,494	(b)	—	—
Solid Waste Disposal District	7	33,452,494	2.00%	669,050	—
Public Safety Communications and Computer Facilities District	1	35,734,078	0.67%	239,418	32,880
Total City Debt				<u>\$ 3,402,503</u>	<u>\$ 210,616</u>
Overlapping:					
Marion County	1	\$ 35,734,078	0.67%	\$ 239,418	\$ —
Municipal Corporations:					
Airport Authority	1	35,734,078	0.67%	\$ 239,418	\$ —
Health & Hospital Corporation	1	35,734,078	0.67%	239,418	220,355
Capital Improvement Board	1	35,734,078	0.67%	239,418	—
Indianapolis-Marion County Building Authority	1	35,734,078	(d)	—	12,065
Indianapolis-Marion County Library	4	34,791,357	0.67%	233,102	88,385
Indianapolis Public Transportation Corporation	2	32,045,358	0.67%	214,704	6,050
Total Municipal Corporations				<u>\$ 1,166,060</u>	<u>\$ 326,855</u>
School Districts:					
Beech Grove	9	\$ 389,149	(i)	\$ 63,416	6,394
Decatur	9	1,112,781	(i)	162,101	4,910
Franklin	9	1,765,753	(i)	269,041	3,410
Indianapolis Public Schools	9	9,052,219	(i)	591,179	21,915
Lawrence	9	4,574,950	(i)	241,412	27,895
Perry	9	3,289,857	(i)	183,000	17,450
Pike	9	4,670,035	(i)	113,086	19,225
Speedway	9	553,571	(i)	11,071	—

(Continued)

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

Schedule 13
December 31, 2012
(In thousands)

	Map reference (see introduction (g))	Assessed value (f)	Bonding limit		Bonds outstanding (j)
			%	Dollar amount	
School Districts (continued):					
Warren	9	\$ 2,452,759	(i)	\$ 49,055	\$ —
Washington	9	5,450,054	(i)	150,621	12,440
Wayne	9	2,575,323	(i)	296,186	16,835
Total School Districts		<u>\$ 35,886,451</u>		<u>\$ 2,130,168</u>	<u>\$ 130,474</u>
Other Cities and Towns:					
Beech Grove	2	\$ 415,804	0.67%	\$ 2,786	\$ 2,095
Lawrence	2	1,312,209	0.67%	8,792	3,715
Southport	2	44,416	0.67%	298	—
Speedway	2	553,571	0.67%	3,709	2,915
Total Other Cities and Towns		<u>\$ 2,326,000</u>		<u>\$ 15,585</u>	<u>\$ 8,725</u>
Townships:					
Center	3	\$ 4,983,354	0.67%	\$ 33,388	\$ —
Decatur	3	1,116,870	0.67%	7,483	—
Franklin	3	1,914,169	0.67%	12,825	—
Lawrence	3	4,927,038	0.67%	33,011	1,805
Perry	3	3,442,419	0.67%	23,064	—
Pike	3	4,468,114	0.67%	29,936	3,500
Warren	3	3,243,281	0.67%	21,730	—
Washington	3	7,469,180	0.67%	50,044	—
Wayne	3	3,876,584	0.67%	25,973	—
Total Townships		<u>\$ 35,441,009</u>		<u>\$ 237,454</u>	<u>\$ 5,305</u>
Excluded Library Districts:					
Beech Grove	4	\$ 389,149	0.67%	\$ 2,607	\$ —
Speedway	4	553,571	0.67%	3,709	165
Total Excluded Library Districts		<u>\$ 942,720</u>		<u>\$ 6,316</u>	<u>\$ 165</u>
Ben Davis Conservancy District		\$ 898	(e)	\$ —	\$ —
Total overlapping debt					<u>\$ 471,524</u>
Total direct and overlapping debt					<u>\$ 682,140</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2012
(In thousands)

- (a) Excludes revenue bonds not payable from ad valorem taxes.
- (b) No bonding authority.
- (c) No bonding authority from ad valorem taxes.
- (d) There is no debt limit for the Indianapolis-Marion County Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.
- (e) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.
- (f) Represents the March 1, 2011 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2012.
- (g) See Introductory Section.
- (h) There is no statutory constitutional debt limitation to the Redevelopment Districts.
- (i) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.
- (j) Governmental activities debt of the overlapping governments is not readily available; only general obligation debt is reported in this column.

CITY OF INDIANAPOLIS
Computation of Legal Debt Margin (a)(d)
Schedule 14
December 31, 2012
(In thousands)

	<u>Assessed value (b)</u>	<u>Debt limit percentage</u>	<u>Debt limit</u>	<u>Bonds outstanding</u>	<u>Legal debt margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
Civil City	\$ 33,408,078	0.67%	\$ 223,834	\$ 70,930	\$ 152,904	31.69%
Consolidated County	35,734,078	(a)	—	—	—	—
Park District	35,734,078	0.67%	239,418	17,157	222,261	7.17%
Redevelopment District	33,408,078	(b)	—	7,140	—	—
Flood Control District	35,734,078	0.67%	239,418	8,511	230,907	3.55%
Metropolitan Thoroughfare District	35,734,078	1.33%	475,263	32,195	443,068	6.77%
Sanitary District	32,902,562	4.00%	1,316,102	41,803	1,274,299	3.18%
Police Special Service District	10,146,606	(c)	—	—	—	—
Fire Special Service District	25,144,256	(c)	—	—	—	—
Solid Waste Collection Special Service District	33,452,494	(c)	—	—	—	—
Solid Waste Disposal District	33,452,494	2.00%	669,050	—	669,050	—
Public Safety Communications and Computer Facilities District	35,734,078	0.67%	239,418	32,880	206,538	13.73%

- (a) No bonding authority payable from ad valorem taxes.
- (b) There is no statutory constitutional debt limitation applicable to the Redevelopment District.
- (c) No bonding authority.
- (d) Due to the extreme complexity of the taxing district structure, the City has not presented the required ten years of data as showing more than one year of data is extremely cumbersome. Previous years data can be found in the Comprehensive Annual Financial Reports from prior years.

CITY OF INDIANAPOLIS
Pledged-Revenue Coverage
Schedule 15
Last Eight Fiscal Years
(In thousands)

Wheel tax bonds					
Fiscal year	Wheel tax revenue (a)	Debt service		Coverage	
		Principal	Interest		
2005	\$ 14,406	\$ 4,775	\$ 1,913	2.15	
2006	15,866	5,005	1,701	2.37	
2007	15,712	3,180	1,144	3.63	
2008	13,432	5,480	1,238	2.00	
2009	12,367	5,740	983	1.84	
2010	11,890	3,570	762	2.74	
2011	12,194	1,355	592	6.26	
2012	12,433	1,415	532	6.39	

Redevelopment revenue bonds					
City cumulative funds (b)	Debt service		Coverage		
	Principal	Interest			
\$ 520	\$ 390	\$ 107	1.05		
556	400	101	1.11		
522	410	83	1.06		
510	400	70	1.09		
375	440	57	0.75		
475	425	42	1.02		
471	440	26	1.01		
—	455	—	—		

Property tax increment bonds					
Tax increment revenues (c)	Debt service		Coverage		
	Principal	Interest			
\$ 56,932	\$ 18,697	\$ 21,278	1.42		
47,348	36,139	22,923	0.80		
32,325	24,208	21,253	0.71		
57,717	24,935	16,757	1.38		
112,951	16,275	25,772	2.69		(d)
66,615	21,054	15,700	1.81		
60,980	54,036	10,997	0.94		
74,006	30,403	9,131	1.87		

Facilities revenue bonds					
Fiscal year	Charge back (e)	Debt service		Coverage	
		Principal	Interest		
2005	\$ NA	\$ NA	\$ NA	NA	
2006	NA	NA	NA	NA	
2007	1,256	610	712	0.95	
2008	1,593	885	834	0.93	
2009	1,793	1,105	784	0.95	
2010	2,210	1,190	739	1.15	
2011	1,947	1,240	691	1.01	
2012	1,853	1,300	632	0.96	

Economic development bonds					
Parking fees (f)	Debt service		Coverage		
	Principal	Interest			
\$ 1,699	\$ —	\$ 1,309	1.30		
1,940	100	1,487	1.22		
1,659	—	1,647	1.01		
2,060	60	1,898	1.05		
2,250	135	1,994	1.06		
1,654	98	1,384	1.12		
1,365	104	1,096	1.14		
1,669	—	1,548	1.08		

Stormwater revenue bonds					
Net revenues of the stormwater system (g)	Debt service		Coverage		
	Principal	Interest			
\$ NA	\$ NA	\$ NA	NA		
1,650	—	1,650	1.00		
2,121	—	2,121	1.00		
3,051	930	2,121	1.00		
3,054	970	2,084	1.00		
3,060	1,015	2,045	1.00		
3,220	1,190	2,030	1.00		
3,975	1,435	2,540	1.00		

PILOT revenue bonds					
Fiscal year	Payments in lieu of taxes (h)	Debt service		Coverage	
		Principal	Interest		
2005	\$ NA	\$ NA	\$ NA	NA	
2006	NA	NA	NA	NA	
2007	NA	NA	NA	NA	
2008	NA	NA	NA	NA	
2009	NA	NA	NA	NA	
2010	5,574	—	3,054	1.83	
2011	14,214	—	7,910	1.80	
2012	5,264	—	7,910	0.67	(i)

Note: NA stands for not applicable.

- (a) Wheel taxes on vehicles
- (b) City cumulative capital development fund revenue transfers
- (c) Property tax increment revenues collected in TIF districts
- (d) Does not include \$128,210 of refunding bonds.
- (e) Charge back to City-County agencies
- (f) Fees from parking garage
- (g) Improvements of stormwater handling capabilities
- (h) Payments in lieu of taxes wastewater system
- (i) Certain PILOT revenue bond proceeds, representing capitalized interest, are currently being used to fund bond interest payments.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Demographic and Economic Statistics
 Schedule 16
 Last Eight Fiscal Years

<u>Calendar year</u>	<u>Population (a)</u>	<u>Personal income (thousands of dollars) (b)</u>	<u>Per capita personal income (b)</u>	<u>Median age (c)</u>	<u>Education level in years of schooling (a)</u>	<u>School enrollment (d)</u>	<u>Unemployment rate (e)</u>
2005	765,310	\$ 59,683,000	\$ 36,391	34.80	12	135,705	4.80%
2006	795,484	63,058,000	37,849	35.90	12	137,757	4.40
2007	805,489	66,073,000	38,980	35.50	12	140,546	4.50
2008	795,458	67,449,000	39,318	35.50	12	145,569	5.60
2009	808,466	67,186,598	38,532	35.80	12	159,089	8.50
2010	807,584	68,313,593	38,796	33.60	12	159,865	8.40
2011	820,445	72,160,847	37,232	33.00	12	143,053	8.90
2012	834,852	72,160,847 (f)	36,902	33.70	12	146,175	8.30

(a) U.S. Census Bureau

(b) Bureau of Economic Analysis

(c) Stats Indiana

(d) Indiana Department of Education

(e) Bureau of Labor Statistics

(f) This information will be released by the Bureau of Economic Analysis in August 2013; therefore, prior year numbers were utilized.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last eight years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Principal Employers
Schedule 17
Current Fiscal Year and Nine Years Ago

Employer	2012 (b)			Employer	2003		
	Employees	Rank	Percentage of total city employment (a)		Employees (c)	Rank	Percentage of total city employment (a)
Eli Lilly and Company	11,550	1	2.73%	Eli Lilly and Company	14,659	1	3.35%
St Vincent Hospitals & Health Services	11,075	2	2.62%	Indiana University-Purdue University Indianapolis	9,769	2	2.24%
Community Health Network	8,079	3	1.91%	Wal-Mart	9,000	3	2.06%
Indiana University-Purdue University Indianapolis	7,066	4	1.67%	Clarian Health Partners	8,640	4	1.98%
Rolls Royce	4,316	5	1.02%	Community Hospitals of Indianapolis, Inc.	6,318	5	1.45%
Federal Express	4,311	6	1.02%	Rolls-Royce	4,096	6	0.94%
Roche Diagnostic Corporation	4,300	7	1.02%	Allison Transmission Division of General Motors	3,805	7	0.87%
WellPoint, Inc.	3,950	8	0.94%	Marsh Supermarkets, Inc.	3,620	8	0.83%
St. Francis Hospital & Health Centers	3,628	9	0.86%	Anthem, Inc.	3,555	9	0.81%
Allison Transmission Division of GMC	3,400	10	0.81%	Bank One Corporation	2,917	10	0.67%

(a) Percentage of total City employment is calculated by using total 2012 and 2003 Employed Labor Force, which can be found at www.stats.indiana.edu.

(b) Largest employers can be found at www.indypartnership.com (Indy Partnership).

(c) Data presented as originally published in the 2003 CAFR.

CITY OF INDIANAPOLIS
Full-Time Equivalent City Government Employees by Function/Program
Schedule 18
December 31, 2012

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government	250	264	268	266	236	206	230
Protection of People							
Police Department	1,465	1,666	1,871	1,915	1,923	1,888	1,804
Fire Department	792	978	1,092	1,116	1,300	1,268	1,221
Other (Civilian)	64	398	74	87	215	227	218
Public Works	647	648	637	618	670	661	683
Parks and Recreation	160	165	162	150	142	131	151
Redevelopment	<u>218</u>	<u>227</u>	<u>244</u>	<u>222</u>	<u>98</u>	<u>90</u>	<u>79</u>
Total full-time City employees	<u><u>3,596</u></u>	<u><u>4,346</u></u>	<u><u>4,348</u></u>	<u><u>4,374</u></u>	<u><u>4,584</u></u>	<u><u>4,471</u></u>	<u><u>4,386</u></u>

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last seven years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Operating Indicators by Function/Program
Schedule 19
December 31, 2012

<u>Function/program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government							
Building permits issued	48,858	41,470	34,517	33,619	33,915	34,966	38,803
Building inspections conducted	65,314	23,278	33,193	37,224	32,370	32,034	35,509
Households assisted with entitlement grants	3,767	4,131	5,168	6,872	3,430	3,090	1,789
Police							
Physical arrests	37,740	44,903	52,247	51,944	50,264	60,883	55,965
Parking violations	22,335	12,692	10,912	8,575	8,953	7,277	3,778
Traffic violations	42,278	43,780	68,937	36,850	20,600	34,434	30,328
Fire							
Emergency responses	68,240	65,966	136,198	122,620	154,755	137,476	151,950
Dispatched fire runs	52,948	15,783	16,331	18,457	17,236	17,714	18,682
Inspections	2,155	4,552	4,663	4,663	6,936	12,524	8,231
Refuse collection							
Refuse collected (tons per day)	816	890	1,075	1,048	1,038	997	924
Leaves collected (tons per year)	10,341	6,762	6,741	7,610	6,044	7,603	4,907
Other public works							
Street resurfacing (miles)	99	99	155	237	515	389	139
Pothole work orders completed (a)	13,246	9,009	12,094	18,590	16,645	23,821	13,410
Parks and recreation							
Number of shelter rental reservations	2,150	2,988	2,066	2,514	2,216	2,007	2,279
Number of day camp registrations	3,658	3,413	3,128	3,135	3,403	3,428	3,107
Community park and facility attendance	5,238,625	7,636,927	6,636,487	6,820,927	6,804,867	6,954,806	7,321,222

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

Note: In 2005, the City implemented GASB Statement No. 44. Only the last seven years of data is presented since information from prior years is not available.

CITY OF INDIANAPOLIS
Capital Asset Statistics by Function/Program
Schedule 20
December 31, 2012

Function/program	2006	2007	2008	2009	2010	2011	2012
Public Safety							
Police stations	5	6	7	7	6	6	6
Police vehicles and other rolling stock	1,778	2,057	2,015	2,005	2,309	2,054	2,033
Fire stations	26	35	35	38	45	45	44
Fire vehicles and other rolling stock	178	259	258	277	302	297	282
Emergency management vehicles and other rolling stock	11	10	9	12	12	14	16
Animal control vehicles and other rolling stock	28	31	29	27	27	31	27
Other Public Works							
Streets (miles)	3,161	3,193	3,215	3,233	3,238	3,244	3,299
Sidewalks (miles)	2,702	2,705	2,707	2,706	2,707	2,706	2,815
Bridges	512	513	512	512	146,175	512	527
Traffic signal installations	1,124	1,125	1,125	1,127	1,128	1,128	1,130
Miles of storm sewers and drainage	1,478	1,494	1,500	1,513	1,517	1,517	1,525
Public works vehicle and other rolling stock	538	551	537	582	546	673	672
Cultural and Recreation							
Parks	192	192	192	206	207	207	207
Park properties – acreage	11,018	11,140	11,160	11,140	11,168	11,168	11,161
Playgrounds	131	131	127	128	127	127	126
Golf courses	13	13	13	13	13	13	13
Swimming pools – outdoors	16	16	16	16	16	16	16
Swimming pools – indoors	6	6	8	5	5	5	5
Recreational centers	25	25	25	25	25	25	24

Sources: Various City department reports.

Note: In 2005, the City implemented GASB Statement No. 44. Only the last seven years of data is presented since information from prior years is not available.

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

Single Audit Report
Year Ended December 31, 2012

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

December 31, 2012

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City of Indianapolis
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

Federal Grantor/Pass-through Grantor	Pass-through Grantor Number	Program Title	CFDA Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture:					
Indiana State Department of Education	N/A	Summer Food Service Program for Children	10.559	\$ -	\$ 437,661
		SNAP Fraud Joint Operations	10.XXX	-	9,026
Total U.S. Department of Agriculture				<u>-</u>	<u>446,687</u>
U.S. Department of Housing and Urban Development:					
<i>Community Development Block Grant Cluster:</i>					
		Community Development Block Grants/Entitlement Grants	14.218	4,332,585	13,957,416
		ARRA - Community Development Block Grant ARRA Entitlement Grants (CDGB-R) (Recovery Act Funded) Entitlement Grants (CDGB-R)	14.253	1,143,640	1,143,640
Total Community Development Block Grant Cluster				<u>5,476,225</u>	<u>15,101,056</u>
State of Indiana Office of Community and Rural Affairs	DR2-09-084	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	-	806,244
		Emergency Solutions Grants Program	14.231	503,060	522,267
		Supportive Housing Program	14.235	1,358,993	1,378,693
		Shelter Plus Care	14.238	2,447,306	2,447,306
		Home Investment Partnerships Program	14.239	3,160,502	3,529,153
		Housing Opportunities for Persons with AIDS	14.241	898,882	925,159
		ARRA - Recovery Act - Homelessness Prevention and Rapid Re-Housing Program	14.257	448,781	448,781
		Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants	14.704	-	348,959
Total U.S. Department of Housing and Urban Development				<u>14,293,749</u>	<u>25,507,618</u>
U.S. Department of Interior:					
		Migratory Bird Monitoring, Assessment and Conservation	15.655	-	14,518
		Historic Preservation Fund Grants	15.904	42,100	42,100
Total U.S. Department of Interior				<u>42,100</u>	<u>56,618</u>

City of Indianapolis
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2012

Federal Grantor/Pass-through Grantor	Pass-through Grantor Number	Program Title	CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice:		Alcohol Tobacco and Firearms Joint Operations	16.XXX	\$ -	\$ 142,997
		DEA Overtime	16.XXX	-	74,582
		FBI Overtime	16.XXX	-	168,890
		US Marshall Overtime	16.XXX	-	40,438
		Total 16.XXX		<u>-</u>	<u>426,907</u>
Indiana State Police	A2-10-100931	Services for Trafficking Victims	16.320	182,557	183,791
		Missing Children's Assistance	16.543	-	15,555
Indiana Criminal Justice Institute	10VALE216	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	-	86,765
		Crime Victim Assistance	16.575	-	125,071
		Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	-	8,376
		Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	-	433,977
		Community Capacity Development Office	16.595	120,481	188,318
Indiana Criminal Justice Institute	12-PG-033, 11-GPS-002, 11-JF-010	Bulletproof Vest Partnership Program	16.607	-	85,549
		Community Prosecution and Project Safe Neighborhoods	16.609	-	52,677
		Public Safety Partnership and Community Policing Grants	16.710	-	3,584,528
		ARRA - Recovery Act - Public Safety Partnership and Community Policing Grants	16.710	-	4,203,713
		Total 16.710		<u>-</u>	<u>7,788,241</u>
Edward Byrne Memorial Justice Assistance Grant Cluster:					
Indiana Criminal Justice Institute	08 (a)-DJ-059, 10-DJ-019, 10-DJ-057, 11-DJ-016	Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	564,147
Marion County, Indiana Prosecutor's Office	N/A	Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	121,577
		Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	15,322
		Total 16.738		<u>-</u>	<u>701,046</u>
Indiana Criminal Justice Institute	09JRA017, 09-JRA-013	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.803	-	21,768
		ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.804	323,308	695,781
		Total Edward Byrne Memorial Justice Assistance Grant Cluster		<u>323,308</u>	<u>1,418,595</u>
Indiana Criminal Justice Institute	11-PG-030	Anti-Gang Initiative	16.744	-	1,274
		Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	15,988	64,263
		Congressionally Recommended Awards	16.753	-	173,444
		ARRA - Recovery Act - Internet Crimes Against Children Task Force Program	16.800	-	6,197
Indiana State Police Marion County, Indiana	N/A	Federal Equitable Share Law Enforcement - Forfeitures	16.922	-	1,272,897
		Total U.S. Department of Justice		<u>642,334</u>	<u>12,331,897</u>

City of Indianapolis
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2012

Federal Grantor/Pass-through Grantor	Pass-through Grantor Number	Program Title	CFDA Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation:					
<i>Highway Planning and Construction Cluster:</i>					
Indiana Department of Transportation	A249-09-320756, A249-11-320139, A249-11-320618, A249-13-320455	Highway Planning and Construction	20.205	\$ -	\$ 4,277,524
Indianapolis Public Transportation Corporation (INDYGO)	D2011-ALTA-013	Federal Transit-Capital Investment Grants Alternatives Analysis	20.500 20.522	- -	37,028 300,037
Total Highway Planning and Construction Cluster:				-	4,614,588
<i>Highway Safety Cluster:</i>					
Marion County, Indiana Prosecutor's Office	NA	State and Community Highway Safety	20.600	-	407,950
Total U.S. Department of Transportation				-	5,022,538
Environmental Protection Agency:					
		Brownfields Assessment and Cleanup Cooperative Agreements	66.818	-	167,685
U.S. Department of Energy					
		ARRA - Recovery Act - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	2,217,688	4,107,251
U.S. Department of Education:					
Indiana Department of Education	A58-0-10DL-049	Twenty - First Century Community Learning Centers	84.287	-	289,560
Indianapolis Parks Foundation	U215J080108A	Twenty - First Century Community Learning Centers	84.287	-	1,957
Total U.S. Department of Education				-	291,517
U.S. Department of Homeland Security:					
		Customs Joint Operations	97.XXX	-	15,473
		National Urban Search and Rescue (US&R) Response System	97.025	-	2,008,780
Indiana Department of Homeland Security	C44P-1-050A	Hazard Mitigation Grant	97.039	-	12,672
		Assistance to Firefighters Grant	97.044	-	954,484
<i>Homeland Security Grant Program Cluster:</i>					
Indiana Department of Homeland Security	C44P-7-405	Urban Areas Security Initiative - FFY 2006 Funding	97.067	(7,239)	(7,239)
Indiana Department of Homeland Security	C44P-0-227A	Urban Areas Security Initiative - FFY 2008 Funding	97.067	555,000	950,692
Indiana Department of Homeland Security	C44P-1-068A, C44P-1-088A	Urban Areas Security Initiative - FFY 2009 Funding	97.067	-	3,570,603
Indiana Department of Homeland Security	C44P-3-003B	Urban Areas Security Initiative - FFY 2010 Funding	97.067	-	813,938
Indiana Department of Homeland Security	C44P-2-001A	Metropolitan Medical Response System - FFY 2009 Funding	97.067	294,969	294,969
Indiana Department of Homeland Security	C44P-1-226A, C44P-1-248A	State Homeland Security Program (SHSP) - FFY 2010 Funding	97.067	-	102,768
Indiana Department of Homeland Security	C44P-1-039A	Law Enforcement Terrorism Prevention Program (LETTP) - FFY 2007 Funding	97.067	-	2,801
Total Homeland Security Grant Program Cluster				842,730	5,728,532
Indiana Department of Homeland Security	C44P-9-350A, C44P-0-126A and C44P-263A	Buffer Zone Protection Plan (BZPP)	97.078	-	176,815
Total U.S. Department of Homeland Security				842,730	8,896,756
Total Expenditures of Federal Awards				\$ 18,064,853	\$ 56,828,567

N/A Pass-through grantor number not available or not applicable

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

Notes to Schedule

1. This schedule includes the federal awards activity of City of Indianapolis, Indiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. The accompanying schedule of expenditures of federal awards presents the activity of federal awards programs received by the City of Indianapolis, Indiana, a component unit of the Consolidated City of Indianapolis - Marion County. The City's reporting entity is defined in note 1 to the City's financial statements. For the purposes of the schedule of expenditures of federal awards, federal awards include grants, contracts and loans entered into directly between the City and agencies and departments of the federal government or passed through other government agencies or other organizations. The City's federal awards are defined as being those administered directly by the City. The schedule of expenditures of federal awards also includes awards under the American Recovery and Reinvestment Act of 2009 (ARRA) and such awards are identified in the program title column.
3. The accompanying schedule does not include expenditures related to federal awards administered by the Indianapolis Housing Agency, a discretely presented component unit of the City because their federal awards programs are reported upon separately.

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

Mr. Jason D. Dudich, Controller and the
Audit Committee
City of Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Indianapolis (City), a component unit of the Consolidated City of Indianapolis-Marion County, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 2, 2013, which contained an "other matter" paragraph regarding a restatement of the 2011 financial statements and contained a reference to the report of other auditors. Other auditors audited the financial statements of the Indianapolis Housing Agency, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-001, 2012-002 and 2012-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2012-004 to be a significant deficiency.

Compliance

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

City's Response to Findings

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

The purpose of this communication 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 entity's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Indianapolis, Indiana
September 27, 2013

**Independent Auditor's Report on Compliance With Requirements
That Could Have a Direct and Material Effect on Each Major Program and
on Internal Control Over Compliance in Accordance With OMB Circular A-133
and Schedule of Expenditures of Federal Awards**

Mr. Jason D. Dudich, Controller and the
Audit Committee
City of Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Indianapolis (City) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

The City's basic financial statements include the operations of the Indianapolis Housing Agency (Housing Agency), a discretely presented component unit, which received \$52,933,021 in federal awards which are not included in the schedule during the year ended December 31, 2012. Our audit, described below, did not include the operations of the Housing Agency because the Housing Agency engaged other auditors to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with those requirements.

Basis for Qualified Opinion on Shelter Plus Care

As described in item 2012-005 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding reporting for its Shelter Plus Care program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

Qualified Opinion on Shelter Plus Care

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2012.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-006, 2012-007, 2012-008, 2012-009, 2012-010, 2012-011 and 2012-012. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-005 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the findings and questioned costs as items 2012-006, 2012-009, 2012-010, 2012-011 and 2012-012 to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 2, 2013, which contained an unmodified opinion on those financial statements. Our report included a reference to other auditors who audited the discretely presented component unit of the City. Our report also included a reference to an adjustment that was applied to restate the 2011 financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matter

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

BKD, LLP

Indianapolis, Indiana
September 27, 2013

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2012

Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:
 Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major programs:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

5. Types of auditor's report issued on compliance for major programs:
 Unmodified Qualified Adverse Disclaimer

CDBG - Entitlement Grants Cluster, including ARRA (CFDA 14.218 and 14.253)	Unmodified
Shelter Plus Care (CFDA 14.238)	Qualified
HOME Investment Partnerships Program (CFDA 14.239)	Unmodified
Justice Assistance Grant (JAG) Program Cluster, including ARRA (CFDA 16.738, 16.803 and 16.804)	Unmodified
ARRA - Public Safety Partnership and Community Policing (CFDA 16.710)	Unmodified
ARRA - Energy Efficiency and Conservation Block Grant (CFDA 81.128)	Unmodified
National Urban Search and Rescue Response System (CFDA 97.025)	Unmodified
Homeland Security Grant Program (CFDA 97.067)	Unmodified

City of Indianapolis
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218, 14.253	CDBG - Entitlement Grants Cluster, including ARRA
14.238	Shelter Plus Care
14.239	HOME Investment Partnerships Program
16.738, 16.803, 16.804	Justice Assistance Grant (JAG) Program Cluster, including ARRA
16.710	ARRA - Public Safety Partnership and Community Policing Grants
81.128	ARRA - Energy Efficiency and Conservation Block Grant (EECBG)
97.025	National Urban Search and Rescue (US&R) Response System
97.067	Homeland Security Grant Program

8. Dollar threshold used to distinguish between Type A and Type B: \$1,704,857

9. Auditee qualified as a low-risk auditee? Yes No

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2012-001	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City’s internal control environment over financial reporting did not detect adjustments that were needed to prevent the financial statements from being materially misstated. (Material Weakness)</p> <p>Context: The City’s Office of Finance and Management (OFM) is primarily responsible for the financial reporting process. The financial records are maintained on a cash basis throughout the year. At year end, OFM converts the cash basis fund financial statements to the modified accrual basis of accounting. Additionally, a manual conversion process occurs outside the accounting system to convert the fund financial statements to the government-wide financial statements. During the audit, various adjustments were identified that affected the City’s financial statements.</p> <p>Effect: Potential misstatements in the financial statements.</p> <p>Cause: The City’s internal control environment did not identify these adjustments because not all account reconciliations, journal entries or top-side entries are reviewed by an individual other than the preparer. Additionally, certain nonstandard/nonrecurring adjustments were not adequately vetted as part of the normal year-end closing process. These matters are due, in large part, to a lack of personnel resources.</p> <p>Recommendation: Management should establish and maintain an effective review process over financial reporting, including the proper analysis and review of all nonstandard/nonrecurring adjustments.</p> <p>Views of Responsible Officials and Planned Corrective Action: We will continue to establish and maintain an effective review process. As noted, personnel constraints and in addition, working with a new accounting system, did create issues that contributed to the need for the proposed audit adjustments.</p>

City of Indianapolis
(A Component Unit of the Consolidated City of
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-002	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City’s third-party information technology (IT) vendor did not have appropriate controls in place to actively monitor automated, scheduled jobs for proper posting to the PeopleSoft system. In addition, the files that were to be systematically picked up and posted were over-written by the next day’s file. (Material Weakness)</p> <p>Context: The City’s third-party IT vendor is primarily responsible for monitoring the successful completion of automated scheduled jobs between legacy systems and the PeopleSoft general ledger.</p> <p>Effect: Potential misstatements in the financial statements. Financial activity maintained in non-integrated application systems may not get posted to the general ledger.</p> <p>Cause: An adequate process was not in place to actively monitor the successful completion of scheduled jobs.</p> <p>Recommendation: Effective daily controls should be established and maintained that would include a verification process to ensure the successful completion of all scheduled jobs that interface with the general ledger system. Management should periodically validate that its IT vendor is performing these tasks as required.</p> <p>Views of Responsible Officials and Planned Corrective Action: A process was put in place to monitor each day whether the Quietus file was interfaced. If there is no file, an email is created automatically to bring this to management’s attention. Additionally, we are in the process of implementing the Account Receivable/Revenue module of PeopleSoft during the fourth quarter of 2013. This will eliminate the need for this interface.</p>

City of Indianapolis
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-003	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City’s internal controls over financial reporting were not adequately designed to adjust capital assets and contribution revenue for infrastructure projects jointly funded with the Indiana Department of Transportation (INDOT). (Material Weakness)</p> <p>Context: Certain infrastructure assets of the City are constructed or improved through a shared funding arrangement with INDOT. Typically, a significant portion of the funding for these projects is provided by INDOT through the use of federal award program monies. INDOT is generally responsible for managing these infrastructure projects and provides periodic information to the City for use in recording the associated capital asset costs and contribution revenue. Historically, the City has only recorded the State of Indiana’s contributed share of such projects upon receipt of final certified costs from INDOT. This has led to long delays between the time a given project is placed in use, or is available for service, and when the State’s share of the costs and corresponding contribution revenue is ultimately recorded in the City’s accounting system.</p> <p>As a result of changes in personnel within the City’s Department of Public Works (DPW), additional information came to light regarding the timing and extent of detail that is currently being tracked on these shared capital projects. Accordingly, the City is capable of making a reasonable estimate of the contributed amounts relating to these shared infrastructure projects by using DPW’s information and through further inquiry and correspondence with INDOT.</p> <p>Effect: Misstatements in the financial statements. A significant adjustment was proposed for the 2012 audit.</p> <p>Cause: OFM is primarily responsible for the City’s accounting and financial reporting process, but was not aware of the extent of information being maintained by DPW.</p> <p>Recommendation: Management should establish and maintain a process for reasonably estimating the costs of these projects on a real-time basis, as well as determining the in-service dates for such projects. Capital asset amounts and associated contribution revenue should be recorded on a timely basis, utilizing information obtained from DPW and communications with INDOT.</p> <p>Views of Responsible Officials and Planned Corrective Action: We will work with INDOT and DPW to determine if better, more timely information can be provided by INDOT. Depending on the timing of when such expenditure transactions are recorded on the books of INDOT, we may be constrained by the information that we can obtain from them.</p>

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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-004	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City’s internal control environment allows certain “super-users” the ability to prepare, approve and post journal entries with no secondary review required. (Significant Deficiency)</p> <p>Context: Effective January 1, 2012, the City began using a new accounting system (PeopleSoft). In connection with the implementation of this new system, the City established permissions within the system that allow certain individuals to prepare, approve and post journal entries within the system without further system or non-system approvals.</p> <p>Effect: Potential misstatements and/or fraud could occur in the financial statements and not be detected.</p> <p>Cause: The individuals that have the ability to record journal entries without a secondary review or approval bear the responsibility to prepare the financial statements and work closely with each other in their financial reporting capacity.</p> <p>Recommendation: A secondary review of a complete listing of super-user generated journal entries should be performed on a monthly (or at least quarterly) basis by an individual at least one level above that of the super-user. The listing of journal entries should be generated by someone other than one of the super-users. This review should be performed on a timely basis and the reviewer should sign or initial the listing of journal entries to evidence his/her review and ultimate approval.</p> <p>Views of Responsible Officials and Planned Corrective Action: The role of super-user is limited to only two positions in the Auditor’s Office and two in OFM. There are two source codes in the system; one for the Auditor and one for OFM. All other journals go through the normal approval process. This access allows for journal entries to the general ledger to be posted without further approvals. These same individuals cannot create a requisition, purchase order or voucher without further approvals being required. While we understand the concern with this access, to remove such would severely restrict the ability of these individuals to perform their jobs during critical points throughout the year, such as year-end close. We will work with our support team to create a report that can be reviewed and approved by upper management for those transactions that are created, approved and posted by each of the super-users. We will also review the approval process to determine the appropriateness of the transactions that are being posted via these source codes to ensure that they are either extraordinary or time-sensitive transactions.</p>

City of Indianapolis
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding
2012-005	<p>Finding: Reporting</p> <p>CFDA No. 14.238 - Shelter Plus Care (SPC) Department of Housing and Urban Development, Many Award Numbers</p> <p>Criteria: Per 2 CFR Part 170.320, each grant, cooperative agreement, loan or loan guarantee made by a non-Federal entity is subject to the Federal Financial Assistance Transparency Act (FFATA or Transparency Act). Recipients are required to register in the Federal Subaward Reporting System (FSRS) and report first-tier subaward data through FSRS. The Transparency Act requires any newly awarded subcontract of \$25,000 or more to be reported by the end of the month following the award date.</p> <p>Condition: This program did not report any of its subrecipient under FFATA during 2012.</p> <p>Questioned Costs: None.</p> <p>Context: The SPC program had 18 subrecipient contracts during 2012.</p> <p>Effect: The City did not fulfill the reporting requirements of the grant agreements.</p> <p>Cause: Management was initially unaware of this reporting requirement until it was identified during the audit at which time they attempted to obtain further guidance from HUD.</p> <p>Recommendation: We recommend that the City implement procedures over FFATA reporting to ensure that all required FFATA information is submitted going forward and within the relevant time requirements.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p><i>Response:</i> Agree. The DMD will create a spreadsheet to ensure that all subrecipients are included in the FFATA reporting for future coverage of compliance issues.</p> <p><i>Person(s) responsible for implementing:</i> Julie Fidler - Grant Manager</p> <p><i>Implementation date:</i> September 30, 2013</p>

City of Indianapolis
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-006	<p>Finding: Reporting</p> <p>CFDA No. 14.239 Home Investment Partnerships Program Department of Housing and Urban Development, Award Number - M-12-MC-18-0205</p> <p>Criteria: Per 2 CFR Part 170.320, each grant, cooperative agreement, loan or loan guarantee made by a non-Federal entity is subject to the Federal Financial Assistance Transparency Act (FFATA or Transparency Act). Recipients are required to register in the Federal Subaward Reporting System (FSRS) and report first-tier subaward data through FSRS. The Transparency Act requires any newly awarded subcontract of \$25,000 or more to be reported by the end of the month following the award date.</p> <p>Condition: The City did begin FFATA reporting for the program listed above during 2012, however, one contract did not get reported as required for each program.</p> <p>Questioned Costs: None.</p> <p>Context: The HOME program had 7 subrecipients during 2012 of which one was not reported under FFATA.</p> <p>Effect: The City did not fulfill the reporting requirements of the grant agreements.</p> <p>Cause: Management was initially unaware of this reporting requirement until it was identified during the previous years audit at which time they attempted to obtain further guidance from HUD. While great strides were taken to begin FFATA reporting, this one subrecipient was missed under the program.</p> <p>Recommendation: We recommend that the City continue to refine the procedures over FFATA reporting to help ensure that all subrecipients are identified and properly reported going forward and within the relevant time requirements.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p><i>Response:</i> Agree. The DMD will create a spreadsheet to ensure that all subrecipients are included in the FFATA reporting for future coverage of compliance issues.</p> <p><i>Person(s) responsible for implementing:</i> Andrew Houge - HOME Grant Manager</p> <p><i>Implementation date:</i> September 30, 2013</p>

City of Indianapolis
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-007	<p>Finding: Reporting</p> <p>CFDA No. 14.238 - Shelter Plus Care Department of Housing and Urban Development, Award Year - 2012</p> <p>Criteria: Per 24 CFR Section 582.300(d), grantees are required to submit Annual Progress Report (HUD-40118) within 90 days after the end of its operating year.</p> <p>Condition: For the year ended December 31, 2012, the City did not submit the Annual Progress Report within 90 days of year end for several Shelter Plus Care (SPC) programs.</p> <p>Questioned Costs: None.</p> <p>Context: We tested eight grant programs, implemented by two subrecipients that received SPC dollars for the year ended December 31, 2012 noting four of the programs' reports were not submitted within 90 days.</p> <p>Effect: The City did not fulfill the reporting requirements of the grant agreements.</p> <p>Cause: The City did not receive the data necessary to complete the Annual Progress Reports until after more than 90 days after year end.</p> <p>Recommendation: We recommend that the City revise its internal policies to more effectively require subrecipients to submit all necessary information in a timely manner. We also recommend that if subrecipients do not meet this requirement, the City should maintain documentation to demonstrate the reporting delay was the fault of the subrecipient.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p><i>Response:</i> Agree. Effective January 1, 2013 a new process was implemented based on the issues at the reporting system level. Tracking sheets were implemented as a control to prevent late reporting. All grants are tracked on a monthly basis and each month they are entered as to a "received" date and entered into the Federal System on time.</p> <p><i>Person(s) responsible for implementing:</i> Julie Fidler - Grant Manager</p> <p><i>Implementation date:</i> January 1, 2013</p>

City of Indianapolis
(A Component Unit of the Consolidated City of
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-008	<p>Finding: Subrecipient Monitoring</p> <p>CFDA No. 14.238 - Shelter Plus Care Department of Housing and Urban Development, Award Year - 2012</p> <p>Criteria: Per A-133 compliance supplement 3-M-1, at the time of sub award, grantees must disclose the Federal award number (CFDA title and number) and applicable compliance requirements to the subrecipient.</p> <p>Condition: Seven of the nine subrecipient agreements reviewed, that were effective in 2012, listed the incorrect CFDA number.</p> <p>Questioned Costs: None.</p> <p>Context: We tested nine subrecipient agreements that were effective in 2012 out of 18 total subrecipients.</p> <p>Effect: Six of the subrecipient agreements tested did not include the correct CFDA number.</p> <p>Cause: During 2010-2011, the City, in error, changed the CFDA number from 14.238 to 14.235 in correspondence with subrecipients.</p> <p>Recommendation: We recommend that the City revise its internal control policies to review all subrecipient agreements for accuracy prior to entering into the agreement as well as ensure that any changes of this magnitude are thoroughly vetted before being made.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p><i>Response:</i> Agree. There is now only one CFDA number (14.267) and it has been incorporated into the contract shell so that the new CFDA number is updated and reviewed by OCC annually. This practice constitutes two levels of review. One at the announcement of the NOFA registration process and one at the contract issuance by OCC.</p> <p><i>Person(s) responsible for implementing:</i> Julie Fidler - Grant Manager</p> <p><i>Implementation date:</i> September 30, 2013</p>

City of Indianapolis
(A Component Unit of the Consolidated City of
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-009	<p>Finding: Special Tests and Provisions</p> <p>CFDA No. 14.239 - Home Investment Partnerships Program Department of Housing and Urban Development, Award Numbers - M-12-MC-18-0205, Award Year - 2012</p> <p>Criteria: Per 24 CFR Section 92.216, each participating jurisdiction must invest HOME funds in tenant-based rental assistance and rental units with not less than 90 percent of the families receiving assistance whose annual income that does not exceed 60 percent of the median family income for the area or the dwelling units assisted with such funds are occupied by families having such incomes.</p> <p>Condition: For the year ended December 31, 2012, the City's tenant-based rental assistance and rental units only had 86.5 percent of the families meeting the criteria specified per 24 CFR Section 92.216.</p> <p>Questioned Costs: None.</p> <p>Context: Based on the City's tracking spreadsheet for this requirement only 1,505 of the 1,741 units available were rented to families whose income did not exceed the 60 percent threshold for the year ended December 31, 2012.</p> <p>Effect: The HOME funds invested in tenant-based rental assistance and rental units were not used to serve the required percentage of families with an annual income that does not exceed 60 percent of the median family income for the area or the dwelling units assisted with such funds are occupied by families having such incomes.</p> <p>Cause: The City utilizes joint funding for many of these developments which results in less restrictive income requirements when layered. This keeps the City very close to the limit and due to the nature of the services provided, can throw the City out of compliance without immediate remedy as it did this year.</p> <p>Recommendation: We recommend that the City consider revising its internal policies to more closely align with the Department of Housing and Urban Development's requirements, to help ensure that the appropriate number of low income families are being served by the program.</p>

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

**Reference
Number**

Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: Agree. Upon annual recertification, property managers must verify what percentage of income each household that resides in or has resided in the property since the last recertification and calculate their percentage of income and report it to the City. Often times, this information is estimated or rounded. Additionally, the vast majority of the developments that make up the HOME Long Term Compliance Portfolio are joint funded with Low Income Housing Tax Credits, whose regulations often take precedence over the HOME regulations when the two funding sources are layered. Of those regulations is one that states that tenants are not over income until they are making 140% over what they were earning when they qualified. What this results in is tenants that are over income or well beyond the 60% MFI, yet are still qualified to remain in the units. Moving forward the City believes that this finding can be eliminated by requiring property managers to precisely calculate the tenants income percentage when submitting recertifications and that those numbers are accurately reflected on our tracking sheets.

Person(s) responsible for implementing: Andrew Houge - Grant Manager

Implementation date: September 30, 2013

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-010	<p>Finding: Subrecipient Monitoring</p> <p>CFDA Nos. 16.378, 16.803 and 16.804 - Justice Assistance Grant (JAG) Program Cluster, including ARRA - U.S. Department of Justice</p> <p>Criteria: According to OMB Circular A-133 Section .400(d), a pass-through entity is responsible for ensuring that the required subrecipient audits are completed, issuing management decisions on audit findings within six months after receipt of the subrecipient's audit report, and ensuring that subrecipients take appropriate and timely corrective action on all audit findings.</p> <p>Condition: The only subrecipient under the program was Marion County. There were findings in the Marion County A-133 audit report related to this program. While the City was aware of the findings, no formal evaluation or management decisions on the findings were issued.</p> <p>Questioned Costs: None.</p> <p>Context: Various County agencies were the only subrecipients of the City.</p> <p>Effect: Formal documentation of the subrecipient's 2011 audit results were not completed, and there was no formal documentation of the subrecipient's audit results on the City's JAG Program. Additionally, a written management decision and corrective action was not issued between the City and the subrecipient.</p> <p>Cause: Management asserts that employees of the City and employees of the subrecipient are closely related and regularly interact and communicate requirements as well as findings that were the result of an audit.</p> <p>Recommendation: We recommend the City adhere to their policies and procedures regarding subrecipients, including when the subrecipient is Marion County.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p><i>Response:</i> The City will annually review and document the A-133 Single Audit recommendations and corrective action plans for the County and all subrecipients.</p> <p><i>Person(s) responsible for implementing:</i> Sheryll Teverbaugh - Grants Administrator</p> <p><i>Implementation date:</i> September 25, 2013</p>

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-011	<p>Finding: Reporting</p> <p>CFDA No. 81.128 - ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) Department of Energy, Award Numbers - DE-EE0000723, Award Year - 2009 Department of Energy, Award Numbers - DE-EE0003577, Award Year - 2010</p> <p>Criteria: The U.S. Office of Management and Budget (OMB) Circular A- 133, <i>Compliance Supplement</i>, requires that all reports for Federal awards include the activity of the reporting period, be supported by applicable accounting or performance records, be mathematically accurate, and be fairly presented in accordance with program requirements.</p> <p>Condition: Information reported to the Department of Energy did not match supporting documents or supporting documentation could not be located. In addition, reports were not submitted within the required time frame.</p> <p>Questioned Costs: None.</p> <p>Context: Under each grant award, we tested two Quarterly Progress Reports submitted for the first and second quarters of the fiscal year submitted. Two of the Quarterly Progress Reports were not submitted timely, submission was one day late. Supporting documentation for the Quarterly Progress Reports could not be provided by the City. Additionally, we tested two SF-425 reports submitted to the Department of Energy for the first and second quarters of the fiscal year. One of the SF-425 reports was not submitted timely, submission was one day late.</p> <p>Effect: Inaccurate information was or could have been reported to the awarding agencies. Additionally, the reports provided to the Department of Energy were not submitted within the required time frame.</p> <p>Cause: One person was responsible for accumulating information and submitting reports, due to turnover within this position, complete supporting documentation could not be located.</p> <p>Recommendation: We recommend that a detailed review of reports should be performed to ensure the reported items agree to supporting documentation and information is consistent throughout the report. Once the report has been finalized and submitted, we recommend that a copy of the final report and supporting documentation be maintained in a central location, so it can be easily located. Additionally, we recommend a coordinated effort be implemented involving all individuals contributing information to the reporting process, including a detailed time line schedule to help ensure reporting is timely.</p>

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

**Reference
Number**

Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: Agree. Reminder notices have been established to ensure that all reports are submitted on time. All data used for the quarterly reports is being aggregated into a data tracking document. This excel document should be easy to follow and find should source data be needed during the review process or in the absence of the project manager.

Person(s) responsible for implementing: Kristen Trovillion - Project Manager

Implementation date: January 5, 2013

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-012	<p>Finding: Equipment and Real Property Management</p> <p>CFDA No. 97.067 - Homeland Security Grant Program Department of Homeland Security, Award Number - C44P-1-226A, Award Year - 2010</p> <p>Criteria or Specific Requirement: The A-102 Common Rule requires that equipment acquired with federal funds be used in the program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.</p> <p>Condition: One item of equipment costing approximately \$29,700 was purchased with federal funds and was not recorded in the City's capital asset listing and, therefore, would not be included in the City's annual physical inventory so that it could be properly tracked, safeguarded and maintained.</p> <p>Questioned Costs: None.</p> <p>Context: Total capital assets purchased by the program in the current year, including the equipment identified above, is \$2,501,741. We tested 15 of the 99 capital assets purchased by the program during the year and identified the issue noted above.</p> <p>Effect: By not recording equipment purchased in the City's capital asset listing, the City could have a difficult time identifying, monitoring and disposing of equipment purchased with federal funds in accordance with federal requirements.</p> <p>Cause: The equipment was purchased and identified as "federal" equipment. The required paperwork was provided to the Department of Public Safety by the Fixed Asset Manager. The paperwork was never returned to the Fixed Asset Manager and, therefore, it did not get included within the City's capital asset listing.</p> <p>Recommendation: We recommend that process improvements be made in this area to ensure that a detailed list of assets purchased with federal funding exists. The City should consider adding such assets to the listing regardless of receiving the paperwork and a process should be implemented to follow up on any missing information.</p>

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

**Reference
Number**

Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: Agree. A person will be designated as responsible for getting the information to the Asset Management Manager. In addition, the staff will be reminded to make sure they tag the equipment and submit the paperwork when equipment is ordered. Finally, a year end process will be implemented to verify that asset information for grant purchased equipment has been forwarded to the asset management department.

Person(s) responsible for implementing: Debbie Polly - Grant Manager

Implementation date: October 31, 2013

City of Indianapolis
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2012

Reference Number	Summary of Finding	Status
11-01	<p>Management Review and Supervision of Recording of Transactions and Over Financial Reporting Process</p> <p>The primary causes of material errors in the financial statement accounts is a lack of management review by an individual other than the individual calculating and recording the entries and a failure to comprehensively address unusual situations in normal year-end closing adjustments.</p>	Unresolved - see finding 2012-001.
11-02	<p>Waterworks Financial Reporting</p> <p>It was determined that the overall financial reporting and accounting internal control process for Waterworks was not sufficient. The City has sold the water utility, thus, the risk has been eliminated.</p>	Resolved.
11-03	<p>City Debt Transactions</p> <p>Significant audit adjustments were required to accurately record and classify transactions in the City's financial statements related to debt. Additionally, the notes to the financial statements contain significant disclosures related to outstanding debt. Review of such notes determined that some disclosures were either incorrect or did not appropriately include required disclosures.</p>	Unresolved - see finding 2012-001.
11-04	<p>Recording of Accounts Payable</p> <p>During test work on subsequent year cash disbursements to determine the accuracy of the recorded accounts payable amounts, several items were identified that were not properly accrued or some that had been accrued but should not have been. Audit adjustments were needed to ensure that accounts payable were appropriately stated. Some of these errors were due to vendors not submitting invoices timely or the payment being delayed in the City's accounts payable department and, thus, since no payment had been made, the accrual was not subject to the City's accrual process.</p>	Partially resolved - see finding 2012-001.
11-05	<p>Grant Accounting</p> <p>A significant number and amount of adjustments was required to accurately state the financial statement amounts related to grants.</p>	Partially resolved - see finding 2012-001.

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Reference Number	Summary of Finding	Status
11-06	<p>Monthly Reconciliations of Trust Accounts</p> <p>The City maintains numerous trust accounts, which primarily are utilized to invest bond proceeds. The City receives monthly statements on these accounts; however, the City completes reconciliations on these accounts sporadically during the year and for some accounts, only once or twice a year. This results in disbursements and interest income, which occur throughout the year, only being recorded when reconciliations are actually performed.</p>	Partially resolved - reported a control deficiency in the current year relating to this matter.
11-07	<p>Capital Assets</p> <p>The City has a significant amount of capital assets recorded on the financial statements. Several capital asset additions that met the capitalization dollar criteria of the City were not appropriately capitalized and transfers out of construction in progress were not correctly recorded.</p>	Unresolved - see finding 2012-003.
11-08	<p>IT System Program Change Management</p> <p>Key components of the Production Implementation Plan are who requested, prepared, reviewed, approved and implemented the requested program change. However, typically the components of who reviewed, approved and implemented the plan are not completed. Additionally, developers have access to migrate changes to source code into production using batch processing by emailing a change request directly to the Production Analysts. The Production Analysts place the code in a staging library and a job is run automatically to move to production. No formal authorization is obtained for this process and evidence of approvals is not obtained and reviewed by the Production Analysts prior to making the change.</p>	Partially resolved - see finding 2012-002.
11-09	<p>Special Tests and Provisions - Housing Quality Standards - Home Investment Partnerships Program.</p> <p>The City did not have internal controls in place and operating effectively to ensure that physical inspections were adequately and timely performed. The City did not have adequate documentation in its files evidencing communication and follow-up on deficiencies noted in inspections.</p>	Resolved.

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Reference Number	Summary of Finding	Status
11-10	<p>Reporting - Transparency Act - Community Development Block Grants and Home Investment Partnerships Program</p> <p>The City did not have adequate internal controls in place nor were in compliance with reporting in accordance with the Transparency Act. The City did not submit any such reporting for fiscal year 2011.</p>	Partially resolved - see current year finding 2012-006.
11-11	<p>Matching - Home Investment Partnerships Program</p> <p>The City did not have adequate internal controls in place over the matching compliance requirement. While the City indicated that a management review occurs, no such evidence could be provided either in the form of a signature on the matching report or email correspondence of management involvement in the review process.</p>	Resolved.
11-12	<p>Eligibility - Home Investment Partnerships Program</p> <p>For units of 5 or more, 20% of the units must be occupied by very low income families where the rent does not exceed 30% of the annual family income whose income equals 50% of the median income for the area or the rent does not exceed 30% of the family adjusted income. The City did not have documentation to support its compliance with this requirement. There are no questioned costs as the related eligibility requirements relate to the period of affordability rather than any current year funds that are being utilized for the projects. Also, transitional housing files were determined to be incomplete as to ascertain the compliance with the HOME program eligibility requirements.</p>	Resolved. Although partially related finding in current year at 2012-009.
11-13	<p>Subrecipient Monitoring - Community Development Block Grants/Entitlement Grants and Community Development Block Grant ARRA Entitlement Grants and ARRA Recovery Act - Energy Efficiency and Conservation Block Program</p> <p>The City does not have adequate internal controls in place that were operating effectively for 2011 to ensure that subrecipient audits are received or that the results of any audits are appropriately reviewed and documented.</p>	Resolved.
11-14	<p>Special Tests and Provisions - Environmental Reviews - Community Development Block Grant Program/Entitlement Grants and Community Development Block Grant ARRA Entitlement Grants</p> <p>For a sample of 71 projects out of a total of 71 projects in the population, 1 of the projects did not have documentation of an environmental review being performed or a determination as to why it should be excluded from those requirements. This item was for technical assistance per the Action Plan and, thus, it appears that no environmental review would be required.</p>	Resolved.

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Reference Number	Summary of Finding	Status
11-15	<p>Special Tests and Provisions - Subrecipient Monitoring - Community Development Block Grant Program and Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and ARRA - Recovery Act - Energy Efficiency and Conservation Block Grant Program</p> <p>The City is not 100% communicating required information to subrecipients regarding ARRA funding, CFDA numbers and CCR requirements.</p>	Resolved.
11-16	<p>Reporting - Form 272 - Community Development Block Grants/Entitlement Grants and Community Development Block Grant ARRA Entitlement Grants</p> <p>The City did not have adequate internal controls in place and was not in compliance with the reporting compliance requirement related to the Form 272. The following errors were identified with the quarterly reports: (1) The quarter ended June 30, 2011, did not properly foot as the ending cash on hand excluded the federal share of program income amount reported on line 11j for that quarter; (2) The amount reported on the quarterly Form 272 reports as "Cash on hand beginning of the reporting period" does not agree to the previous quarter's Form 272 amount for "Cash on hand end of period" for the quarters ended June 30, 2011, September 30, 2011 or December 31, 2011; and (3), Each of the four quarterly Form 272 reports submitted for fiscal year 2011, report amounts in box 11i "Adjustment of prior periods" for which we were not able to obtain adequate support. These amounts range from \$304,022 to \$3,656,085.</p>	Resolved.
11-17	<p>Subrecipient Monitoring - Homeland Security Grant Program Cluster</p> <p>The City did not have internal controls in place and operating effectively to ensure that adequate during-the-award monitoring was taking place. While the City indicates that a review of subrecipient claims is performed, there is no evidence of this review that is documented and, thus, it could not be tested.</p> <p>Also, the City did not have adequate internal controls to ensure that the review of subrecipient A-133 reports was performed accurately. The City passed-through grant funds to Health and Hospital Corporation of Marion County, who reported this funding on their SEFA under the wrong federal program. Additionally, other funds passed-through by the City under this program were not appropriately clustered. The review at the City did not detect this discrepancy.</p>	Resolved.

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11-18	<p>Equipment and Real Property Management - Homeland Security Grant Program Cluster and Edward Byrne Memorial Justice Assistance Grant Program Cluster</p> <p>The City did not have adequate internal controls in place to ensure that a physical inventory over equipment was completed every two years as required by federal and state (pass-through grantor) guidelines. The City last performed a physical inventory of grant purchased equipment in fiscal year 2009. No physical inventory was performed in 2011 or in 2012 to date for DPS. The City's Office of Finance and Management initiated the physical inventory in fiscal year 2011 by sending out the equipment items to be inventoried, however, DPS did not complete it.</p>	Resolved.
11-19	<p>Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Homeland Security Grant Program Cluster and Public Safety Partnership and Community Policing Grants Program Cluster</p> <p>It was determined that the City has no internal controls in place to ensure that time certifications are completed in a timely manner. For a sample of 3 of 3 Homeland Security payroll-related costs selected for test work (from a total sample of 40 costs selected for test work), 1 of the 3 time certifications were not completed in a timely manner and were only completed upon our request for them. Out of a sample of 36 Community Policing payroll related items, 10 time certifications were not completed in a timely manner. There were no compliance findings associated with this as the City was able to ultimately provide time certifications for all payroll related sample items.</p>	Resolved.
11-20	<p>Reporting - Section 1512 - Energy Efficiency and Conservation Block Grant Program and Edward Byrne Memorial Justice Assistance Grant Program Cluster</p> <p>The City does not have adequate internal controls that are designed and implemented to assure accurate reporting under Section 1512 of ARRA.</p>	Partially resolved for EECBG - see current year finding 2012-011. Implemented for JAG Cluster.

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11-21	<p>Reporting - Financial Reporting - Edward Byrne Memorial Justice Assistance Grant Program Cluster</p> <p>The City did not have adequate internal controls in place to ensure that the amount reported on the SF-425 reports reconciled to FAMIS. Two of the 3 quarterly SF-425 reports that we tested (see also finding JAG #11) were for grant 2009-DJ-BX-0765 and neither of the 2 quarters reconciled to the accounting records (i.e., FAMIS). However, at the end of 2011, the cumulative amount of expenditures agreed to FAMIS. The Q4 2010 financial report was filed incorrectly and the City corrected these by adjusting all quarters of 2011.</p> <p>The City did not have adequate internal controls in place to ensure that the amount reported on the SF-425 reports reconciled to FAMIS. One of the 3 quarterly SF-425 reports that were tested was for grant 2009-SB-B9-1482 and the quarterly expenditures did not reconcile to the accounting records (i.e., FAMIS). However, the City subsequently self-corrected and at the end of Q2 2012, the cumulative amount of expenditures agreed to FAMIS.</p>	Resolved.
11-22	<p>Subrecipient Monitoring and Special Tests and Provisions ARRA Subrecipient Monitoring - Edward Byrne Memorial Justice Assistance Grant Program Cluster</p> <p>The City did not have internal controls in place and operating effectively over subrecipient monitoring to ensure that A-133 reports from subrecipients were properly reviewed, communications were made with the subrecipient and management decisions were issued for subrecipient findings. Eight of the nine subrecipients under this program were to various agencies within Marion County. There were findings related to this program for which the City did not evaluate to determine the effect of Marion County's noncompliance on the City's records nor were any communications documented with Marion County including the issuance of any management decisions.</p>	Partially resolved - see current year finding 2012-010.
11-23	<p>Procurement and Suspension and Debarment - Homeland Security Grant Program Cluster</p> <p>The City did not have adequate documentation of open competition for procurements under federal awards as well as maintaining support for all of the procurement actions that are occurring.</p>	Resolved.
11-24	<p>Procurement and Suspension and Debarment - Homeland Security Grant Program Cluster</p> <p>The City had not determined if the vendor was suspended or debarred prior to entering into a contract with the vendor for three (3) of the selections.</p>	Resolved.